

## The Effects of Customer Satisfaction on Intentions To Stay At MSME In The Covid-19 Endemic In Indonesia

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**ABSTRACT.** This study aims to examine the consequences of customer satisfaction on the intention to stay at MSMEs during the Covid-19 endemic in Indonesia. The sample was determined by the Random Cluster Sampling Method with a sample size of 400 respondents. The results revealed that the value of the perceive price for customer satisfaction has a p-value higher than the lowest average value. The Product Quality for customer satisfaction has a greater p-value than the lowest average value. The value of Service Quality towards customer satisfaction has a smaller p-value than the lowest average value. Customer satisfaction valued by word of mouth has a smaller p-value than the lowest average value. Customer satisfaction towards intention to stay has a smaller p-value than the lowest average value.

Keyword: MSMEs; Customer Satisfaction; Word of Mouth; Intention to Stay

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## INTRODUCTION

Service quality and customer satisfaction are the core concepts that companies must understand for them to remain competitive and thrive. In today's evolving environment, providing a high quality of service is the key to sustainable competitive advantage. Satisfied customers will form the basis of any successful business and lead to customer satisfaction, resulting in repeat purchases, WOM and brand loyalty (Wilson et al., 2019). Service quality is the most important thing in every business to attract consumers to make repeat purchases. Customers can describe their satisfaction with the product or service in certain aspects such as product attributes, price, customer service, or a combination of various features (Ong et al., 2016).

Improving customer satisfaction is the valuable core for the company and a marketing manager. Customer satisfaction has been studied in various aspects, from the customer's perspective and what drives their satisfaction, as well as from a wide-ranging industry perspective in comparison with the level of customer satisfaction across companies and industries (Hasibuan, 2021).

Quality is generally considered to be a major factor in creating value and influencing customer satisfaction. To provide a good quality of service, telecommunications companies must investigate customers' sensitivity levels and expectations of the service quality (Ishtiaq Ishaq, 2011). Customer satisfaction might be defined as the satisfaction of a particular transaction or cumulative satisfaction. Specific transaction satisfaction is the customers' evaluation of themselves. Cumulative satisfaction is the customer's assessment based on the overall consumption, support, and experiences (Ishtiaq Ishaq, 2011).

Micro Small Medium Enterprises (MSMEs) are the industries hardest hit by the Covid-19. Whereas, MSMEs are the sector that absorbs the most labor, around 97%, and it has a huge contribution to the national Gross Domestic Product (GDP) of about 60%. Hence, one of the Indonesian government's focuses in the National Economic Recovery (PEN) program is to restore the MSMEs sector. As the total budget for handling Covid-19 will be increased to 695.2 trillion rupiahs, MSMEs will receive support of about 123.46 trillion rupiahs. Based on data compiled since March 2020 by the Ministry of Cooperatives and Small and Medium Enterprises, the sectors most affected by the Covid-19 pandemic are MSMEs in the sectors of food and beverage, the provision of accommodation, trade, and the processing industry. Nevertheless, there is still an opportunity for some MSMEs to continue to grow their business amidst the Covid-19 pandemic, especially for MSMEs that can adapt to people's behavior changes.

The beginning of 2022 is a good thing for Indonesia since it means Indonesia has gone through and survived these two (2) years of the Covid-19 pandemic. Currently, Indonesia has come into the Endemic era, which allows Indonesia to start to recover from the national economy. This can be seen from the escalation in MSME production, which has increased by 24% between 2020 and 2021.

The results of research conducted by (Ishtiaq Ishaq, 2011) have examined only two types of customer behavioral responses, namely: word of mouth and intention to stay. So that further research is still needed by adding product quality, perceived price, and service quality as antecedents of customer satisfaction. The study conducted by (Ngo, 2021) argued that between consumers' perceive price and the satisfaction of customers there is a significant relationship, which impacts the application of product and service innovations. Moreover, (Wilson et al., 2019) argued that customer satisfaction and quality of service are closely related, as service quality is the

key element in every business activity. Product quality is associated with the customer's value and satisfaction since it has a significant consequence on customer satisfaction (Quoquab et al., 2016).

This study used variables of service quality, product quality, and perception of the price as antecedents to the customer's satisfaction, along with the support from the study by (Voss et al., 1998), (Chen et al., 2005) and (Herrmann et al., 2007) which stated that variable of service quality, product quality, and perceive price has a significant consequence to the customer's satisfaction. This study is conducted to develop the research model and continue the study conducted by (Ishtiaq Ishaq, 2011) which examines the type of behavioral response only.

Based on research limitations of (Ishtiaq Ishaq, 2011), therefore this study has the purpose to examines the level of customer satisfaction on consumer behavioral responses by adding service quality, product quality, and perception price as antecedents of customer satisfaction which was carried out in the telecommunications sector for landline users as recommended by (Ishtiaq Ishaq, 2011).

This study aims to continue the study conducted by (Ishtiaq Ishaq, 2011). A study conducted by (Ishtiaq Ishaq, 2011) found that when the customers feel delighted, they will tend to stay with the service provider. In addition, physical evidence and product innovation have a positive influence on the customer behavioral responses to stay good which caused an increase in customer loyalty and intention to stay. Therefore, this study has the goal of examining the consequences of customer satisfaction on the intention to stay at MSMEs during the Covid-19 endemic in Indonesia.

## **LITERATURE REVIEW**

### **Intention to Stay**

(Hasibuan, 2021) argued that the intention to stay reflects the commitment to the organization. Intention to stay is a process to understand why employees decide to leave an organization or company, intention to stay is also the sole predictor of turnover.

(Oktavia et al., 2019) defined that intention to stay as an employee's intention to stay within the organization in the long term. One's desire to move refers to when a person thinks, plans, and wants to leave his job. Theoretical and empirical studies of turnover reveal that intention to stay is one of the most powerful determinants. Intentions are conceptualized as statements about certain behaviors and show a stronger influence on turnover than other employee attitudes, such as commitment to the organization and job satisfaction.

### **Word Of Mouth (WOM)**

Service quality has been recognized in a key factor of customer satisfaction and the Word of Mouth (WOM). Moreover, practitioners may be more interested in their customers' responses to the service quality, such as the level of customer satisfaction especially word of mouth (Mustapha et al., 2011).

According to (Biotto et al., 2012) WOM is an effective way to sell a product or service. Meanwhile, (Zeytinoglu, Keser, 2008) argued that WOM is interpersonal communication about the product between the consumer and the society. According to (Çiflikli & Kahya-Özyirmidokuz, 2012) WOM can be in the form of storytelling, dialogue, conversation, sharing experiences and radio, etc., and it has an effect which lasting in customer's or potential consumer's minds. Thus, WOM helps people to know about the newness. This means that WOM is a significant source of

information for consumers. The marketing literature has defined WOM as most likely a driver of decision-making by consumers.

WOM is also a key for service marketing. To minimize the level of perceived risk and uncertainty associated with service purchasing decisions, therefore consumers tend to depend on WOM. When compared to buying goods, purchasing services have greater confidence in the personal source of information and prefer greater purchase to sources of personal information (Munnukka, 2008).

### **Customer Satisfaction**

(Ishtiaq Ishaq, 2011) describes satisfaction as "responses of consumer's satisfaction, consumer ratings after consuming, service providers who provide a satisfactory level of consumption related to the fulfillment, including low and high satisfaction ".Quality of service is identified as a multi-dimensional concept.

Customer satisfaction is defined as a level of a person's state of mind on experiences after comparing the expectations with the actual product or services performance (Jiang & Rosenbloom, 2005). The comparison between expectations and the actual performance will generate feelings of pleasure or disappointment in the consumers' minds. When the actual performance is lower than the customer's expectation, the customer will feel dissatisfied or disappointed. On the other hand, when the actual performance meets the customer's expectations, the customer will feel satisfied. Moreover, when the actual performance exceeds the customer's expectation, the customer will feel delighted.

Customer satisfaction is defined as "a psychological summary generated when the surrounding emotions are combined with the consumer's prior feelings about the experience of consuming or using the services" (Shetty et al., 2021). Thus, satisfaction is the overall attitude of the customer towards the service provider or the difference of emotional reaction between customers' expectations and what they receive, and also regarding the fulfillment of customers' needs and wants. According to (Hasibuan, 2021) many factors affect customer satisfaction, including employee friendliness, courtesy of employees towards customers, employee knowledge, timeliness of billing, competitive prices, service quality, billing clarity, and prompt service.

### **Service Quality**

(Wilson et al., 2019) describes satisfaction as "a consumer fulfillment response, a consumption assessment by a consumer that the service provider provides a satisfactory level of consumption related to fulfillment". According to (Wilson et al., 2019), service is all form of actions offered by one party to another which is essentially intangible and does not affect the ownership of anything. In addition, (Tan et al., 2001) defined service as an action on the appearance of work, intangible, quickly disappears, and only for consumption. It can be felt but cannot be owned where customers can participate actively in the process of consuming the service.

Quality is a condition that affects the product, people, services, processes, physical evidence, and environment that meet or exceed the customer's expectations (Aslam & Safdar, 2012). Thus, it can be said that service quality is all form of activities perform by the company to meet the customers' expectations. (Yoshida & James, 2010) shows the results of his research that service quality is required as an antecedent of customer satisfaction.

According to (Quoquab et al., 2016), the paradigm of business has changed which made service quality become a top priority. Customer evaluation of service quality is very important for

companies that aim to improve their marketing strategy and show concern for service quality which can distinguish a company from its competitor and gain a competitive advantage. Service quality is an objective comparison between service quality and the actual service received by a customer. Service quality has several meanings and concepts that suit each customer and the perceived service quality delivered to them (Quoquab et al., 2016).

### **Product Quality**

Quality has gradually played a key role in production to increase the enterprise's competitiveness in today's competitive business environment. Data analysis and quality control are critical to increase the availability and productivity of production systems, so the companies use new techniques. It brings about the improvement of product quality (Chen et al., 2005). The most basic marketing mix is the product. Product is anything that can be offered to satisfy a need or want. The products offered by the company include product variety, product quality, product design, product shape, product brand, product packaging, product size, service, and returns (Marinescu & Toma, 2001).

Theoretically, according to (Ong et al., 2016) product is something that can be offered as an effort to achieve a company's goals by meeting consumer needs and wants according to the competence and capacity of the company and the market purchasing power.

Besides, (Ngo, 2021) also stated that product quality is the ability of the product or goods to deliver the results and performance that meet or exceed customers' wants. Product quality is a whole of consumer's evaluation of the goodness of product performance, with the main problem in assessing performance being the dimensions used to evaluate it (Batra & Sinha, 2000). In addition, (Chen et al., 2005) defines product quality as when the product is produced properly in accordance with the customer's needs and wants. Besides, (Shetty et al., 2021) explained in their study that product quality is an antecedent of consumer satisfaction.

### **Perceive Price**

(Voss et al., 1998) defines perception as the process used by individuals to select, organize, and interpret input information to generate a meaningful picture of the world. Perception depends on both physical and non-physical of stimuli in relation to an individual's circumstances and surrounding environment. A product's perceived price is something sacrificed by consumers to get a it (Jiang & Rosenbloom, 2005). Some consumers know the exact price of a product, while others are only able to estimate the price based on past purchases. Perceive price is a tendency of consumers to use price value in making judgments about the product quality (Cohen & Gan, 2006).

### **The Consequence of Perceived Price on Customer Satisfaction**

According to (Voss et al., 1998) price perception directly affects satisfaction assessment. It means that consumers can judge the price paid in relation to the consistency of product or service performance. When a consumer compares the perceived benefits from the transaction against the perceived financial sacrifices, and then measures that the sacrifices are greater than the benefits they receive from the product performance, consumers can be dissatisfied (Cohen & Gan, 2006). (Munnukka, 2008) mentions that perceive price has a significant relationship to the customer's satisfaction which has an impact on applying product and service innovation. This is in line with the study conducted by (Ishtiaq Ishaq, 2011) and (Zheitaml, 1988) which explains that there is a significant consequence of perceived price to the customer's satisfaction.

**H1: There is a positive consequence of perceived price on customer satisfaction.**

**The Consequence of Product Quality on Customer Satisfaction**

(Zeytinoglu, Keser, 2008) marketing managers are required to successfully implement strategic marketing and activities to promote higher product quality so that it can provide satisfaction in product usage. Meanwhile, the quality of the product has a major consequence on customer satisfaction in conjunction with customer value and satisfaction (Ishtiaq Ishaq, 2011).

**H2: There is a positive consequence of product on customer satisfaction.**

**The Consequence of Service Quality on Customer Satisfaction**

Service quality has a positive consequence on customer satisfaction (Voss et al., 1998). (Mohd et al., 2013) argued that the quality of service is closely related to the customer's satisfaction, and showed that the quality of service has a particular relationship with customer satisfaction that depends on the diversity of the cultural backgrounds. In addition, customer satisfaction and service quality have significant consequences.

**H3: There is a positive consequence of service quality on customer satisfaction.**

**The Consequence of Customer's Satisfaction on the WOM**

(Voss et al., 1998) stated that WOM is attractive because it allows companies to do more with less effort. WOM, for example, can reach a large number of consumers at a low cost. Word of mouth (WOM) is one of the best ways to sell products and services. In this way, a decision-making process can be overcome in terms of choosing a particular brand. Customers are exposed to a large number of advertisements every day. However, the impact of promotional messages on their opinions about products or services is not as great as expected because of the positive impact of WOM. According to the findings of Ishtiaq Ishaq's (2011) study, customer satisfaction has a positive impact on WOM. In addition, (Çiflikli & Kahya-Özyirmidokuz, 2012) show that if the consumer's perception of service quality is high, then the consumer is willing to recommend the company to their society.

**H4: There is a positive consequence of customer satisfaction on the WOM communication.**

**The Consequence of Customer Satisfaction on the Intention to Stay**

According to (Aslam & Safdar, 2012), Intentions are conceptualized as a statement about certain behaviors which shows a stronger effect on turnover than other customer attitudes, such as commitment to the organization and satisfaction with the services delivered. As the company takes the intention of customers and new consumers to stay in the organization (Cohen & Gan, 2006). This is in line with the study conducted by (Ishtiaq Ishaq, 2011) which found that the satisfaction of customers has a positive consequence on the intention to stay. Intention to stay formed by trust and satisfactory service delivered by the service provider to the customers.

**H5: There is a positive consequence of customer satisfaction on the intention to stay on landline users.**

The model of this study describes the consequences of product quality, perceived price, and service quality on customer satisfaction, which will increase the word of mouth and intention to stay.

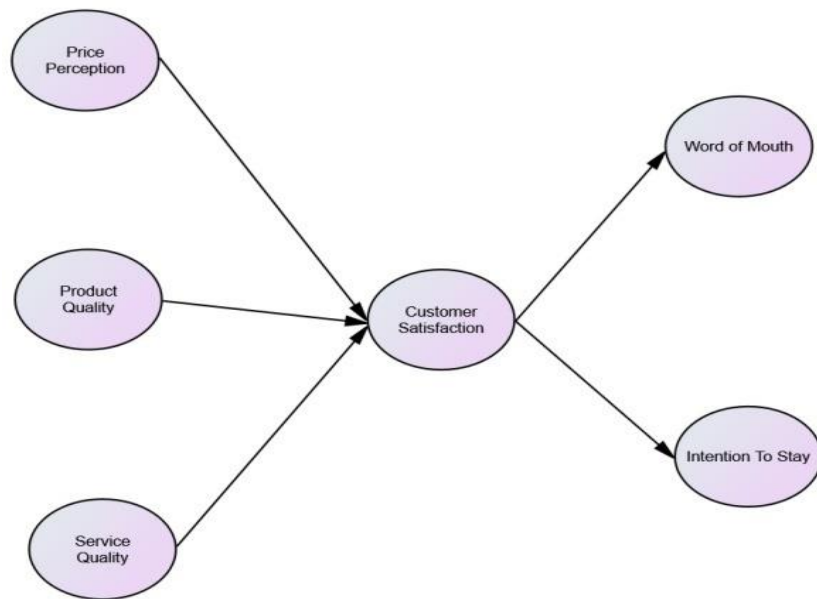


Figure 1. Research Model

## METHODS

This study is an associative study using a survey approach. The cluster Random Sampling method was carried out in this study, in which the sample was taken for specific purposes. This sampling method was carried out since the researcher assumes that a person or sample has the information needed to conduct this study that will lead to the object of research. Thus, the Cluster Random Sampling method is considered appropriate for this study. The number of MSMEs in Indonesia was about 11.405.315 in 2021.

Based on the population with an inaccuracy rate of 5% and applying the Slovin formula, the sample size is 399,98 respondents, rounded to 400 respondents. This study applied Structural Equation Modeling which is a set of statistical procedures that allow testing a series of relationships simultaneously between one or more dependent variables and independent variables, where each of the dependent and independent variables can form a single variable or factors or constructs built from several indicator variables.

## RESULT AND DISCUSSION

The theory-based model constructed in Figure 1, this study model is presented in the following figure:

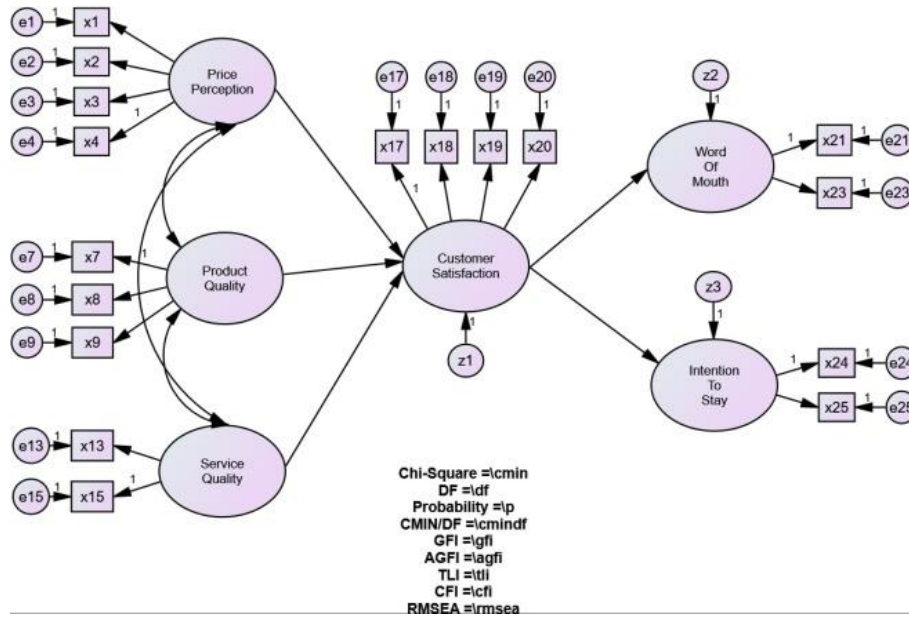


Figure 2. Diagram of perceived price, product quality, service quality, customer satisfaction, word of mouth, and intention to stay.

Confirmatory factor analysis is applied to analyze the model. The analysis shows that a latent construct can be seen in each indicator. Therefore, the analysis of a complete SEM model can be conducted. The result of AMOS processing is as follows:

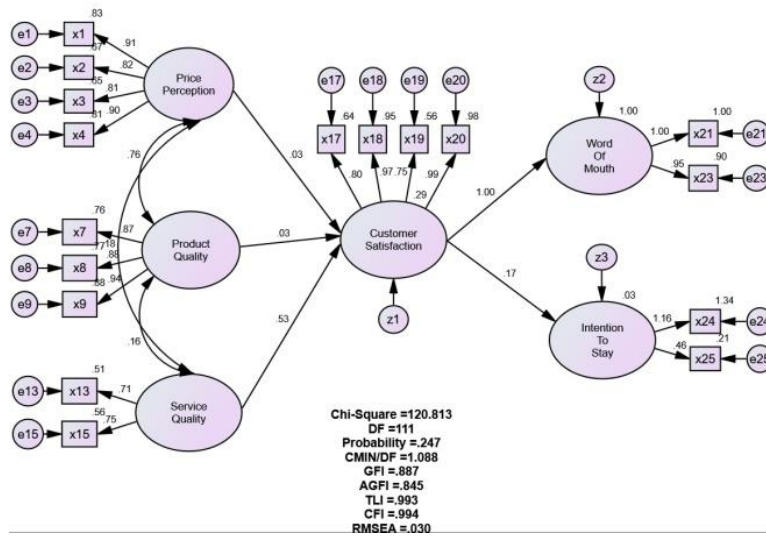


Figure 3. Structural Equation Modeling (SEM)

Structural equation model testing is performed with two kinds of tests, namely the model suitability and the causality significance test through the regression coefficient test as follows:

**Suitability Test Model-Goodness-of-fit**

The model suitability test shows that this model is suitable for the data used in this study. It can be understood from the criteria of Chi-Square, GFI, CMIN/DF, CFI, TLI, RMSEA are accepted. According to Hair et al. (2010), the model is categorized as suitable when at least five (5) benchmarks are fulfilled, even though the probability and the AGFI are included in the marginal criteria.



Tabel 1. Goodness of Fit

<i>Goodness of fit Index</i>	<i>Cut-off Value</i>	<i>Model Result</i>	<i>Information</i>
$\chi^2$ - Chi-Square	<i>Expected Small</i>	120,813	<b>X<sup>2</sup> Tabel df (0,01,111) = 148,571 greather than 120,813 (Good)</b>
<i>Probability</i>	= 0,05	0,247	Good
<i>CMIN/DF</i>	≤ 2,00	1,088	Good
<i>GFI</i>	≥ 0,90	0,887	Marginal
<i>AGFI</i>	≥ 0,90	0,845	Marginal
<i>TLI</i>	≥ 0,95	0,993	Good
<i>CFI</i>	≥ 0,95	0,994	Good
<i>RMSEA</i>	≤ 0,08	0,030	Good

Source: Processing Results with AMOS

### Reliability Test

A reliability test is used to measure the internal consistency of the construct indicators representing the level to which every indicator indicates to common construct. The reliability test results are as follows:

Table 2. Result of Construct Reliability Test

<i>Construct</i>	$\alpha$
Pride Perception	0,988
Product Quality	0,981
Service Quality	0,912
Customer Satisfaction	0,986
<i>Word of Mouth</i>	0,929
<i>Intention to Stay</i>	0,700

Table 2 shows the calculation of construct reliability in which the coefficient of the five (5) latent constructs is higher than 0.70. Thus, the constructs latent applied in this study are reliable.

### Variance Extract Test

Variance Extract is a measure that shows the amount of variance of the indicators extracted by the latent construct that was developed. The Variance Extract Test results are as follows:

Table 3. Variance Extract Test Result

<i>Construct</i>	$\alpha$
Pride Perception	0,970
Product Quality	0,976
Service Quality	0,854
Customer Satisfaction	0,983
<i>Word of Mouth</i>	0,928
<i>Intention to Stay</i>	0,542

### Discriminant Validity Test

Discriminant Validity is to measure that a construct is distinct from the other construct. The test method is to compare the AVE with the correlation square between constructs.

Table 4. Discriminant Validity

	Price Perception	Product Quality	Service Quality	Customer Satisfaction	Word Of Mouth	Intention to Stay
Price Perception	<b>0,985</b>					
Product Quality	0,579	<b>0,988</b>				
Service Quality	0,033	0,027	<b>0,924</b>			
Customer Satisfaction	0,021	0,018	0,283	<b>0,995</b>		
Word Of Mouth	0,022	0,019	0,288	0,281	<b>0,963</b>	
Intention To Stay	0,001	0,007	0,017	0,039	0,041	<b>0,736</b>

Based on Table 4, it can be explained that all latent variables have a higher AVE root value than the correlation square between one construct and another. Therefore, the discriminant validity is good and accepted.

### Hypothesis Test

The hypothesis test is conducted with a significance level of around 95% or  $\alpha = 0.05$ . If the C.R has a  $p$ -value  $< 0.05$  so the hypothesis is accepted:

Table 5. C.R values (*Critical Ratio*) and  $p$ -value

	Variable	CR	P value	Information
1	Price Perception $\rightarrow$ Customer Satisfaction	0,167	0,868	Not Significant
2	Product Quality $\rightarrow$ Customer Satisfaction	0,189	0,850	Not Significant
3	Service Quality $\rightarrow$ Customer Satisfaction	3,611	0,000	Significant
4	Customer Satisfaction $\rightarrow$ <i>Word Of Mouth</i>	13,136	0,000	Significant
5	Customer Satisfaction $\rightarrow$ <i>Intention To Stay</i>	2,021	0,043	Significant

## DISCUSSION

### a) The Consequence of Perceive Price on Customer Satisfaction

Hypothesis 1 which stated there is a positive consequence of perceiving price on customer's satisfaction is rejected. The data analysis result shows that the P-Value is  $> 0.05$ . Therefore, it can be said that the result is not significant.

This is due to most of the respondents considering that the prices of several MSME products had slightly increased but the quality was not increased as well. Respondents also considered that perceived price was no longer appropriate because respondents believed that almost all prices were increased due to the national endemic period. Hence, respondents in this study consider that perceived price does not affect customer satisfaction.

Perception is often a benchmark for consumers to forgive a company's mistakes or errors. The better the consumer perceived, the easier it is for consumers to forgive company mistakes that have occurred. The service stage is to measure how high the consumer satisfaction and decisions to buy. If the service stage is disappointed, then the consumer will tend to judge the overall service as bad, and vice versa.

Price is often used as an indicator of value in conjunction with the perceived benefits of a product or service. Thus, it can be said that at a certain price level, when there is an increase in the consumer's perceived benefits, then the value will increase. In deciding the value of a product or service, consumers will compare the ability of a product or service that meets their needs with the performance of goods or services.

The result of this study does not support prior studies conducted by (Herrmann et al., 2007), (Voss et al., 1998), (Chen et al., 2005), and (Munnukka, 2008) which argued that perceiving price directly affects the assessment of satisfaction, and there is a significant relationship between perceived price and customer's satisfaction which impacts on the application of product and service innovation.

The difference in the results of this study from prior research is due to the different objects and research locations. In the study (Voss et al., 1998) conducted in the hotel service sector with hotel employees as the respondents, (Chen et al., 2005) conducted the study in the banking sector, (Herrmann et al., 2007) who conducted the study in the context of car buying, and (Munnukka, 2008) which conducted the study in the context of mobile communication service. Respondents have varied answers to the perceived price variable due to different locations and objects.

#### **b) The Consequence of Product Quality on Customer Satisfaction**

Hypothesis 2 which stated that product quality has a positive consequence on customer satisfaction is rejected. The data analysis result shows that the P-Value is  $> 0.05$ . Thus, it can be said that the result is not significant.

This is due to most of the respondents considering that the product quality is no longer appropriate to be applied because respondents think that the quality of MSMEs products is currently far lower than before. This is due to consumer awareness that the quality of MSMEs products before the pandemic Covid-19 outbreak and during the endemic Covid-19 recently was far below.

The result of this study does not in line with the prior studies performed by (Quoquab et al., 2016) and (Zheitaml, 1988) which argued that product quality has a significant effect on customer satisfaction concerning customer value and satisfaction.

The difference in the result of this study is due to the different objects and research locations. The study directed by (Quoquab et al., 2016) was carried out in the field of automobiles, meanwhile (Zheitaml, 1988) was in the field of motor vehicles. Respondents have various answers to the product quality variable due to the different locations and objects.

#### **c) The Consequence of Service Quality on Customer Satisfaction**

Hypothesis 3 which stated that service quality has a positive consequence on customer satisfaction is accepted. The data analysis result shows that the P-Value  $< 0.05$ . Hence, it can be said that the result is significant.

This shows that the respondents in this study consider that the quality of service to MSMEs players affects consumer satisfaction. Most of the respondents are satisfied with the services delivered by the company including when there is damage to the packaging or the expired period of the MSMEs product, the company agreed to replace it with a new product.

ervice quality is the fulfillment of consumer expectations or needs which compares the results of service quality performance against consumer expectations, and also determines whether

consumers have received the best quality of service. If there are claims from consumers in the future, consumers expected that the company will provide a service that is friendly, fast, and accurate. In addition, products that require physical services, services become a critical factor of value. The higher the consumer satisfaction, the tendency of consumer behavior will be favorable to the company. On the other hand, the lower the customer satisfaction, the tendency of consumer behavior will be unfavorable to the company. If consumers perceive service quality as expected, satisfaction will be created in consumer behavior including saying positive things about the company to their society, remaining loyal to the company, repurchasing the goods or reusing the service, spending more time with the company, and being willing to pay the premium price.

The study conducted by (Voss et al., 1998) and (Mohd et al., 2013) found that there is a positive relationship and consequence between service quality the customer satisfaction. Those prior researches are in conjunction with this study, despite the differences in research locations and research objects in each region and country, from the answers of the respondents who were almost entirely satisfied with the research object.

**d) The Consequence of Customer Satisfaction to the Word of Mouth (WOM)**

Hypothesis 4 which stated that there is a positive consequence of customer satisfaction on the word of mouth communication is accepted. The data analysis result shows that the P-Value < 0.05. Thus, it can be said that the result is significant.

Customer satisfaction with MSMEs products can be in the form of spreading positive things based on their satisfaction from purchasing MSMEs products, such as attractive packaging, relatively affordable prices, and optimal service at the time of purchase. Furthermore, the customers will influence their society to buy products or use the services from a particular company or brand.

Quality is one of the paradigms that can affect satisfaction and produce WOM. The enhanced the service quality delivered by the company, it will be easier to shape consumer behavior to generate WOM that benefits the company. However, if the service quality delivered does not fulfill the consumer expectations, WOM may not be generated or worse is the consumers may carry out damaging WOM.

Recently, WOM is an alternative that is expected to provide solutions and strategic steps for companies and researchers to help increase the degree of customer relationship management. Since the company views WOM as part of the company's strategy in facing the competitors and linking the company with the consumers. Thus, WOM is a strategic policy for the company. Word of Mouth (WOM) is needed as an element in a competitive marketing strategy. In today's competitive market conditions, companies often rely on their future customers. Therefore, some companies identify "word of mouth" as a guarantee of short-term and long-term profits for the company.

In conjunction with the study conducted by (Voss et al., 1998) which argued that one of the reasons why WOM is attractive is because it allows many companies to be able to do more with less cost. In addition, the prior studies conducted by (Ishtiaq Ishaq, 2011) and (Cohen & Gan, 2006) support the result in this study which stated that customer satisfaction has a positive consequence on WOM. Thus, This study is in conjunction with the prior studies by (Cohen & Gan, 2006), (Ishtiaq Ishaq, 2011), and (Marinescu & Toma, 2001). Even though the research locations and research objects are different in each region and country, the answers of the respondents are almost entirely satisfied with the research object.

### e) The Consequence of Customer Satisfaction to the Intention to Stay

Hypothesis 5 which stated that the customer's satisfaction has a positive consequence on the intention to stay is accepted. The data analysis result shows that the P-Value < 0.05. Therefore, it can be said that the result is significant.

This shows that respondents in this study considered customer satisfaction with MSMEs to have an impact on intention to stay at MSMEs. Respondents are mostly satisfied with the services provided by MSMEs. Respondents are still satisfied with the service even though there have been and are often problems with the product. This is because respondents are given a guarantee of returning or exchanging MSMEs products if an error occurs from the MSMEs side.

This study result is in conjunction with the prior studies conducted by (Cohen & Gan, 2006) and (Ishtiaq Ishaq, 2011) which stated that customer satisfaction has a positive consequence on intention to stay, even though there are differences in the research locations and research objects in each region and country, from the answers of the respondents who are almost entirely satisfied with the research object.

## CONCLUSION

This study can explain the prior studies that to increase the intention to stay and word of mouth MSMEs must meet the customer's satisfaction. Meanwhile, the customer's satisfaction is affected by the quality of the services delivered by the company. This study's results show that improving the quality of service is crucial. Things that determine the improvement of service quality are the neatness of service personnel, the readiness of MSMEs in serving customers and dealing with complaints, providing fast and fair service, and whether the purchase transaction process is carried out quickly and following the standard operating procedures (SOP).

The limitation of this study is that the increase in consumer satisfaction for MSMEs still needs to be improved by making improvements in the product quality of MSMEs. The researcher recommends further research by adding other variables that might affect customer satisfaction such as trust, promotional attractiveness, buying interest, and repeat purchases.

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