



THE EFFECT OF PERCEIVED VALUE ON CUSTOMER RETENTION WITH TRUST AS MEDIATION VARIABLE IN COMPANY X

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Abstract

This research was conducted to determine the effect of perceived value on trust, the purposes are to know the effect of perceived value on customer retention, to know the effect of trust on customer retention, to know the role of trust as mediator in the relationship between perceived value on customer retention in Company X family business which moved as distributor basic needs. Research data collection was distributed to 68 respondents of Company X B2B customer who regularly purchase on 2020. Analysis method for this research used Partial Least Square Structural Equation Modeling (SEM PLS) with smart PLS 3.0 program. The results of the analysis in this study are perceived value have a positive relationship and significant effect on trust; perceived value doesn't have significant effect on customer retention in Company X; trust has a positive and significant effect on customer retention in Company X; Trust fully mediates perceived value to customer retention in Company X. Managerial implications based on the results are creating more services and educate customer about service offer compared with competitors, improving service with implementing computerize system to decrease error, employee training, and proposing program such as cash discount or bonus product to maintain customer retention.

Keywords: perceived value, trust, customer retention, and family business.

Abstrak

Penelitian ini dilakukan untuk mengetahui pengaruh perceived value terhadap trust, pengaruh perceived value terhadap customer retention, pengaruh trust terhadap customer retention, dan peran trust sebagai mediator dalam hubungan antara perceived value dengan customer retention pada Company X sebagai perusahaan keluarga yang bergerak di bidang distributor kebutuhan bahan pokok. Pengumpulan data penelitian disebarkan kepada 68 responden yaitu customer B2B Company X yang rutin membeli di periode 2020. Metode analisis data yang digunakan adalah Partial Least Square Structural Equation Modeling (SEM PLS) dengan bantuan program smartPLS 3.0. Hasil analisis penelitian ini yaitu perceived value memiliki hubungan yang positif dan signifikan terhadap trust; perceived value tidak memiliki

pengaruh yang signifikan terhadap customer retention di Company X; trust memiliki hubungan yang positif dan signifikan terhadap customer retention di Company X; trust memediasi pengaruh perceived value dan customer retention di Company X. Implikasi manajerial berdasarkan hasil penelitian di antaranya menciptakan lebih banyak layanan bagi pelanggan dan mengedukasi pelanggan tentang layanan yang diberikan dibanding kompetitor, meningkatkan pelayanan dengan mengimplementasikan sistem komputerisasi untuk mengurangi kesalahan, pelatihan karyawan, dan mengusulkan program seperti diskon atau bonus produk untuk menjaga customer retention.

Kata Kunci: perceived value, trust, customer retention, dan perusahaan keluarga

1. Introduction

According to Food Outlook by Indonesian's Ministry of Trade 2015-2019, food is primary and the most important necessity for human, the fulfillment is the part of human rights and guaranteed by Indonesian Constitution of 1945. The increase in food consumption needs will inevitably occur along with the increasing of Indonesian population. Noticing the opportunity of the food industry in Indonesia that always increasing along the way with population, Company X began the journey in 1984 as retail grocery store in Gresik. In 1998, crisis hit Indonesia pretty hard. Retail (consumption) industry became the one that most affected because of prices of goods soared up. Company X which played in the food consumption industry was also affected. People's purchasing power decreased because the prices were so high and they selected to buy only what needed the most. It gave direct blow to Company X. Therefore, Company X strategy was no longer provided various of products, but only focus in selling what the market needed in retail. Surviving the crisis, Company X continue to sell only several products and became wholesale focus on serving only B2B market.

Based on Indonesia Ministry of Industry (2009-2014) MS Hidayat stated in kemenperin.go.id, competition become fierce and fiercer both in modern or traditional retail (Balitbangtan, 2015). From 1997-2005, consumption and retail business increase about 30%. Increasing needs of the community make increasing competition between company. The entry of modern retail since 2000 also make business competition map increasingly fierce (Martinus, 2011). Company X also faces a lot of competitor in Gresik and around. There are new retail and wholesale businesses every year both in traditional and modern in Gresik and around. Those competitors bring a lot of challenge for Company X in short term and long term. The more competitors, the easier for customer to move because of many choices. Therefore, it is important for company to give the best value for customer for maintaining the existing customers. With more than 30 years serving the market, company emphasize several values to maintain the customer. Company X gives the best price so there is no reason for customer to search into other company. Company also provide product with good quality as customer want and need (Mencarelli & Rivière, 2015). After serving the market for more than 30 years, Company X realized it need more than good quality and price, last but not least is

professionalism of the workers that know their job well and understand product knowledge so that could give best advice and delivery for customer. Table 1. shows company value for customer.

Table 1. Company’s Program to Elevate Value

Company Program	Customer Treatment
Best price	Company make sure that price always follow market fluctuation that has been set up by suppliers. Therefore, company ensure in giving the best price, never overpriced
Best quality	Company provides variety of product with several choices of brand, price, and quality. So, customer can choose what they need. And company ensure the cheapest product still has good quality.
Best advice	Company gives advice according customer need and wants. For example, retailer’s needs are cheapest price and quantity of product. For restaurant, the needs are product quality and cheaper price. For home industry, the needs are color, texture, and usability. Company gives different advice toward different customers
Follow up service	Company inquires order and need/want of the customers each day. Apart from taking the order, company updates information, dig customer need, and give advice about suitable product or trending goods nowadays.
Ease of delivery	Company give option to pick up the order in warehouse/store, or deliver it for free. Company has fleet of vehicles, so customer won’t wait so long.
Return policy	Customer could return the product if it is not in good shape within 1x24 hour.

Perceived value define as the value occurs of what customer want and what customer get from product or service. (Ammar et al., 2015). It is perceived that customers in the B2B market willing to keep the relationship with existing supplier if they are being served with elevated value (Milan et al., 2015).

Perceived value has traditionally been associated with customer retention. Customer retention defined as the process of building customer loyalty toward a particular brand, so customers would come to repurchase its products over time (Qaiser Danish et al., 2015). Company X has 68 B2B customers who usually purchase regularly every month. It is important for Company X to make customer repurchase than searching for new customer. The expenses to get new customers are higher than maintain the existing customers. Therefore, it is important to maintain the customer retention rate. Beside values, trust is a core value that Company X always maintained toward customer. Although there are many competitors during 3 decades of journey, Company X believes that trust could make customer repeat their order and be loyal in the midst of fierce competition. Although Company X already try to give the best in term of products and services, there are always mistakes and flaws. But customer still repurchase and trust Company X to serve them in spite of a lot of other choices. Trust has significant effect between long term relationship and customer loyalty (Hanaysha,

2018). According to Gaunaras, trust is an essential part in all types of relationship (Qaiser Danish et al., 2015). According to Doney *et al.*, trust have positive effect on loyalty, outcomes, and repurchase behavior. Meanwhile, another research said that customer retention is not affected by trust (Hanaysha, 2018). Milan has suitable research model with Company X's condition which want to maintain customer retention over the fierce competition (Milan et al., 2015). They develop model about perceived value and trust as determinants of customer retention. Therefore, based on the problem stated above, this research wants to analyze about the effect of perceived value on customer retention with trust as mediation variable in Company X.

An early research by Morgan and Hunt in Journal of Marketing defined relationship marketing as all marketing activity that directed for establishing, developing, and maintaining successful relational exchange (Minta, 2018). It indicates that relationship built by customer and company engaged in continuous process of exchange whereby both will benefit in shorterterm and longterm. Therefore, the term of 'customer retention' has emerged in order to increase company's profit and minimize both cost and customer switching in the long run. Christopher and Kristian Moller stated that relationship marketing could get and keep customers which is the challenge in the fierce market (Itani et al., 2019).

Perceived value is a concept that has recently been receiving much attention from industrial marketing research as the highlight of relationship marketing context in maintaining longterm relationship. Perceived value can be described as consumer's overall assessment of the utility of a product based on the perceptions of what is received and what is given. The higher perceived value, the higher repurchasing intention toward product or service offered which develop customer loyalty in the long run. Therefore, company should know the importance of perceived value and maintain it in order to make customer loyal towards their brand (Haghkhah & Asgari, 2020). Firms should deliver more value to customers by providing them more benefits and fewer expenses. Failing to do so will lead firms to lose the probability of gaining a competitive advantage while making customers search for new alternatives (Carlos Fandos Roig et al., 2006). Study from Linhares proposed that perceived value positively influence trust (Linhares et al., 2016). Another research by Milan, confirmed that perceived value being an antecedent construct of trust, and such relation is mediated by reputation. This research use indicators with combining Milan and Edward study: (1) company offers attractive products; (2) company charges fairly for similar product/service; (3) company provide more free service; (4) for the time spent, it is reasonable; (5) for the effort involved with the vendor, it is worthwhile; (6) the overall shopping experience.(Edward & Sahadev, 2011)

Trust is a fundamental aspect in many business relationships, therefore it became the key element in relationship marketing. It is the customer's feeling and confidence while in transaction and dependent to a firm. Most researchers agreed that trust is an important factor in affecting relationship commitment and customer loyalty. Trust can affect long relationship and loyalty (Bricci et al., 2016). The relationship couldn't be long if customer isn't trust in a firm. Trust is also used to develop a relationship between two parties which leads to retention behavior. But, there's a difference among research toward the trust effect on customer retention. Research by Milan find that trust

has small significant effect on customer retention. Meanwhile, Chatura Ranaweera and Jaideep Prabhu conduct research to prove the influence of satisfaction, trust, and switching barriers on customer retention in a continuous purchasing setting. Previous research by Ranaweera confirmed the expected positive effect of trust on retention. Trust is directly related to customer's attitude to the firm and influence their purchase intention, behavior, and retention rate (Shao et al., 2008). A study of Qureshi also found out that trust fully mediates the relationship between perceived reputation, perceived capability of order fulfillment, and repurchasing intention (Haghkhah & Asgari, 2020). This research use indicators with combining Qureshi *et al.* (2009) and Linhares *et al.* (2016) which are: (1) can be trusted at times; (2) counted to do what is right; (3) high integrity; (4) consistent in quality and service; (5) fulfill customer need and want; (6) honest; (7) customer interest in mind.

Customer retention can be describe as the process of building customer loyalty toward a particular brand, so that leading customer to repurchase over time (Qaiser Danish et al., 2015). Customer retention has financial impact on company which is based on the assumption that obtaining new customers are costly than maintaining existing customer. According to Ang & Buttle, different expense will occurred for getting new customer such as advertising, opertaing expense, and promotion (Mencarelli & Rivière, 2015). Most of the previous studies on customer retention were guided by the commitment-trust theory which was proposed by Morgan and Hunt. The commitment-trust theory posits that customer relationships can be established and maintained through gaining consumers' trust and commitment which result from positive purchase experiences. Understanding the main constituents of trust and commitment is important in order to develop long-term relationships (Hanaysha, 2018). Therefore, the higher degree of trust and commitment ultimately leads to greater customer retention. Some used the term of 'future behavior' to describe customer retention. Previous research by Ranaweera and Danesh *et al.* (2012), adapted Morgan and Hunt indicator of relationship commitment in measuring customer retention. The study measure customer retention as propensity to leave in business to business relationship. Then, three item indicators were used to measure the likelihood of customer leaving the company at three different periods in the future: (1) within the next six months; (2) the next one year; (3) within the next two years.

Linhares *et al.* 2016 conduct a research entitled "Factors Influencing Trust and Commitment in Business to Business Market: Study on the Distribution Sector Supplies", aims to analyze the determinants of trust and commitment ini B2B market of Minas Gerais State, Brazil. Therefore, Linhares *et al* develop hypotesis about perceived value positively influence trust. The result said that perceived value positively customer's trust, since it had a high explanatory power of the trust construst. Another research by Milan *et al.* 2015, confirmed that perceived value being an antecedent construct of trust, and such relation is mediated by reputation. Therefore, based on the empirical study, the hypotesis can be arranged as follows:

H₁ : *Perceived value* is expected to be significantly affect *trust* in Company X

The high cost of acquiring new customer than serving repeat customer, and the consequent increase in profitability, is an important reason why company are advised to increase levels of customer retention. Perceived value has traditionally been associated

with customer retention. In the other hand, a research by Hume and Sullivan (2008) stated that perceived value doesn't influence customer retention. Perceived value need existance of other variable to be able to influence retention. Previous research by Manoj Edward and Sunil Sahadev attempts to chart out the role of switching costs in the interrelationships between perceived value, perceive service quality, customer satisfaction, and customer retention. They gathered several studies related to perceived value effect on customer retention, stated that perceived value can have significant influence on customer retention. The result of Manoj Edward's research, perceived value is proven to have significant affect on customer retention. Perceived value together with service quality also got possitive effect of customer retention. Therefore, based on those empirical study, the hypotesis can be arranged as follows:

H₂ : Perceived *value* is expected to be significantly affect *customer retention* in Company X

There's a difference among research toward the trust effect on customer retention. Milan *et al.* (2015) find that trust has small significant effect on customer retention. Meanwhile, Chatura Ranaweera and Jaideep Prabhu conduct research to prove the influence of satisfaction, trust, and switching barriers on customer retention in a continuous purchasing setting. They wanted to examine the main effects of trust on customer retention, because though the effect of trust on retention are quite apparent, there is still debate on the topic. Their result show possitive effect of trust on customer retention. While satisfaction may be an important driver of retention, trust is another important and distinct driver of retention. Therefore, based on those empirical study, the hypotesis can be arranged as follows:

H₃ : *Trust* is expected to be significantly affect *customer retention* in Company X Jaya

Research written by Milan *et al.*, 2015, examine determinants of customer retention. This research shows that there is possitively effect of perceived value on customer retention, but little effect of trust on customer retention. There is also possitive effect of perceived value on trust based on research conduct by Linhare *et al.* (2016). A study of Qureshi *et al.* (2009) also found out that trust fully mediates the relationship between perceived reputation, perceived capability of order fulfillment, and repurchasing intention. Based on the previous research and company experienced (empirical study) that trust affect customer retention, the hypotesis can be arranged as follows:

H₄ : *Trust* is expected to mediate *perceived value* on *customer retention* in Company X

2. Method

This research uses quantitative research method, collected data from Company X and their business to business (B2B) customer in Gresik and around (where the customer lays). For the time period, the data were collected from Company X internal data since January until October 2020. The population used Company X active B2B customer from January-October 2020 who regularly purchase which are 68 individuals (consist of consumer goods store and home industry). Meanwhile, the sample method

used census sampling, so all the population will be the sample. In conclusion the sample are 68 B2B customers. Table 2. Shows the respondents characteristics.

Table 2. Respondents Characteristics

Variable		Frequency	Percentage
Profession	UMKM (restaurant/stall)	11	16,2%
	Distributor/retailer	37	54,4%
	Home industry	20	29,4%
Subscription period (in year)			
Subscription period (in year)	1	10	14,7%
	2	10	14,7%
	3	12	17,6%
	4	11	16,2%
	5	6	8,8%
	6	3	4,4%
	7	5	7,3%
	8	3	4,4%
	9	2	2,9%
	10	4	5,9%
	12	1	1,5%
	18	1	1,5%
Purchase frequency (in one month)			
Purchase frequency (in one month)	0-5x	19	27,9%
	6-10x	8	11,8%
	11-15x	11	16,2%
	16-20x	7	13,3%
	21-25x	14	20,6%
	26-30x	9	13,2%

_Source: data processed, 2020

There are two type of data used in this research, which are primary data and secondary data. Primary data is collected with questionnaire method. The measurement of variables in the questionnaire is supported by Likert scale. Internal secondary data of this research is information from Company X. And external secondary data comes from Badan Pusat Statistik, information from website, book, journal related with variables discussed. Before distributing questionnaire to gather primary data, the validity and reliability of the questionnaire must be tested first using SPSS. The validity test used Sig value (Spearman correlation) and reability test used cronbach alpha and value of corrected item-total correlation. In questionnaire validity test using SPSS with Spearman correlation, all of the statements are declared valid because Sig value < 0,5. Then in questionnaire reliability test using SPSS with cronbach alpha and value of corrected item-total correlation, The cronbach alpha result > 0,70 so the reliability is high; but statement X1 is eliminated because corrected item-total correlation < 0,5 (value of corrected item-total correlationbased on r-table should be equal or greater than 0,5). Therefore, the statements processed in data calculation are X1.2-X1.6, Z1.1-

Z1.9 and Y1.1-Y1.9. Then, data obtained from the questionnaire were analyzed using Structural Equation Model (SEM), which is Partial Least Square (PLS) using WarpPLS 3.0 software.

Below are the result of validity test in PLS. Starting with validity test which use convergence validity and discriminant validity, R^2 test to determine the effect of exogenous latent variable toward endogenous latent variable, f^2 test to measure the size of latent variable on the structural level, Goodness of fit test to validate measurement model, structural model, and overall model, path coefficient value to measure the hypothesis, and mediating test effect to measure the influence of mediator variable.

Table 3. Convergent Validity Testing Results

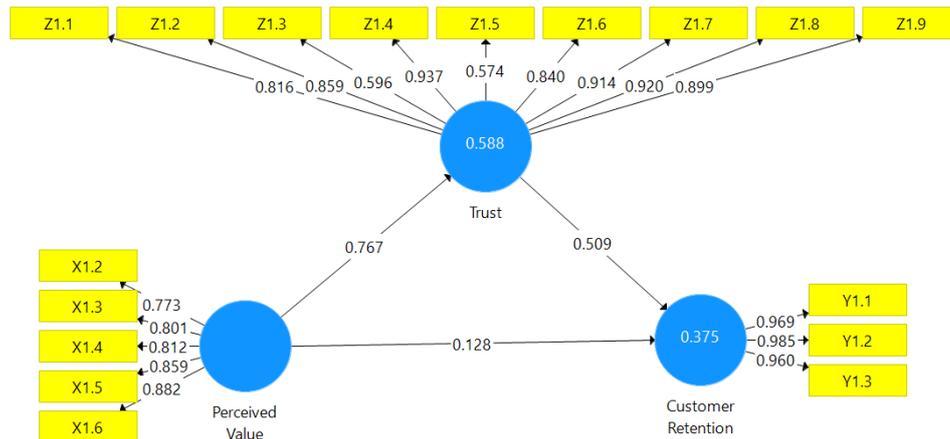
Variables	Item	Convergent Validity	
		Factor Loading	AVE
Perceived Value (X1)	5	0,773 – 0,882	0,683
Trust (Z1)	9	0,574 – 0,937	0,684
Customer Retention (Y1)	3	0,960 – 0,985	0,944

Table 4. Discriminant Validity Testing Results

Variables	Indicators	X1	Z1	Y1
Perceived Value (X1)	X1.2	0,773	0,558	0,391
	X1.3	0,801	0,644	0,426
	X1.4	0,812	0,563	0,295
	X1.5	0,859	0,629	0,383
	X1.6	0,882	0,739	0,586
	Trust (Z1)	Z1.1	0,693	0,816
Z1.2		0,669	0,859	0,579
Z1.3		0,443	0,596	0,306
Z1.4		0,671	0,937	0,533
Z1.5		0,383	0,574	0,290
Z1.6		0,703	0,840	0,531
Z1.7		0,677	0,914	0,571
Z1.8		0,651	0,920	0,523
Z1.9		0,712	0,899	0,581
Customer retention (Y1)	Y1.1	0,509	0,607	0,969
	Y1.2	0,506	0,600	0,985
	Y1.3	0,494	0,559	0,960

Convergence validity test is used to measure construct which should have high correlation, AVE must be higher than 0,5 to be valid. Discriminant validity test is used to measure construct that should not be highly correlated. An indicator is declared to meet discriminant validity if the cross loading value of the indicator on the variable

shows the greatest among other variables. Based on table 1 and table 2, all of the construct are declared valid. After processed with SPSS, the date then processed in PLS. This research is a mediation test of trust with other factor namely, perceived value and customer retention.



Picture 1. Measurement Model Evaluation (Outer Model Evaluation)

_Source: Outer Model Result of PLS Algorithm

Picture 1. shows outer model result for each statement of three variables, namely perceived value, trust, and customer retention. Overall, the next step can be carried out by testing the outer model evaluation as described below.

Convergence validity test is used to measure construct which should have high correlation. Convergence validity test is valid if the loading factor >0,7 for confirmatory research, between 0,6-0,7 for exploratory research, 0,5-0,6 for research of developing measurement with average variance extracted (AVE) >0,5. Based on the results in table 5, all the variables with reflective construct are declared valid because they meet the existing requirements.

Table 5. Loading Factor and AVE

Variable	Indicator	Loading Factor	AVE	Note
Perceived value	X1.2	0,773	0,683	Valid
	X1.3	0,801		
	X1.4	0,812		
	X1.5	0,859		
	X1.6	0,882		
Trust	Z1.1	0,816	0,684	Valid
	Z1.2	0,859		
	Z1.3	0,596		
	Z1.4	0,937		
	Z1.5	0,574		
	Z1.6	0,840		
	Z1.7	0,914		
	Z1.8	0,920		
	Z1.9	0,899		
Customer retention	Y1.1	0,969	0,944	Valid
	Y1.2	0,985		
	Y1.3	0,960		

_Source: data processed

Next is discriminant validity test which used to measure construct that should not be highly correlated. This research used cross loading value. An indicator is declared to meet discriminant validity if the cross loading value of the indicator on the variable shows the greatest among other variables. Based on the research results listed in table 6, all variables with the reflective construct are declared valid because they meet the existing requirements.

Table 6. Cross Loadings

Indicator	Perceived Value	Trust	Customer Retention
X1.2	0,773	0,558	0,391
X1.3	0,801	0,644	0,426
X1.4	0,812	0,563	0,295
X1.5	0,859	0,629	0,383
X1.6	0,882	0,739	0,586
Z1.1	0,693	0,816	0,493
Z1.2	0,669	0,859	0,579
Z1.3	0,443	0,596	0,306
Z1.4	0,671	0,937	0,533
Z1.5	0,383	0,574	0,290
Z1.6	0,703	0,840	0,531
Z1.7	0,677	0,914	0,571

Z1.8	0,651	0,920	0,523
Z1.9	0,712	0,899	0,581
Y1.1	0,509	0,607	0,969
Y1.2	0,506	0,600	0,985
Y1.3	0,494	0,559	0,960

_Source: data processed

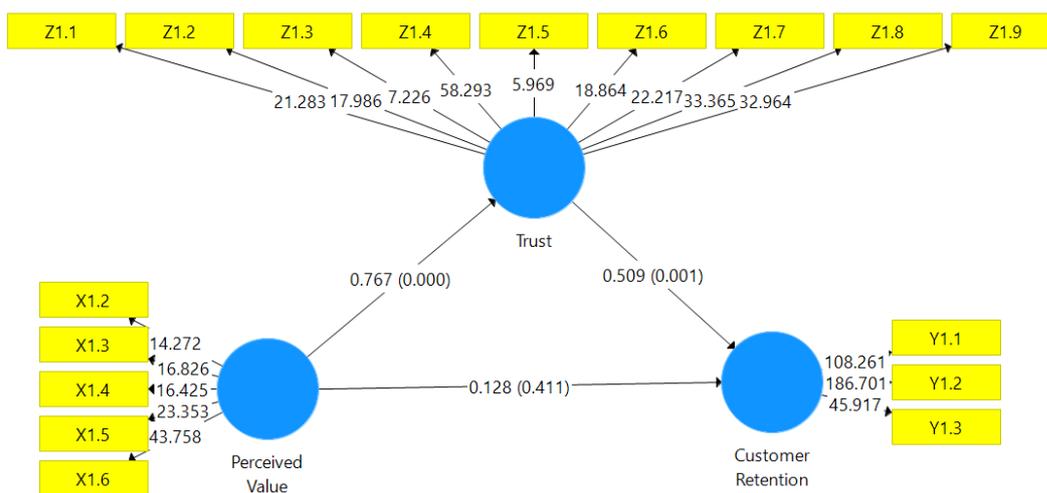
Next is reliability test which used to determine whether construct is reliable or not. There are two method in reliability test: cronbach's alpha and composite reliability with acceptable value >0,70 for confirmatory research, and 0,6-0,7 for exploratory research. Based on the research results listed in the table 7, the reflective construct is declared reliable because it meets the requirements of composite reliability and Cronbach's alpha.

Table 7. Reliability and Validity

	Cronbach's Alpha	Composite Reliability
Perceived value	0,884	0,915
Trust	0,939	0,950
Customer retention	0,970	0,981

_Source: data processed

Picture 2. shows the inner model after excluding invalid indicators. Following



section will explain about the evaluation of endogenous and exogenous variable.

and exogenous variable.

_Source: Inner Model Result of PLS Algorithm

R² Test is used to determine the effect of exogenous latent variable toward endogenous latent variable. Based on the research result listed in table 8, R² value in customer retention has a weak relationship between exogeneous and endogeneous variables with value of 0,375. Meanwhile, trust variable has a moderate relationship with value of 0,588.

Table 8. R²

	R ²	Note
Customer retention	0,375	Weak
Trust	0,588	Moderate

_Source: Data processed

f² test is used to measure the size of latent variable on the structural level. f² test consists of three levels, namely 0,02 (small); 0,15 (middle); 0,35 (large) (Ghozali & Latan, 2015). Based on Table 7, it is known that:

1. Perceived value as exogenous variable has small effect toward variable customer retention in structural level, which is 0,011
2. Perceived value as exogenous variable has large effect toward variable trust in structural level, which is 1,425
3. Trust as exogenous variable has middle effect toward variable customer retention in structural level, which is 0,171

Table 9. f²

	f ²	Note
Perceived value – customer retention	0,011	small
Perceived value - trust	1,425	large
Trust – customer retention	0,171	middle

_Source: data processed

Goodness of fit test is used to validate measurement model, structural model, and overall model. There are three levels of GOF test: 0,1 (GOF small); 0,25 (GOF medium); 0,36 (GOF large). From table 8. about GOF value calculation, structural model in this research is declared as valid and has a strong relationship because of the value: 0,4815.

Table 10. GOF Value

Variable	R ²	Note
Customer retention	0,375	Large
Trust	0,588	Large
Average	0.4815	Large

_Source: data processed

The hypothesis testing among perceived value, trust, and customer retention variables must meet the requirement to be significance if t-statistics value is greater than t-table value (which is 1,960) with significance value of 5%. In conclusion, the hypothesis for this research stated in table 10 and table 11:

Table 11. Path Coefficient Value

Hypothesis	Original sample	t-statistics	p-value	Significant	Note
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Perceived value -> trust (H1)	0,767	15,604	0,000	Significant	Accepted
Perceived value -> customer retention (H2)	0,128	0,822	0,411	Not significant	Rejected
Trust -> customer retention (H3)	0,509	3,307	0,001	Significant	Accepted

_Source: processed data

Based on table 11, the relationship among three variables are: (1) The effect of perceived value on trust is significantly positive because the t-statistics is 15,604 with p-value 0,000. Therefore, the first hypothesis is accepted; (2) The effect of perceived value on customer retention is not significant because the t-statistics is 0,822 with p-value of 0,411. Therefore, the second hypothesis is rejected. This statement is proven with t-statistics <1,96 which is 0,822. This result is contradicting with Manoj Edward’s (2011) statement that perceived value has significant influence on customer retention. In the contrary, this research result doesn’t follow the previous study. Meanwhile, another research by Hume and Sullivan (2008) stated that perceived value has no direct influence with repurchase intention. In several industry or organization, perceived value must be mediated with other in order to be able to influence behavioral intention. Company X believed that with the value deliver to the customer, it led to customer retention. Several company values offered are attracting product, best price, and best service. Company provides good product quality with best price. Company also give free delivery and unloading service, 3 days payable, and have return policy if the product is not in the good shape. But based on the research result, those value didn’t significantly influence retention. Based on description of perceived value, customer only quite agree with statement: Company X gives more free services than others. Many didn’t agree that company give more free services. They thought several free services considered normal and should have been given to the customer because they buy in large amount; (3) The effect of trust on customer retention is significantly positive because the t-statistics is 3,307 with p-value 0,001. Therefore, the third hypothesis is accepted. Furthermore, based on table 10, trust mediates perceived value to customer retention because t-statistic value >0,96 and p-value<0,05. Therefore, the fourth hypothesis is accepted.

The mediating test shows that the direct relationship between perceived value and customer retention is significant because the p-value <0,05. After knowing the direct relationship between the independent and dependent variables, the mediating effect test continue to indirect model testing stage. The mediator indicator is valid if the value of t-statistics >0,96 (Ghozali & Latan, 2015). Based on table 12, it can be seen that t-statistics value of trust is 3,201. Therefore, trust mediates the effect of perceived value on customer retention. In conclusion, the fourth hypothesis is accepted. This result supports Milan *et al.* (2015) and Linhare *et al.* (2016) study, stated that trust fully mediates perceived value to customer retention. Customer retention in Company X will not appear directly, there must be support from inside company with the value offers and trust from customers. With the perceived value alone, it won’t increase retention

rate. But with the support of trust, the customer retention rate is following. From table 2. about respondent characteristics, the highest distribution of subscription period of B2B customer is on 1-4th years (14,7%-16,2%), then 5-8th years are 1,5%-8,8%. Many of B2B customers keep purchasing which indicate that they are satisfied and trust with Company X. Company values in consumer goods industry is not stand out. In the other hand, trust play great roles in leading retention rate. Therefore, maintain and elevate more stand out value for customer is important, but without maintaining trust, retention rate will not be achieve.

Table 12. Indirect Effect

Hypothesis	<i>t-statistics</i>	<i>p-value</i>	Significant	Note
Trust mediates perceived value on customer retention (H4)	3,201	0,001	Significant	Accepted

_Source: processed data

3. Result and Discussion

The hypothesis testing among perceived value, trust, and customer retention variables must meet the requirement to be significance if t-statistics value is greater than t-table value (which is 1,960) with significance value of 5%. The relationship among three variables are: The effect of perceived value on trust is significantly positive because the t-statistics is 15,604 with p-value 0,000. Therefore, the first hypothesis is accepted. Company X offers several value through all these years, such as free delivery service, fairly price, easy transaction with 3 days payable time. Company X gives customer flexibility whether to take the goods on store or warehouse, or deliver straight to their door. Company X doesn't charges delivery fee and unloading fee like other distributors. Morgan and Hunt (1994) who developed the early trust and commitment theory stated that perceived value is the antecedent of trust. Customer trust the employee, company policy, and management practices as the part of perceived value. To make customer trust the company or brand, it is important to know and maintain the perceived value (Edward & Sahadev, 2011). Company X try to maintain the value stated all these years. Company maintain the fairly prices for customers and make the purchasing method be more practical. Company X also could make new program such as cash discount or bonus product for the highest omzet cusromer. In other words, Company X tries to deliver more value to customers with higher benefits and less expenses. Therefore, customer could trust the company in the midst of many alternatives.

The effect of perceived value on customer retention is not significant because the t-statistics is 0,822 with p-value of 0,411. Therefore, the second hypothesis is rejected. The higher the perceived value, the higher repurchasing intention which lead to loyalty in the long run. In the contrary, this research result doesn't follow the previous study. Meanwhile, another research by Hume and Sullivan (2008) stated that perceived value has no direct influence with repurchase intention. In several industry or organization,

perceived value must be mediated with variable such as customer satisfaction in order to be able to influence behavioral intention like repurchase intention. The result of this study supports (Hume & Mort, 2010), that perceived value doesn't have influence on customer retention. According to questionnaire, Many respondents didn't agree that company give more free services that led to rejection of hypothesis. Although Company X already set up several free services, customer doesn't agree. Several B2B customers stated that services offered by Company X are considered normal and should have been given to the customer because they buy in large amount. Furthermore, several customers who already purchahsed more than 8 years stated that they should be given more privilege such as discount in order to feel the benefit and be more special as the old customer who always come back.

The effect of trust on customer retention is significantly positive because the t-statistics is 3,307 with p-value 0,001. Therefore, the third hypothesis is accepted. Although there are several studies stated that trust doesn't customer retention, this results support that trust could affect customer retention especially for B2B industry. This result supports Milan *et al.* (2015) who stated that trust positively influence customer retention. Trust directly related to customer's attitude to company and influence their purchase behavior, intention, and retention rate. As the first generation advice, Company X always keep customer trust in mind because trust will make customer come back though there are a lot of competitors, especially in B2B market. Company always try to keep the promise such as in informing product availability. Company X also give the right information about daily price and suitable advice for customer preference. The product always at it best quality, so customer never doubt if Company X offer new products or give advice according to customer preferences. Although Company X service is not always prime according to quisionnaire results, Company X always try to correct the error, so customer won't be regret to make another purchase.

The mediating test shows that the direct relationship between perceived value and customer retention is significant because the p-value <0,05. After knowing the direct relationship between the independent and dependent variables, the mediating effect test continue to indirect model testing stage. The mediator indicator is valid if the value of t-statistics >0,96 (Ghozali & Latan, 2015), t-statistics value of trust is 3,201. Therefore, trust mediates the effect of perceived value on customer retention. In conclusion, the fourth hypothesis is accepted. Customer retention in Company X will not appear directly, there must be support from inside company with the value offers and trust from customers. With the perceived value alone, it won't increase retention rate. But with the support of trust, the customer retention rate is following. Many of Company X B2B customers keep purchasing which indicate that they are satisfied and trust with Company X. Company values in consumer goods industry is not stand out. In the other hand, trust play great roles in leading retention rate. Therefore, maintain and elevate more stand out value for customer is important, but without maintaining trust, retention rate will not be achive.

In pandemic situation (March-September 2020), Company X stated that there was decreasing in customer ratention rate. Fortunately, company didn't suffer much in sales because the price of several goods soared up, especially sugar. The increasing in price

contribute positively in sales and profit. Nevertheless, based on the research result, Company X should deliver the value well, especially strengthen the new value and maintain customer trust, so that it could increase customer retention.

4. Conclusion

The conclusions obtained based on analysis data in this research are as follow: perceived value has positive corelation and significantly influence trust in Company X family business who moved as distributor of grocery goods; perceived value doesn't significantly influence customer retention in Company X because based on customer's perception, the value offered in distributor field is not too different with competitors; trust has positive corelation and significantly influence customer retention in Company X family business which established since 1984; perceived value has possitive correlation and significantly influence customer retention through trust mediation in Company X. Company X should increase customer retention rate through trust first because based on the result, perceived value can't influence customer retention directly. Therefore, company must maintain and improve trust with improving service excellence and decreasing errors. Company X should apply computerize system to decrease human error, and conduct training for employee to be able to give better service for customer. Furthermure, company still have to find more free services as additional value so at the same time, perceived value and trust could increase customer retention. Company X could make several programs such as giving cash discount or bonus product for loyal customer. It is hoped that further research will be carried out more factors other than the two variables in this research (perceived value and trust) which have influence in customer retention as one part in relationship marketing. The next research also could increase the number of respondents and research samples in the following years or B2C market.

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