FINAL PAPER

THE EFFECT OF PRODUCT QUALITY, SERVICE QUALITY, AND STORE-RELATED ATTRIBUTES TOWARDS REPATRONAGE INTENTION THROUGH CUSTOMER SATISFACTION ON ACE HARDWARE CUSTOMERS IN SURABAYA

Submitted as a final requirement to obtain the degree of *Sarjana Manajemen Strata Satu*

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FAKULTAS EKONOMI DAN BISNIS
UNIVERSITAS PELITA HARAPAN
SURABAYA
2019

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THE EFFECT OF PRODUCT QUALITY, SERVICE QUALITY, AND STORE-RELATED ATTRIBUTES TOWARDS REPATRONAGE INTENTION THROUGH CUSTOMER SATISFACTION ON ACE HARDWARE CUSTOMERS IN SURABAYA

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2. Yanuar Dananjaya, B.Sc, MM	as the Member	
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ABSTRACT

Since 2000s, the retail business development in Indonesia has grown a lot which can be proved through the increasing number of retail companies that settled in Indonesia. This business arises because of the growth that occur in middle class society which causes demand towards supermarkets and departments store (convenience store) especially in the urban area. One of the foreign retailers that have settled in Indonesia is ACE Hardware. ACE Hardware Corporation is an American hardware retailers' cooperative based in Chicago, Illinois which was established in 1924.

This study aimed to determine the effect of product quality, service quality, and store-related attributes towards repatronage intention through customer satisfaction on ACE Hardware customers in Surabaya.

The sample used in this study is ACE Hardware customers who are domiciled in Surabaya with an age range between 18 to 60 years who have purchased and used ACE Hardware products in the last 3 months with 125 respondents. For processing and analysing the data, this study used SPSS version 22.0 software. The sampling method used in this research that is non - probability sampling.

Based on the research conducted, it shows that Product Quality has a positive effect on Customer Satisfaction with a regression coefficient of 0.251 with the significance of 0.015, Service Quality has a positive insignificant effect on Customer Satisfaction with a regression coefficient of 0.223 with the significance of 0.063, Store-related Attributes have a positive insignificant effect on Customer Satisfaction with a regression coefficient of 0.187 with the significance of 0.136, and Customer Satisfaction has a positive effect on Repatronage Intention with a regression coefficient of 0.421 with the significance of 0.000. This research concludes that Customer Satisfaction is the most important part to make the customers have Repatronage Intention to ACE Hardware and Product Quality has the biggest value of regression which means it is the most important variable to Customer Satisfaction. It is recommended to pay more attention to Product Quality as it has the biggest effect towards Customer Satisfaction which influences Repatronage Intention through upgrading the standard of quality control (QC) that ACE Hardware uses. Moreover, ACE Hardware can improve the material for production to increase usage period, making posters and bulletins of how the product is reliable, and adding product usage instructions for the products' easy to use.

Keywords: **Repatronage Intention, Product Quality, Service Quality, Store-related Attributes, Customer Satisfaction, ACE Hardware.**

PREFACE

Praise to the Lord Jesus Christ for all the blessings that He has given and His guidance for this thesis preparation as the Final Project report with the title "THE EFFECT OF PRODUCT QUALITY, SERVICE QUALITY, AND STORE-RELATED ATTRIBUTES TOWARDS REPATRONAGE INTENTION THROUGH CUSTOMER SATISFACTION ON ACE HARDWARE CUSTOMERS IN SURABAYA" can be completed on time for the undergraduate study.

The author also would like to greatly appreciate the following individuals for their valuable contributions in helping the author from the beginning to the end of this thesis as in this occasion, the author would like to thank:

1. Dr. Ronald, S.T., M.M. as the Academic Director of *Universitas Pelita Harapan* Surabaya and the Advisor, for the priceless guidance, advices encouragement during the whole process of the thesis preparation and the patience and kindness in checking every single mistake in the paper before the submission. Thank You for your big gratitude of defending, guidance, and helping me in my proposal and final defense.

2. Dr. Amelia, SE, RFP-I, MM., as the co-advisor, for the priceless guidance, encouragement, advice and kindness in checking every single mistake in the paper before the submission during the whole process of the thesis preparation and final defense.

3. Yanuar Dananjaya, B.Sc, MM., as one of the panelist during the final defense for the advice and guidance during the whole process of the thesis preparation.

4. Hananiel Mennoverdi G., BA, M.BA., as one of the panelist during the final defense for the advice and guidance during the whole process of the thesis preparation.

5. Mr. Anang Kang and Mrs. Kan Swandayani Chandrawijaya as my beloved mother and father for bringing me to this world and raised me up until the day I have completed the paper, and for all the priceless assistances,

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