

Analysis of The Effect of Service Quality and Price Perception on Customer Loyalty with Customer Satisfaction Variables as intervening variables

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Abstract. Every Commercial Bus Company majoring in Kuningan-Jakarta strives to provide competitive services and prices in the hope of providing customer satisfaction so that customers are ready to return to using the bus service. Nevertheless, consumers are less satisfied with the delivery given by The Jakarta-Kuningan Bus Company. So important is the loyalty of a consumer to the organization or company, then it should be if the service company always puts the consumer in the most important position to be satisfied in any planning and activities carried out both in the quality of service and perception price. Operational standards made by the company in providing quality service services that are always based on how to provide the best satisfaction to customers. However, the number of complaints from Customers against service is given so that it decreases the number of passengers every year. From 2017- 2019 therefore, this research was conducted to find out perception price and quality of service in knowing customer satisfaction to better understand customer loyalty. Population in consumer research PO Bus Department Kuningan-Jakarta at Kertawangunan Kuningan terminal west Java). The number of samples used was 140 respondents. The method of data collection is done through the questionnaire method. The study used structural equation modeling analysis (SEM) techniques using the AMOS 2.1 analysis tool. The results of this study show that price perception has an influence on customer satisfaction, Service quality has an influence on customer satisfaction, price perception affect customer loyalty, service quality has no influence on customer loyalty, and customer satisfaction has an influence on customer loyalty.

Keywords: Pricing Perception; Service Quality; Customer Satisfaction; Customer Loyalty

1 Introduction

Along with the times, people's demand for things will continue to increase not only in one area, the needs of the community will increase in various fields including in the field of transportation. Nowadays, there are more and more alternative transportation options, this is due to the increasing mobility of people. One type of transportation services that are growing rapidly is land transportation services in the form of buses. Buses are still one of the prima donnas for Indonesians, all because buses are able to reach places that cannot be reached by trains, especially planes. The tight competition in this transportation services business, requires the company to be able to maintain customer loyalty, because retaining customers is much more important than aggressive strategies to gain potential consumers (Lupiyoadi & Hamdani, 2006:195). Customer loyalty is a tangible manifestation of a customer who is

satisfied with the performance provided by the company. Satisfaction itself according to (Kotler & Keller, 2008: 177) is the feeling of pleasure or disappointment of a person derived from the comparison of his impression of the performance or results of a product and its expectations.

Therefore, the company is required to be able to provide appropriate performance or even exceed customer expectations so that customer satisfaction can be created. One of the factors that can affect customer satisfaction is the quality of service and price (H. Irawan, 2009:37). Every PO Bus majoring in Kuningan-Jakarta strives to provide services and competitive prices in the hope of providing customer satisfaction so that customers are available to re-use the bus service. However, consumers are less satisfied with the service given by the Jakarta-Kuningan Autobus Company.

Such is the importance of a consumer's loyalty to the organization or company, then it should be if the service company always puts the consumer in the most important position to be satisfied in any planning and activities carried out both in terms of quality of service and price precepts. Operational standards made by the company in providing quality services are always based on how to provide the best satisfaction to customers. However, the number of complaints from customers against Pelayaan has decreased the number of passengers each year from 2017-2019. Research Purposes:

- a. Analyze and test the effect of price precepts on consumer loyalty
- b. Analyze and examine the effect of service on customer satisfaction
- c. analyze and test the effect of price precepts on customer loyalty.
- d. analyze and test the effect of Quality of service on customer loyalty
- e. Analyze and examine the effect of customer satisfaction affects customer loyalty.

2 Method

2.1 Theoretical Framework

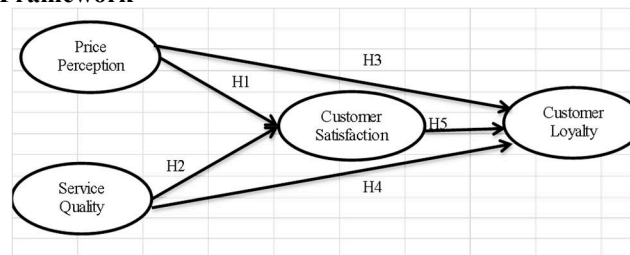


Fig 1. Theoretical Framework

2.2 Research Methods

2.2.1 Population and Sample

Population is a combination of all elements in the form of events, things or people who have similar characteristics which become the center of attention of a researcher because it is seen as a research universe. In this study, the population taken was For this study the population used was those who used bus users in kuningan city as much as 150 (Ferdinad, 2006). The sample is a subset of the population, consisting of several members of the population. This subset is taken because in most cases it is not possible to study all members of the population, therefore we form a population representative called the sample. The sample

of this research is 150 For this study the population used was those who used bus users in kuningan city as much as 150.

2.2.2 Types and Sources of Data

Data collection is a systematic and standard procedure for obtaining the necessary data. The data collected for the research to be carried out is primary data using a questionnaire that has been obtained from the results of distributing questions related to Service quality, price perception, customer satisfaction, and customer loyalty

2.2.3 Method of collecting data

The success of a research must use or use a good technique in order to achieve maximum results. The research used data collection techniques as follows: Survey, Observation and Questionnaire

2.2.4 Analysis Technique

Data analysis in this study used The Structural Equation Modeling (SEM) from the statistical software package AMOS 2.1 in the hypothesis assessment model. The structural equation model, Structural Equation Model (SEM) is a statistical technique that allows testing a series of relatively “complicated” relationships simultaneously (Hair et al, 1995). The reason for using SEM is because SEM carries out tests for exogenous and endogenous confirmatory constructs, where the exogenous confirmatory construct test is to test the feasibility of the model between the independent variable and the intervening variable, while the endogenous confirmatory construct test is to test the feasibility of the model between the intervening variable and the dependent variable. This is done in order to get good research results. The advantage of SEM application in this research is because of its ability to confirm the dimensions of a concept or factor that is very commonly used in measuring the effect of theoretically existing relationships (Hair et al., 1995).

2.2.5 Structural Equation Model (SEM)

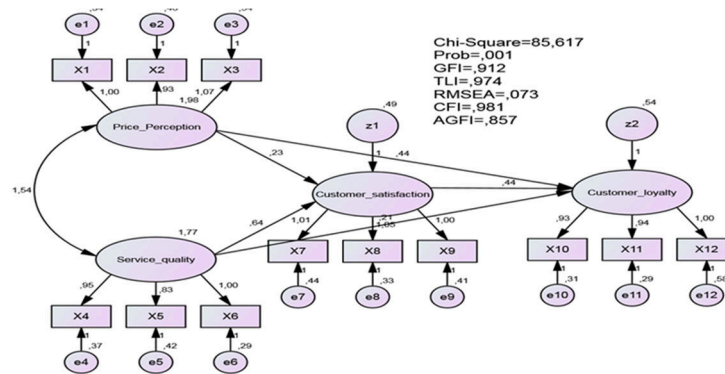


Fig 2. Structural Equation Model (SEM)

3 Result and Discussion

3.1 Data Analysis and Discussion

This research uses Structural Equation Modeling (SEM), namely: evaluation of the criteria for goodness of fit. In brief, the criteria for testing the model's feasibility index (goodness of fit). The results of the processing in the confirmatory factor analysis of Information

Technology and Innovation show that all the indicators used to form this research model have met the criteria for goodness of fit. All goodness of fit values shown in the data processing result column have met most of the requirements where these values fall within the range of required values indicated in the cut of value column. Thus, it means that the constructs used to form a research model have met the eligibility criteria of a model.

The full model SEM feasibility test using Chi-Square, CFI, TLI, CMIN / DF and RMSEA is within the expected value range. The test of the model hypothesis shows that this model is in accordance with the data or fit as seen in the following table:

Table 1. Structural Equation Model (SEM) Eligibility Test Results

Goodness of Fit Index	Cut-off Value	Analysis Results	Model Evaluation
Chi – Square	< 106,3948 df 59	85,617	good
Probability	≥ 0.05	0,001	good
RMSEA	≤ 0.08	0,073	good
GFI	≥ 0.90	0,912	good
AGFI	≥ 0.90	0,857	Marginal
TLI	≥ 0.95	0,974	good
CFI	≥ 0.95	0,981	good

For statistical tests on the relationship between variables which will be used as a basis for answering the research hypothesis that has been proposed. The statistical test of the results of processing with SEM is carried out by looking at the level of significance of the relationship between variables shown through the Probability (p) and Critical Ratio (CR) values respectively each relationship between variables. The process of statistical testing is shown in the following table:

Table 2. Standardized Regression Weight

Standardized Regression Weights: (Group number 1 - Default model)

		Estimate
Customer_satisfaction	<--- Price_Perception	,248
Customer_satisfaction	<--- Service_quality	,636
Customer_loyalty	<--- Price_Perception	,395
Customer_loyalty	<--- Service_quality	,181
Customer_loyalty	<--- Customer_satisfaction	,370
X1	<--- Price_Perception	,923
X2	<--- Price_Perception	,888
X3	<--- Price_Perception	,898
X6	<--- Service_quality	,926
X5	<--- Service_quality	,862
X4	<--- Service_quality	,901
X9	<--- Customer_satisfaction	,900
X8	<--- Customer_satisfaction	,924
X7	<--- Customer_satisfaction	,897
X12	<--- Customer_loyalty	,899
X11	<--- Customer_loyalty	,940
X10	<--- Customer_loyalty	,934

After all the assumptions have been met, then the hypothesis testing will be carried out as proposed in the previous chapter. Testing the 5 hypotheses of this study was carried out based on the Critical Ratio (CR) value of a causal relationship from the results of SEM processing as in the following table:

Table 3. Regression Weight Structural Equational Model

			Estimate	S.E.	C.R.	P
Customer_satisfaction	<---	Price_Perception	,234	,100	2,347	,019
Customer_satisfaction	<---	Service_quality	,636	,109	5,811	***
Customer_loyalty	<---	Price_Perception	,441	,107	4,117	***
Customer_loyalty	<---	Service_quality	,215	,138	1,561	,119
Customer_loyalty	<---	Customer_satisfaction	,438	,120	3,641	***

- a. The calculation result obtained from CR is 2.374 with a probability of 0.019 being less than 0.05. This indicates that price precepts affect consumer satisfaction, so H1 is accepted. The results of this study showed that price precepts can increase the satisfaction of customers.
- b. The calculation result obtained from CR is 5,811 with a probability of 0.000 being less than 0.05. This indicates that the quality of service has an influence on customer satisfaction, so H2 is accepted. The results of this study show that the improved quality of service will increase customer satisfaction.
- c. The calculation result obtained from CR is 4,117 with a probability of 0.000 less than 0.05. This indicates that price precepts affect consumer loyalty, so H3 is accepted. The results of this study show that high precepts of good prices will increase consumer loyalty.
- d. The calculation result obtained from CR is 1,561 with a probability of 0.119 greater than 0.05. This indicates that the quality of service has no effect on customer loyalty, so H4 is rejected.

The results of this study show that the quality of service does not increase customer loyalty. The calculation result obtained from CR is 3641 with a probability of 0.000 being less than 0.05. This indicates that high customer satisfaction affects customer loyalty, so H5 is accepted. The results of this study show that high customer satisfaction will increase customer loyalty.

4 Conclusion

The conclusions of the five hypotheses are as follows:

- a. Price precepts affect customer satisfaction. The understanding and application of excellent pricing perception has a direct impact on customer loyalty, as part of the strategy in pricing increases customer loyalty
- b. The quality of service affects customer satisfaction the quality of service performed by giving an increased impact on customer satisfaction.
- c. Price perception affect customer loyalty. Price precepts are good and can compete with competitors using them to increase customer loyalty.
- d. Service quality has no effect on customer loyalty. unimproved service quality does not lead to better customer loyalty.
- e. Customer satisfaction has an influence on customer loyalty. When increasing customer satisfaction provides better customer loyal.

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