

THE INFLUENCE OF COMPANY REPUTATION AND SERVICE QUALITY ON PURCHASE INTENTION THROUGH CUSTOMER TRUST AS A MEDIATING VARIABLE IN SCRAP METAL TRADING COMPANY AT CV TIMUR LOGAM

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Abstract: This study aims to examine the effect of company reputation and service quality on purchase intention through customer trust as a mediating variable at CV Timur Logam. This research employed a quantitative approach using a survey method involving 167 customers of CV Timur Logam who had completed at least one transaction during the 2020–2024 period. The majority of respondents were 36–45 years old and worked as entrepreneurs. The study applied total sampling, while the data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS). The descriptive analysis indicated that respondents' perceptions of company reputation, service quality, customer trust, and purchase intention were all categorized as good enough. The hypothesis testing results revealed that company reputation and service quality had positive and significant effects on both customer trust and purchase intention. Furthermore, customer trust had a positive and significant effect on purchase intention and was found to partially mediate the relationships between company reputation, service quality, and purchase intention. This study concludes that strengthening a company's reputation and improving service quality can enhance customer trust, which in turn increases customers' purchase intention toward CV Timur Logam. These findings highlight the important role of customer trust as the underlying mechanism linking company reputation and service quality to purchase intention.

Keywords: *reputation, services, trust, intention, customers.*

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1. Introduction

The scrap metal trading industry has become increasingly important due to the continuous growth of the construction, manufacturing, and recycling sectors. Rising industrial demand for steel has intensified competition among scrap metal trading companies, requiring businesses not only to offer competitive prices but also to establish a strong corporate reputation and deliver high-quality services. In this increasingly competitive environment, customers evaluate suppliers based on various intangible factors, particularly company reputation and service quality, before making purchasing decisions. These factors reduce uncertainty and strengthen customers' confidence in engaging in business transactions.

Table 1. Value of Completed Construction Projects in Indonesia

Year	Amount (Million Rupiah)
2020	1.321.758.550
2021	1.405.166.757
2022	1.498.364.330
2023	1.612.403.932
2024	1.730.378.708

Source: Badan Pusat Statistik (2026)

According to data from Statistics Indonesia (BPS), the value of completed construction projects has shown consistent growth in recent years. This trend has increased the demand for scrap metal, resulting in stronger competition among scrap metal trading companies. Consequently, customers increasingly evaluate company reputation, service quality, and trust before making purchasing decisions.

Consistent with the growth in construction activities, the utilization of scrap steel has become increasingly important in Indonesia's industrial sector. According to Setia Diarta, Director General of ILMATE at the Ministry of Industry (2025), the use of scrap steel can reduce domestic steel production costs by up to 20%, thereby enhancing the competitiveness of local steel manufacturers. In addition to lowering production costs, the increasing demand for scrap metal from the construction, automotive, and manufacturing sectors has strengthened the economic role of the scrap metal trading industry while supporting resource efficiency and sustainable waste management.

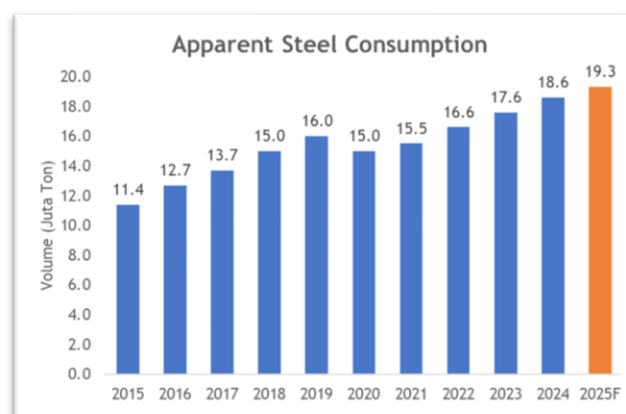


Figure 1. Projected National Steel Consumption in Indonesia (2025–2029)

Source: BCI Asia (2025) and Indonesian Iron and Steel Industry Association (IISIA).

As illustrated in Figure 1, data from BCI Asia (2025) and the Indonesian Iron and Steel Industry Association (IISIA) indicate a steady increase in Indonesia's national steel consumption. This upward trend is driven by the expansion of the construction, manufacturing, automotive, and property sectors, as well as government infrastructure projects and the National Strategic Program for developing three million housing units. The continuous growth in steel consumption is expected to further increase the demand for scrap metal, intensifying competition among scrap metal trading companies.

Table 2.
Number of Scrap Metal Management Projects at CV Timur Logam (2020–2024)

Year	Number of Scrap Projects
2020	6
2021	14
2022	27
2023	18
2024	22

Source: Internal Company Data, processed by the author (2025).

CV Timur Logam, a scrap metal trading company established in Surabaya, experienced fluctuations in project acquisition despite the growing demand for scrap metal. As presented in Table 2, the number of scrap metal management projects increased from 6 projects in 2020 to 27 projects in 2022, but declined to 18 projects in 2023 before slightly recovering to 22 projects in 2024. Although the company expanded its financial capacity and participated in larger project tenders, these strategies did not consistently improve project acquisition. This phenomenon suggests that factors beyond operational capability may influence customers' purchasing decisions and willingness to establish long-term business relationships.

The decline in project acquisition indicates that favorable market opportunities do not necessarily translate into increased purchasing decisions. With increasing competition among scrap metal suppliers in Indonesia, understanding the determinants of customers' purchase intention has become an important managerial issue. A preliminary survey involving 26 existing and potential customers indicated that service quality and company reputation were among the main factors considered when selecting a scrap metal trading company.

Previous studies have demonstrated that company reputation, service quality, and customer trust are important factors associated with purchase intention and behavioral intention. However, limited research has integrated these factors into a single framework, particularly in the scrap metal trading industry. This gap is important because customers' decisions in this industry may involve considerations such as transaction value, material quality, weighing accuracy, payment reliability, and the company's ability to fulfill customer requirements.

Therefore, this study examines the effects of company reputation and service quality on purchase intention through customer trust as a mediating variable at CV Timur Logam. The study contributes to the literature by integrating these variables into a single framework and providing empirical evidence on the role of customer trust in linking company reputation and service quality to purchase intention.



Figure 3. Factors Influencing Customers in Selecting a Scrap Metal Trading Company
Source: Internal Company Data, processed by the author (2026).

As illustrated in Figure 3, service quality (30%) and company reputation (26%) were identified as the two most influential factors, followed by price (18%), customer trust (11%), experience (7%), location (3%), recommendation (3%), and inventory availability (2%). These findings indicate that customers place greater emphasis on service performance and corporate credibility than on price alone when selecting a scrap metal trading partner.

Based on the identified research gap, this study aims to examine the effects of company reputation and service quality on purchase intention through customer trust as a mediating variable in the Indonesian scrap metal industry. Specifically, this study investigates the direct effects of company reputation and service quality on customer trust and purchase intention, the effect of customer trust on purchase intention, and the mediating role of customer trust in the relationships between company reputation, service quality, and purchase intention at CV Timur Logam. The findings are expected to enrich the relationship marketing literature while providing practical insights for scrap metal trading companies seeking to strengthen customer trust and improve business performance.

Based on the literature and the identified research gap, this study proposes the following hypotheses:

H1: Company reputation positively influences customer trust.

H2: Service quality positively influences customer trust.

H3: Company reputation positively influences purchase intention.

H4: Service quality positively influences purchase intention.

H5: Customer trust positively influences purchase intention.

H6: Customer trust mediates the relationship between company reputation and purchase intention.

H7: Customer trust mediates the relationship between service quality and purchase intention.

Accordingly, the objective of this study is to investigate the direct effects of company reputation and service quality on purchase intention, examine the influence of these variables on customer trust, and evaluate the mediating role of customer trust in the relationship between company reputation, service quality, and purchase intention in the context of CV Timur Logam.

This study contributes to the relationship marketing and consumer behavior literature by examining the mediating role of customer trust in the Indonesian scrap metal industry. While previous studies have primarily focused on sectors such as e-commerce, tourism, healthcare, and manufacturing, limited empirical evidence is available in the context of scrap metal trading companies. By addressing this gap, the study provides a better understanding of how company reputation and service quality influence purchase intention through customer trust. The findings also offer practical insights for companies seeking to strengthen customer trust and improve their competitive advantage.

2. Literature Review

2.1. Theoretical Foundation

Consumer Behavior Theory provides the grand theoretical foundation for this study. Consumer behavior explains how individuals or organizations select, purchase, use, and evaluate products or services to satisfy their needs and wants. The theory emphasizes that purchasing behavior is influenced by internal factors, such as perceptions, attitudes, experiences, and beliefs, as well as external factors related to the market and business environment. In the context of this study, company reputation and service quality represent external factors that shape customers' perceptions of the company. These perceptions can influence customer trust and subsequently encourage purchase intention. Thus, Consumer

Behavior Theory provides a basis for explaining both the direct and indirect relationships among the variables in this study.

The Commitment-Trust Theory of Relationship Marketing further explains the role of trust in developing long-term relationships between companies and customers. Morgan and Hunt (1994) propose that trust and commitment are central to successful relationship marketing, with trust serving as an important foundation for customer commitment and behavioral outcomes such as loyalty and purchase intention. Therefore, customer trust can function as a mechanism through which positive perceptions of a company and its service are translated into stronger purchase intentions.

2.2. Company Reputation and Customer Trust

Company reputation refers to stakeholders' perceptions of a company's credibility, quality, and performance. A positive reputation can reduce uncertainty and provide customers with greater confidence in the company's ability and reliability. In the scrap metal trading industry, where transactions may involve material quality, weighing accuracy, payment reliability, and fulfillment of agreements, a favorable reputation can become an important basis for developing trust.

When customers perceive a company as credible, transparent, and capable of resolving transaction-related problems, they are more likely to believe that the company will act reliably and in their interests. Previous research by Fatmawati and Fauzan (2021) also found a positive relationship between corporate reputation and customer trust. Therefore, this study proposes:

H1: Company reputation has a positive and significant effect on customer trust.

2.3. Service Quality and Customer Trust

Service quality reflects customers' evaluation of the quality-of-service interactions and the extent to which the service meets their expectations. Sugiarto and Octaviana (2021) conceptualize service quality through the SERVQUAL dimensions. Consistent and professional service can provide customers with positive experiences and reduce uncertainty during transactions.

From the perspective of Commitment-Trust Theory, reliable interactions and consistent service can strengthen trust within customer-company relationships. In this study, responsiveness, information clarity, and employee professionalism are particularly relevant because customers evaluate not only the transaction outcome but also the service experience throughout the transaction process. Previous research has found that service quality positively influences customer trust. Therefore:

H2: Service quality has a positive and significant effect on customer trust.

2.4. Company Reputation and Purchase Intention

Purchase intention represents a customer's willingness or tendency to purchase a product or service. It reflects the behavioral stage preceding an actual purchase decision. From a Consumer Behavior Theory perspective, customers form purchase intentions after evaluating information and perceptions associated with a company and its offerings.

A favorable company reputation can create positive expectations regarding reliability, transaction security, and the ability to fulfill customer requirements. Consequently, customers may be more willing to select and transact with a reputable company. Previous research by Badawi et al. (2022) found that corporate reputation positively affects purchase intention. Therefore:

H3: Company reputation has a positive and significant effect on purchase intention.

2.5. Service Quality and Purchase Intention

High-quality service can influence purchase intention by creating positive customer experiences and reducing uncertainty during the purchasing process. Customers who receive responsive communication, clear information, and professional assistance are more likely to develop favorable evaluations of the company and consider future transactions.

This relationship is consistent with Consumer Behavior Theory, which suggests that customers' evaluations and experiences influence their subsequent behavioral intentions. Previous research has also demonstrated a positive relationship between service quality and purchase intention. Therefore:

H4: Service quality has a positive and significant effect on purchase intention.

2.6. Customer Trust and Purchase Intention

Customer trust refers to customers' confidence in a company's ability, integrity, and willingness to act reliably. Trust is particularly important when transactions involve uncertainty or reliance on the company to fulfill agreed conditions.

According to Commitment-Trust Theory, trust is a fundamental element in developing successful and enduring customer relationships. When customers believe that a company is capable, honest, and dependable, they are more willing to rely on the company and engage in future transactions. This relationship is supported by Wang et al. (2022), whose meta-analytic findings indicate that trust positively influences purchase intention. Therefore:

H5: Customer trust has a positive and significant effect on purchase intention.

2.7. Customer Trust as a Mediator

Based on the integration of Consumer Behavior Theory and Commitment-Trust Theory, customer trust can explain how company reputation and service quality are translated into purchase intention. A positive reputation provides customers with favorable expectations about the company, while quality service provides direct experiences that reinforce those expectations. Both factors can strengthen customer trust, which subsequently increases customers' willingness to purchase. Thus, customer trust is expected to serve as an intervening mechanism rather than merely an independent predictor of purchase intention. This logic is also supported by previous studies examining trust as a mechanism linking service quality or other antecedents to behavioral intention. Accordingly, the following hypotheses are proposed:

H6: Customer trust mediates the positive relationship between company reputation and purchase intention.

H7: Customer trust mediates the positive relationship between service quality and purchase intention.

2.8. Previous Studies

Previous studies have consistently demonstrated the importance of company reputation, service quality, and customer trust in influencing customers' purchasing behavior. Badawi et al. (2022) found that corporate reputation significantly enhances purchase intention through positive corporate perceptions. Similarly, Lubis et al. (2025) reported that service quality positively influences repurchase intention, with customer satisfaction acting as a mediating variable. These findings suggest that intangible organizational attributes play a crucial role in shaping customers' behavioral intentions.

The role of customer trust has also received considerable attention in previous research. Fila Delfia and Malau (2021) found that customer trust significantly influences purchase intention, while Wang et al. (2022), through a meta-analysis, confirmed that trust is one of the strongest predictors of consumers' purchase intention across various online commerce settings. In addition, Fatmawati and Fauzan (2021) demonstrated that corporate reputation contributes positively to customer trust, whereas Rizal (2022) identified several organizational attributes that significantly strengthen customer trust.

Furthermore, Akthar et al. (2023) found that trust mediates the relationship between service quality and behavioral intention, indicating that superior service alone may not directly encourage customers' behavioral intentions unless trust has first been established. Collectively, these studies suggest that customer trust plays a pivotal role in translating favorable customer perceptions into purchasing behavior.

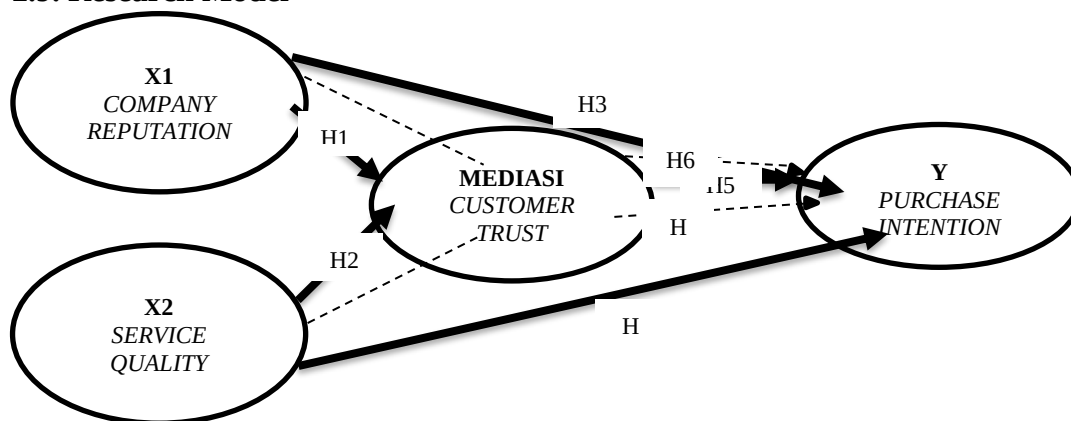
Despite these valuable findings, previous studies have primarily been conducted in sectors such as e-commerce, tourism, healthcare, manufacturing, banking, and consumer goods. Empirical evidence remains limited in the context of the scrap metal trading industry, where customers often face greater uncertainty regarding product quality, supplier reliability, and transaction risks. Moreover, few studies have simultaneously examined the relationships among company reputation, service quality, customer trust, and purchase intention within a single research framework. Therefore, this study addresses this gap by investigating the mediating role of customer trust in the relationship between company reputation, service quality, and purchase intention at CV Timur Logam.

Table 3. Review of Previous Studies

Author	Main Findings	Research Gap
Badawi et al. (2022)	Corporate reputation positively influences purchase intention.	Did not examine service quality and customer trust simultaneously.
Lubis et al. (2025)	Service quality improves repurchase intention through customer satisfaction.	Used customer satisfaction instead of customer trust.
Fila Delfia & Malau (2021)	Customer trust positively affects purchase intention.	Did not examine company reputation or mediation effects.
Fatmawati & Fauzan (2021)	Corporate reputation positively influences customer trust.	Did not examine purchase intention.
Rizal (2022)	Organizational attributes positively affect customer trust.	Focused only on trust as the dependent variable.
Wang et al. (2022)	Trust significantly influences purchase intention.	Did not examine antecedents of trust.
Akthar et al. (2023)	Trust mediates the relationship between service quality and behavioral intention.	Conducted in the healthcare sector.
This Study	Examines the relationships among company reputation, service quality, customer trust, and purchase intention.	Extends previous research to the Indonesian scrap metal trading industry.

Source: Internal Company Data, processed by the author (2026).

2.9. Research Model



3. Research Method

This study employed a quantitative research approach using a survey design to examine the relationships among company reputation, service quality, customer trust, and purchase intention. The research was conducted at CV Timur Logam, a scrap metal trading company located in Surabaya, Indonesia. The study focused on customers who had conducted at least one transaction with the company between 2020 and 2024.

The population consisted of all customers who had purchased or sold scrap metal through CV Timur Logam during the study period. Because the total number of eligible customers was relatively manageable, this study employed a total sampling technique, resulting in 167 respondents. This sampling approach ensured that all members of the population had the opportunity to participate in the study and provided comprehensive representation of the customer population.

Primary data were collected through a structured questionnaire distributed online to respondents. All questionnaire items were measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The measurement instruments were adapted from previous studies to ensure content validity. The research model consisted of four latent variables: Company Reputation (independent variable), Service Quality (independent variable), Customer Trust (mediating variable), and Purchase Intention (dependent variable). In total, the questionnaire comprised 17 measurement indicators representing these four constructs.

Company Reputation was defined as customers' overall perception of the company's credibility, reliability, and business image. Service Quality referred to customers' evaluation of the company's ability to deliver reliable, responsive, and professional services. Customer Trust represented customers' confidence in the company's integrity, competence, and reliability during business transactions. Purchase Intention was defined as the customer's willingness and likelihood to conduct future purchasing or business transactions with the company.

The collected data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with SmartPLS software. The analysis consisted of two stages. The first stage evaluated the measurement model (outer model) by assessing indicator reliability, convergent validity, discriminant validity, Composite Reliability, and Cronbach's Alpha. The second stage evaluated the structural model (inner model) through the coefficient of determination (R^2), effect size (f^2), predictive relevance (Q^2), and hypothesis testing using the bootstrapping procedure. In addition, mediation analysis was conducted using the Variance

Accounted For (VAF) approach to examine the mediating role of Customer Trust in the relationships between Company Reputation, Service Quality, and Purchase Intention.

4. Results and Discussion

4.1. Results

Before testing the structural model, the measurement model (outer model) was evaluated to assess the validity and reliability of the research constructs. The evaluation included convergent validity, discriminant validity, and construct reliability to ensure that the indicators adequately represented the latent variables of Company Reputation, Service Quality, Customer Trust, and Purchase Intention. The results confirmed that the measurement model met the recommended validity and reliability criteria, indicating that the constructs were appropriate for subsequent structural model analysis.

Table 4. Convergent Validity Assessment (Outer Model)

	Company Reputation	Customer Trust	Purchase Intention	Service Quality
M1		0.881		
M2		0.881		
M3		0.883		
M4		0.886		
X1.1	0.876			
X1.2	0.870			
X1.3	0.866			
X1.4	0.882			
X2.1				0.845
X2.2				0.871
X2.3				0.872
X2.4				0.898
X2.5				0.897
Y1			0.892	
Y2			0.888	
Y3			0.888	
Y4			0.865	

Source: Processed by the author (2026).

The convergent validity assessment showed that all indicators achieved outer loading values ranging from 0.845 to 0.898, exceeding the recommended threshold of 0.70. These results confirm that all measurement indicators are valid and adequately represent their respective latent constructs. The highest outer loading was observed for indicator X2.4 ("I am confident in the professionalism of CV Timur Logam's employees") with a value of 0.898, indicating that employee professionalism is the strongest indicator of Service Quality. In contrast, the lowest outer loading was recorded for indicator X2.1 ("I consider the physical facilities of CV Timur Logam to be adequate") with a value of 0.845. Although this indicator exhibited the lowest loading, it remained above the acceptable threshold, confirming that all indicators were retained for subsequent analysis.

Table 5. Average Variance Extracted (AVE) Assessment

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)

Company Reputation (X1)	0.896	0.899	0.928	0.763
Service Quality (X2)	0.925	0.928	0.943	0.769
Customer Trust (M)	0.906	0.907	0.934	0.779
Purchase Intention (Y)	0.906	0.906	0.934	0.780

Source: Processed by the author (2026).

The Average Variance Extracted (AVE) values ranged from 0.763 to 0.780, exceeding the recommended threshold of 0.50 and confirming satisfactory convergent validity for all constructs. The highest AVE was observed for Purchase Intention (AVE = 0.780), indicating that its indicators strongly represented the underlying construct. Meanwhile, Company Reputation recorded the lowest AVE (AVE = 0.763); however, this value remained well above the recommended threshold, confirming that the construct demonstrated adequate convergent validity and was appropriate for further analysis.

Table 6. Fornell-Larcker Criterion Assessment (Discriminant Validity)

	Company Reputation	Customer Trust	Purchase Intention	Service Quality
Company Reputation	0.873			
Customer Trust	0.503	0.883		
Purchase Intention	0.447	0.619	0.883	
Service Quality	0.345	0.562	0.568	0.877

Source: Processed by the author (2026).

The Fornell–Larcker criterion confirmed satisfactory discriminant validity for all constructs. The diagonal values were 0.873 for Company Reputation, 0.883 for Customer Trust, 0.883 for Purchase Intention, and 0.877 for Service Quality. Since all diagonal values were greater than the corresponding inter-construct correlations, each construct demonstrated stronger correlations with its own indicators than with other constructs. These findings confirm that the measurement model achieved adequate discriminant validity and that no substantial overlap existed among the research constructs.

Table 7. Heterotrait-Monotrait Ratio (HTMT) Assessment (Discriminant Validity)

	Company Reputation	Customer Trust	Purchase Intention	Service Quality
Company Reputation				
Customer Trust	0.555			
Purchase Intention	0.493	0.681		
Service Quality	0.379	0.612	0.618	

Source: Processed by the author (2026).

The Heterotrait–Monotrait Ratio (HTMT) analysis was performed to further assess discriminant validity. As presented in Table 7, all HTMT values were below the recommended threshold of 0.90, confirming that the constructs were empirically distinct. The highest HTMT value was observed between Customer Trust and Purchase Intention (0.681), indicating the

strongest association among the construct pairs while remaining within the acceptable limit. Conversely, the lowest HTMT value was found between Company Reputation and Service Quality (0.379). These results provide additional evidence that the measurement model achieved satisfactory discriminant validity.

Table 8. Cross Loading Assessment

	Company Reputation	Customer Trust	Purchase Intention	Service Quality
M1	0.488	0.881	0.579	0.517
M2	0.391	0.881	0.517	0.486
M3	0.473	0.883	0.509	0.504
M4	0.419	0.886	0.576	0.476
X1.1	0.876	0.432	0.336	0.320
X1.2	0.870	0.432	0.363	0.264
X1.3	0.866	0.415	0.431	0.309
X1.4	0.882	0.475	0.423	0.312
X2.1	0.307	0.459	0.423	0.845
X2.2	0.301	0.468	0.492	0.871
X2.3	0.320	0.485	0.538	0.872
X2.4	0.313	0.540	0.548	0.898
X2.5	0.273	0.505	0.480	0.897
Y1	0.388	0.563	0.892	0.515
Y2	0.406	0.513	0.888	0.501
Y3	0.376	0.530	0.888	0.504
Y4	0.408	0.579	0.865	0.488

Source: Processed by the author (2026).

The cross-loading analysis demonstrated that all indicators exhibited the highest loading on their respective constructs compared with other constructs. For example, indicator X2.4 recorded the highest loading on Service Quality (0.898), exceeding its correlations with Company Reputation, Customer Trust, and Purchase Intention. Similarly, indicator M4 showed the highest loading on Customer Trust (0.886) compared with its correlations with the remaining constructs. These findings confirm that each indicator adequately represents its intended construct, providing further evidence of satisfactory discriminant validity.

Table 9. Reliability Assessment

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Company Reputation	0.896	0.899	0.928	0.763
Customer Trust	0.906	0.907	0.934	0.779
Purchase Intention	0.906	0.906	0.934	0.780
Service Quality	0.925	0.928	0.943	0.769

Source: Processed by the author (2026).

The reliability assessment indicated that all constructs demonstrated high internal consistency. Cronbach's Alpha values ranged from 0.896 to 0.925, while Composite Reliability values ranged from 0.928 to 0.943, exceeding the recommended threshold of 0.70. The highest reliability was observed for Service Quality (Cronbach's Alpha = 0.925),

whereas Company Reputation recorded the lowest value (Cronbach's Alpha = 0.896). Nevertheless, all reliability coefficients were well above the acceptable level, confirming that the measurement instruments were highly reliable and suitable for subsequent structural model analysis.

Table 10. Coefficient of Determination (R^2) (Inner Model)

	R-square	R-square adjusted
Customer Trust	0,424	0,417
Purchase Intention	0,472	0,463

Source: Processed by the author (2026).

The structural model evaluation showed that the R^2 value for Customer Trust was 0.424, indicating that Company Reputation and Service Quality explained 42.4% of the variance in Customer Trust. Meanwhile, the R^2 value for Purchase Intention was 0.472, indicating that Company Reputation, Service Quality, and Customer Trust jointly explained 47.2% of the variance in Purchase Intention, while the remaining 52.8% was explained by factors outside the proposed model. According to the recommended PLS-SEM criteria, both R^2 values indicate a moderate explanatory power, suggesting that the proposed structural model adequately explains the relationships among the research constructs.

Table 11. Predictive Relevance (Q^2) (Inner Model)

	Q^2 predict	RMSE	MAE
Customer Trust	0.406	0.780	0.635
Purchase Intention	0.379	0.797	0.647

Source: Processed by the author (2026).

The predictive relevance (Q^2) assessment demonstrated that the proposed model possessed satisfactory predictive capability. The Q^2 value for Customer Trust was 0.406, while Purchase Intention achieved a Q^2 value of 0.379. Since both values were greater than zero, the structural model exhibited adequate predictive relevance, indicating that it is capable of predicting the endogenous constructs and supporting the robustness of the proposed research model.

Hypothesis Testing Results

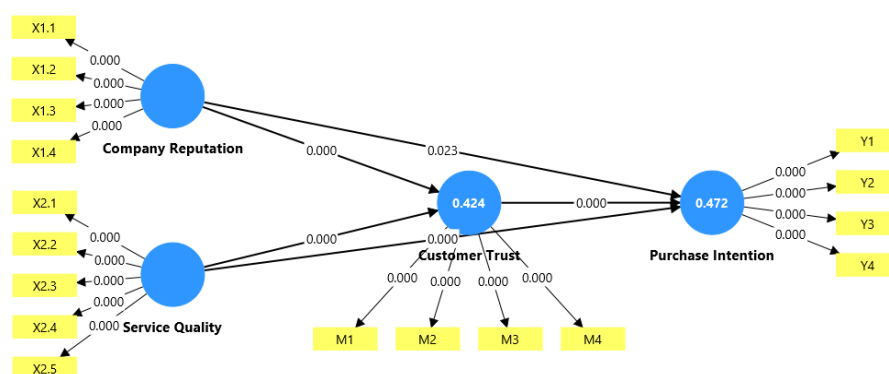


Figure 2. Hypothesis Testing Results
Source: Processed by the author (2026).

Table 13. Hypothesis Assessment

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ((O/STDEV))	P values
Company Reputation -> Customer Trust	0.351	0.352	0.065	5.364	0.000
Company Reputation -> Purchase Intention	0.156	0.158	0.068	2.276	0.023
Customer Trust -> Purchase Intention	0.368	0.364	0.075	4.929	0.000
Service Quality -> Customer Trust	0.441	0.442	0.057	7.766	0.000
Service Quality -> Purchase Intention	0.308	0.309	0.072	4.274	0.000

Source: Processed by the author (2026).

Based on the hypothesis testing results, all proposed hypotheses (H1–H5) were supported, as evidenced by t-values greater than 1.96 and p-values below 0.05. The findings indicate that Company Reputation and Service Quality have positive and significant effects on both Customer Trust and Purchase Intention, while Customer Trust also positively and significantly influences Purchase Intention. Among the examined relationships, Service Quality exhibited the strongest effect on Customer Trust, highlighting its critical role in strengthening customer trust within the proposed research model.

Table 14. Mediation Assessment

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ((O/STDEV))	P values
Company Reputation -> Customer Trust -> Purchase Intention	0.129	0.128	0.033	3.857	0.000
Service Quality -> Customer Trust -> Purchase Intention	0.162	0.161	0.040	4.089	0.000

Source: Processed by the author (2026).

The mediation analysis confirmed that Customer Trust significantly mediated the relationships between Company Reputation and Purchase Intention, as well as between Service Quality and Purchase Intention, with all p-values below 0.05. The indirect effect of Service Quality on Purchase Intention through Customer Trust ($\beta = 0.162$) was stronger than that of Company Reputation ($\beta = 0.129$). These findings demonstrate that Customer Trust plays a significant mediating role in strengthening the effects of Company Reputation and Service Quality on Purchase Intention.

Table 15. VAF Result

Relationship	Direct Effect	Indirect Effect	Total Effect	VAf	Mediation
Company Reputation -> Customer Trust -> Purchase Intention	0,156	0,129	0,285	45,26%	Complementary Partial Mediation

Service Quality -> Customer Trust -> Purchase Intention	0,208	0,162	0,470	34,46%	Complementary Partial Mediation
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Source: Processed by the author (2026).

The Variance Accounted For (VAF) analysis showed that Customer Trust partially mediated the relationship between Company Reputation and Purchase Intention, with a VAF value of 45.26%. Similarly, Customer Trust partially mediated the relationship between Service Quality and Purchase Intention, with a VAF value of 34.47%. Since both VAF values fall within the recommended range of 20%–80%, the mediation effects were classified as complementary partial mediation, indicating that Company Reputation and Service Quality influence Purchase Intention both directly and indirectly through Customer Trust.

4.2. Discussion

The findings indicate that Company Reputation has a positive and significant effect on Customer Trust, suggesting that customers consider a company's reputation as an important basis for developing trust before engaging in business transactions. In the scrap metal trading industry, transactions generally involve high financial value, varying material quality, and the need for accurate weighing and payment. Consequently, customers are more likely to trust companies that demonstrate credibility, transparency, and accountability. The descriptive analysis revealed that transaction transparency received the highest evaluation, whereas the company's ability to resolve transaction-related issues received the lowest score. This suggests that although CV Timur Logam has established a favorable reputation, strengthening its problem-solving capabilities could further enhance customer trust. These findings support the Commitment–Trust Theory, which emphasizes that credibility and organizational reliability are fundamental to building long-term customer relationships. The results are also consistent with the findings of Fatmawati and Fauzan (2021), who reported that corporate reputation positively influences customer trust.

The results further demonstrate that Service Quality significantly influences Customer Trust. This finding indicates that customers evaluate not only transaction outcomes but also their overall service experience, including responsiveness, professionalism, and the clarity of information provided throughout the transaction process. Employee professionalism was identified as the highest-rated service quality indicator, while responsiveness to customer needs received the lowest evaluation. This implies that improving response time could strengthen customers' confidence in the company. These findings are consistent with the Commitment–Trust Theory, which argues that consistent service quality strengthens trust-based relationships, and they support the findings of Shie et al. (2022), who also reported a positive relationship between service quality and customer trust.

Regarding purchase intention, the findings reveal that both Company Reputation and Service Quality have positive and significant direct effects. A favorable corporate reputation reduces customers' perceived transaction risk, thereby increasing their willingness to conduct business with the company. Likewise, high-quality service creates positive transaction experiences that encourage customers to maintain future business relationships. However, the direct effect of Company Reputation on Purchase Intention was weaker than its effect on Customer Trust, indicating that reputation alone is insufficient to fully stimulate customers' purchasing intentions. Instead, customers tend to make purchasing decisions after developing confidence in the company's credibility. These findings support previous studies by Badawi et

al. (2022) and Pratap Singh and Professor (2020), which concluded that corporate reputation and service quality positively influence purchase intention.

This study also confirms that Customer Trust positively affects Purchase Intention. Customers who believe that CV Timur Logam consistently fulfills its commitments, provides materials that meet agreed specifications, and ensures accurate payment and delivery are more likely to conduct repeat transactions and establish long-term business relationships. In the scrap metal industry, where transactions involve considerable uncertainty and long-term partnerships, trust functions as a critical determinant of customers' purchasing decisions. This finding is consistent with Wang et al. (2022), who identified customer trust as one of the strongest predictors of purchase intention.

The mediation analysis provides further evidence that Customer Trust partially mediates the relationships between Company Reputation and Purchase Intention, as well as between Service Quality and Purchase Intention. These findings indicate that reputation and service quality influence purchase intention both directly and indirectly through customer trust. In other words, customers are more likely to engage in transactions when a positive reputation and superior service quality first strengthen their trust in the company. This mediation effect highlights Customer Trust as a strategic mechanism that transforms favorable customer perceptions into actual purchasing intentions. The findings are consistent with previous studies by Wang et al. (2022) and Dong et al. (2022), which reported that trust mediates the influence of corporate reputation and service quality on customers' behavioral intentions.

Overall, this study extends the application of Consumer Behavior Theory and the Commitment–Trust Theory of Relationship Marketing within the Indonesian scrap metal trading industry. Unlike previous studies that primarily focused on retail, tourism, healthcare, and e-commerce sectors, this research demonstrates that customer trust remains a crucial mechanism linking organizational reputation and service quality to purchase intention in business transactions characterized by high uncertainty, substantial financial value, and long-term business relationships. These findings contribute to the marketing literature by providing empirical evidence from an industry that has received relatively limited academic attention.

5. Conclusion

This study examined the effects of Company Reputation and Service Quality on Purchase Intention through the mediating role of Customer Trust at CV Timur Logam. The findings revealed that both Company Reputation and Service Quality have positive and significant effects on Customer Trust. In addition, Company Reputation, Service Quality, and Customer Trust each exert significant positive influences on Purchase Intention. Among the independent variables, Service Quality was found to have the strongest effect on Customer Trust, highlighting the importance of delivering responsive, reliable, and professional services to strengthen customer confidence.

The mediation analysis further demonstrated that Customer Trust partially mediates the relationships between Company Reputation and Purchase Intention, as well as between Service Quality and Purchase Intention. The Variance Accounted For (VAF) values of 45.26% and 34.47%, respectively, indicate complementary partial mediation, suggesting that Company Reputation and Service Quality influence Purchase Intention both directly and indirectly through Customer Trust. These findings emphasize that building customer trust enhances the effectiveness of reputation and service quality in encouraging customers' purchasing intentions. The novelty of this study lies in extending the application of Consumer Behavior Theory and the Commitment–Trust Theory of Relationship Marketing to the Indonesian scrap metal

trading industry. Unlike previous studies that mainly focused on retail, tourism, healthcare, or e-commerce contexts, this research demonstrates that Customer Trust serves as a critical mechanism linking Company Reputation and Service Quality to Purchase Intention in business transactions characterized by high uncertainty and long-term relationships.

From a managerial perspective, CV Timur Logam should prioritize improving customer responsiveness, strengthening problem-solving capabilities during transactions, and maintaining consistency in fulfilling business commitments. These initiatives are expected to reinforce customer trust and encourage long-term purchasing relationships. Future research is recommended to incorporate additional variables, such as price, product quality, customer satisfaction, customer loyalty, perceived value, and relationship quality, to improve the explanatory power of the research model, given that 47.2% of the variance in Purchase Intention was explained by the current model.

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