

EFFECT OF SERVICE QUALITY AND PERCEPTION OF FAIRNESS OF CUSTOMER LOYALTY WITH CUSTOMER SATISFACTION AS A MEDIATION VARIABLES

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ABSTRACT

The development of adequate transportation facilities in an area will affect improving the quality of the economy, education, and health on the quality of life of its people. The Jateng Provincial Government is developing public transportation facilities through the BRT (Bus Rapid Transit) system, which is expected to be the leading transportation choice for the community. The purpose of this study was to determine the effect of service quality and perceived price fairness on customer loyalty and the effect of mediating customer satisfaction. This research uses a quantitative approach with a survey method—sampling using a purposive sampling technique with a total of 107 respondents. The sample criteria specified are consumers who have used the BRT Trans Jateng transportation service on the Purbalingga-Purwokerto route at least three times. This research was conducted using test path analysis and causal steps using the SPSS application as a data analysis tool. The results of this study indicate that service quality has a positive effect on customer satisfaction, perceived price fairness has a positive effect on customer satisfaction, service quality has a positive effect on customer loyalty, perceived price fairness has a positive effect on customer loyalty, customer satisfaction has a positive effect on customer loyalty, customer satisfaction mediates the relationship between service quality on customer loyalty and customer satisfaction to mediate the relationship between perceived price fairness and customer loyalty.

Keywords: Service Quality, Perceived Fairness Price, Customer Satisfaction and Customer Loyalty

1. Introduction

The development of adequate transportation facilities in an area will affect improving the quality of the economy, education, and health on the quality of life of its people. Land transportation modes such as buses are public transportation, often used by people in urban areas. According to economic census data for Jateng Province in 2018 figures, there were 1,630 inter-regency / city bus companies (PO) with 6,337 slow bus units and 128 fast bus units in 2017. This has led to competition between bus transportation companies. This intense business competition creates efforts to innovate according to technological advances by paying attention to service quality, customer satisfaction, and customer loyalty.

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According to Lovelock and Wright (2007), loyalty is a consumer's decision to voluntarily continue to subscribe to a particular company for an extended period. A company will benefit from consumer habits in using the company's products continuously by paying attention to customer loyalty. According to Putri's research (2018), there is a relationship between service quality and customer loyalty. The quality of service offered by the company can affect customer loyalty.

Service quality is useful for meeting customer satisfaction by paying attention to consumer needs and desires. This statement is supported by Wijaya (2011), which states that companies with high service tend to have a larger market share and develop at a faster rate than competitors with lower services. Service quality has various criteria, including Tangible (tangible), company consistency, responsibility, expertise, communication, and respect for customers. Consumers who get service quality that exceeds expected will be satisfied with the company's products and services.

Perception of price fairness (Price Fairness Perception) is defined as an assessment of prices that are reasonable and acceptable to consumers (Wicaksono, 2015: 123). Fairness of price occurs when consumers perceive the price paid in fair conditions (according to the results obtained). The price given by the company should be following customer expectations. If the price given is appropriate, then customer satisfaction will be created. (Kristiana, 2019).

Customer satisfaction is a description of the perceptions of consumers regarding the perceived and enjoyed output of certain products and services. This implies that consumers will feel satisfied when the results exceed expectations before consuming the product or service, and vice versa. Customer satisfaction is an effort to maintain customers in company competition. Efforts to satisfy consumers by companies are currently cheaper than seeking new customers. Besides, satisfied consumers will voluntarily give positive opinions to others to acquire new customers.

The Jateng Provincial Government has made innovations inland transportation services through the Jateng Bus system based on BRT (Bus Rapid Transit). Bus Rapid Transit is a fast bus system, with good quality service, accompanied by safety and comfort based on the timeliness of the schedule and adequate vehicle facilities. The Jateng Provincial Government is trying to build BRT facilities evenly in each region, including the BRT Purbalingga-Purwokerto route.

The construction of BRT facilities for the Purbalingga-Purwokerto route in the process does not necessarily have optimal service quality. The construction of a relatively new route still has several shortcomings. Stops between bus stops, which are relatively far away, make it difficult for consumers to reach their destination. Also, the insufficient number of bus fleets resulted in longer waiting times for buses to arrive. On the other hand, a management system that is not optimal impacts the risk of negligence by officers. The low level of supervision and job appraisals is also a factor in poor service by officers.

Based on these reasons, the authors intend to research service quality and customer satisfaction of the BRT Trans Jateng. Research on service quality and customer satisfaction has been widely carried out in various countries. Previous research conducted by Hapsari (2015) regarding The Mediating Role of Perceived Value on the Relationship between Service Quality and Customer

Satisfaction, examined the mediating effect of perceived value that mediates between service quality and customer satisfaction. This study has not added other variables that influence consumer behavior, including price, brand image, consumer trust, and customer loyalty.

Hapsari (2015) conducted research by observing service quality and customer satisfaction in Indonesian airlines and providing suggestions for researching on different objects. Therefore, the researcher aims to develop previous research by completing the customer satisfaction variable as a variable that mediates the effect of service quality variables and perceived price fairness on customer loyalty variables in the object of research in land public transportation in the form of bus transportation.

2. Literature Review

2.1 The Influence of Service Quality on Customer Satisfaction

Good service quality for customers will increase customer satisfaction to the company, on the contrary, when the quality of service provided is not appropriate or lower than the quality of service expected by consumers it will reduce the level of customer satisfaction. The following statement is in accordance with the results of research by Hapsari (2015) from a survey of Indonesian airline passengers which states that service quality has a positive and significant effect on customer satisfaction. The above statement is also supported by research by Osman (2013) which shows that service quality has a positive and significant effect on customer satisfaction. Research by Firatmadi (2017) states that there is an influence between service quality on customer satisfaction at PT Pelita Air Service, and is reinforced by research by Wicaksono (2015) which indicates that service quality has a positive influence on customer satisfaction.

BRT Trans Jateng strives to increase customer satisfaction by paying attention to the quality of comfort, safety, cleanliness, tidiness and employee friendliness. Customers who feel that the quality of service is provided well will create a feeling of satisfaction in using BRT public transportation. Based on the explanation above, the first hypothesis in this study is:

H1: Service Quality Has a Positive Effect on Customer Satisfaction

2.1 The Effect of Perceptions of Fairness of Price on Customer Satisfaction

Research conducted by Wicaksono (2015) concluded that the perception of price fairness does have a positive effect on customer satisfaction, the more customers perceive the price that is perceived as reasonable, the customer satisfaction will increase. This statement is supported by research by Kristiana (2019) which states that the perception of price fairness has a positive effect on customer satisfaction. However, the different results of research conducted by Rahyuda (2009) indicate that the perception of price fairness has no effect on customer satisfaction. In this case, the researcher found a gap in previous research and wanted to do related research from previous research.

The Trans Jateng BRT Purbalingga-Purwokerto route offers affordable rates, and provides tariffs lower than the regular rates for students, students, and employees. The reasonable price triggers

the growth of customer satisfaction after using BRT transportation services. Based on the explanation above, the second hypothesis in this study is:

H2: Perception of Fairness of Price Has a Positive Effect on Customer Satisfaction

2.3 Effect of Customer Satisfaction on Customer Loyalty

Companies with high levels of customer satisfaction tend to generate customer loyalty. Before increasing loyalty, the company will increase customer satisfaction to support customer loyalty. This is in accordance with the results of research by Dennisa (2016) which shows that customer satisfaction has a positive effect on customer loyalty. These results are supported by Putri's (2018) research that customer satisfaction has a positive effect on customer loyalty. In contrast to the research results of Firatmadi (2017) which states that there is no influence between customer satisfaction and customer loyalty. There are differences in research results regarding the effect of customer satisfaction on customer loyalty. The author aims to conduct research to prove the effect of customer satisfaction on customer loyalty.

BRT Trans Jateng strives to achieve customer satisfaction by providing good service, comfort in travel, and friendliness of bus employees. Loyal customers use BRT transportation because they feel they are able to provide satisfaction for their customers. Based on the explanation above, the third hypothesis in this study is:

H3: Customer Satisfaction Has a Positive Effect on Customer Loyalty

2.4 Effect of Service Quality on Customer Loyalty

Efforts to increase customer loyalty are in line with efforts to improve service quality to meet customer expectations. Customers who are comfortable with the services provided will be loyal to the company's products or services. This statement is in accordance with the results of Prasetyo's research (2017) that service quality has a positive effect on customer loyalty. This is in line with the results of research by Aryanti (2019) which concluded that service quality has a positive effect on customer loyalty. Service quality has a positive effect on customer loyalty, meaning that the higher the level of service quality provided, the more loyal the customer is to the company.

Trans Central Java BRT made efforts to improve service quality so that customers feel comfortable and satisfied, so that customer loyalty to Trans Jateng BRT emerged. Based on the explanation above, the fourth hypothesis in this study is:

H4: Service Quality Has a Positive Effect on Customer Loyalty

2.5 The Effect of Perceptions of Fairness of Price on Customer Loyalty

Wicaksono's (2015) study concluded that the perception of price fairness has a positive effect on customer loyalty. However, there is a difference in opinion from the results of Rahyuda's (2009) study that the perception of price fairness does not have a direct effect on customer loyalty. Based on the previous research hypothesis, the researcher found that there were differences in the results of research regarding the effect of perceived price fairness on customer loyalty and aimed to conduct the same research.

The rates provided by BRT Trans Central Java to customers have two categories (regular and special). The regular price is the standard fare, while the special price is a cheaper rate than the regular price and is given specifically to passengers with the category of students, students, private employees, and veterans. Giving special prices is intended to increase customer loyalty. Based on the explanation above, the fifth hypothesis in this study is:

H5: Perception of Fairness of Price Has a Positive Effect on Customer Loyalty

2.6 The Role of Mediating Customer Satisfaction on the Effect of Service Quality on Customer Loyalty

Research conducted on rural tourism in Malaysia shows that customer satisfaction mediates the relationship between service quality and customer loyalty (Osman, 2013). This is supported by Defiana's (2017) research which states that customer satisfaction mediates the effect of service quality on customer loyalty. These results are supported by research by Mardikawati (2013) which states that service quality has a positive effect on customer loyalty through customer satisfaction.

The quality of service offered by BRT Trans Jateng employees is expected to be able to provide customer satisfaction and loyalty. When the quality of service provided can create a sense of satisfaction from customers, it can have an influence on customer loyalty. Trans Central Java BRT customers who are loyal and often use BRT transportation services are due to the satisfactory service quality. Based on the explanation above, the sixth hypothesis in this study is:

H6: Customer Satisfaction Mediates the Relationship Between Service Quality and Customer Loyalty

2.7 The Role of Mediating Customer Satisfaction on the Effect of Perceptions of Fairness of Price on Customer Loyalty

Research conducted by Kristiana (2019) on mediating customer satisfaction states that customer satisfaction mediates and increases the effect of perceived price fairness on customer loyalty. This idea is supported by Adi's (2013) research which states that perceived fairness of price has a direct effect on customer loyalty by mediating customer satisfaction. This is also supported by research by Wicaksono (2015) which suggests that customer satisfaction mediates the effect of perceived price fairness on customer loyalty.

BRT Trans Central Java, which provides prices according to the identity of its customers (students, employees, employees, and students), thereby increasing its influence on customer satisfaction and loyalty. The price suitability provided supports the satisfaction and loyalty of customers to continue to use the Trans Jateng BRT transportation service on the Purbalingga-Purwokerto route. Based on the explanation above, the seventh hypothesis in this study is:

H7: Customer Satisfaction Mediates the Relationship Between Perceptions of Fairness of Price and Customer Loyalty

3. Research Methodology

The type of research to be carried out is through a quantitative approach using survey research methods on BRT Trans Jateng customers, Purbalingga - Purwokerto route. This research is located at the BRT Trans Jateng bus stop on the Purbalingga - Purwokerto route in the Bulupitu Terminal area, South Purwokerto District, Banyumas Regency. The object of this study is the variable service quality, perceived price fairness, customer satisfaction, and customer loyalty. The population in this study were customers who had used the BRT Trans Jateng transportation service on the Purbalingga - Purwokerto route. The sampling technique in this study used purposive sampling. The number of the population who use BRT Trans Jateng services is not known with certainty. Therefore the technique of determining the number of samples uses an estimated interval.

4. Results and Discussion

4.1 Effect of service quality on customer satisfaction

The results of the analysis of this study prove that service quality has a positive and significant effect on customer satisfaction. Service quality variables that are increasingly being improved can influence high customer satisfaction. This also applies to the opposite, when the quality of service decreases, the level of customer satisfaction decreases.

BRT Trans Jateng has excellent and comfortable physical facilities that will affect customer satisfaction. Comfortable buses used to travel by passengers, adequate facilities, and clean bus stops can increase customer satisfaction for BRT Trans Jateng. BRT Trans Jateng passengers who ride a well-maintained, clean and comfortable bus will feel satisfied on the way.

The results of this study are in line with research by Hapsari (2015) from a survey of Indonesian airline passengers, which states that service quality has a positive and significant effect on customer satisfaction. The above statement is also supported by research by Osman (2013), which shows that service quality has a positive and significant effect on customer satisfaction.

4.2 The effect of perceived price fairness on customer satisfaction.

The results of the analysis show that the perception of price fairness has a positive and significant effect on customer satisfaction. Customers who have perceived their view of tariffs at reasonable prices will be able to increase customer satisfaction. When the BRT Trans Jateng price rate is perceived as reasonable or exceeds the expectations of its customers, based on previous experience, it can have an appropriate effect on increasing customer satisfaction.

Customers' perceptions regarding comparing the price paid with the performance consumed when using the BRT Trans Jateng are felt to be reasonable. They can even be said to exceed expectations. The perceived performance results that exceed the previously expected performance can increase customer satisfaction for the BRT Trans Jateng. When the BRT Trans Jateng price is more affordable than the public bus fare, this is the main reason customers prefer the BRT Trans Jateng as a daily public transportation mode.

The results of this study are in line with research conducted by Wicaksono (2015), which concluded that the perception of price fairness does have a positive effect on customer satisfaction; the more customers perceive the price as reasonable, the more customer satisfaction will be. This statement is also supported by Kristiana's (2019) research, which states that the perception of price fairness has a positive effect on customer satisfaction. However, the different results of research conducted by Rahyuda (2009) indicate that the perception of price fairness does not affect customer satisfaction.

4.3 The effect of customer satisfaction on customer loyalty

The results of the analysis show that customer satisfaction has a positive and significant effect on customer loyalty. This shows that the higher the level of customer satisfaction will be able to increase customer loyalty. Customers who are satisfied with the BRT Trans Jateng tend to reuse BRT Trans Jateng transportation services. The tendency to reuse indicates customer loyalty.

Overall, customers are satisfied with the BRT Trans Jateng service, which can increase customer loyalty. Making customers feel satisfied can increase customer loyalty. The efforts of BRT Trans Jateng by meeting customer expectations were able to increase customer satisfaction, which created customer loyalty.

The results of this study are in line with Dennisa's (2016) research, which shows that customer satisfaction has a positive effect on customer loyalty. Putri's (2018) research supports these results that customer satisfaction positively affects customer loyalty. However, this result is not in line with the research of Firatmadi (2017), which states that there is no influence between customer satisfaction and customer loyalty.

4.4 Effect of service quality on customer loyalty

The results of the analysis show that service quality has a positive and significant effect on customer loyalty. If the BRT Trans Jateng improves service quality to customers, it can increase customer loyalty. The existence of innovation in service quality can make customers loyal to BRT Trans Jateng.

Physically, the BRT Trans Jateng can be said to be useful when the operational buses are always maintained and maintained, the bus stops are clean, and the officers are always tidy. The excellent physique of the BRT Trans Jateng also has a good impression from the customers. A good impression of customers can increase customer loyalty. The attitude of customers who still choose to use the BRT Trans Jateng rather than other modes of transportation, and convey a positive impression to others can be a reference for customer loyalty.

The results of this study are in line with Prasetyo's (2017) research that service quality has a positive effect on customer loyalty. This is also in line with the results of research by Aryanti (2019), which concluded that service quality has a positive effect on customer loyalty. Regarding service quality has a positive effect on customer loyalty, meaning that the higher the level of service quality provided, the more loyal the customer is to the company.

4.5. The effect of perceived price fairness on customer loyalty

The results of the analysis in this study indicate that the perception of price fairness has a positive and significant effect on customer loyalty. The higher the perception of the reasonableness of the price from the consumer, the higher the customer loyalty. One of the efforts to increase customer loyalty can be influenced by prices that are reasonable and more affordable than those of competitors.

The rates provided by BRT Trans Jateng to customers have two categories (regular and unique). The regular price is standard fare, while the special price is a cheaper rate and is explicitly given to passengers with students, students, private employees, and veterans. Giving special prices is intended to increase customer loyalty.

Prices that are more affordable compared to prices offered by public buses make customers prefer to use the BRT Trans Jateng. Apart from lower prices, the BRT Trans Jateng also provides added value through the facilities provided. Air conditioning facilities, seat belts, and music add to the comfort of traveling to increase customer loyalty.

The results of this study are in line with Wicaksono's research (2015), which concludes that the perception of price fairness has a positive effect on customer loyalty. However, there is a difference in opinion from the results of Rahyuda's (2009) study that the perception of price fairness does not directly affect customer loyalty.

4.6 Customer satisfaction mediates the relationship between service quality and customer loyalty.

The results of the analysis show that customer satisfaction can provide an absolute mediation effect (perfect mediation) between service quality and customer loyalty. High customer satisfaction can mediate the effect of service quality on customer loyalty so that improving service quality will increase customer loyalty through customer decisions.

Improving the physical quality of the BRT Trans Jateng can increase customer satisfaction, which results in increased customer loyalty. Service that is responsive, friendly, courteous, and professional makes customer satisfaction increase, affecting some customer loyalty. The more satisfied customers are with the quality of service provided by the BRT Trans Jateng, the more customer loyalty will also increase.

The results of this study are in line with research conducted on rural tourism in Malaysia, which shows that customer satisfaction mediates the relationship between service quality and customer loyalty (Osman, 2013). This is also supported by Defiana's (2017) research, which states that customer satisfaction mediates service quality on customer loyalty and Mardikawati's research (2013) which states that service quality has a positive effect on customer loyalty through customer satisfaction.

4.7 Customer satisfaction mediates the relationship between perceived fairness of price and customer loyalty.

The results of the analysis show that customer satisfaction can provide an absolute mediation effect (perfect mediation) between perceived fairness of price on customer loyalty. A reasonable price for consumers affects customer loyalty to a product or service. There is an increase in customer loyalty caused by a good perception of the fairness of prices that can be increased through customer satisfaction. The more satisfied BRT Trans Jateng customers are because they feel that the rates offered are reasonable can increase customer loyalty.

BRT Trans Jateng fares that are more affordable than public bus fares can increase customer loyalty through perceived satisfaction. Positive things about a fair price because it is proportional to the perceived performance conveyed to others voluntarily, can increase customer loyalty through previously felt satisfaction.

BRT Trans Jateng, which provides prices according to its customers (students, private employees, and students), thereby increasing its influence on customer satisfaction and loyalty. The price suitability provided supports the satisfaction and loyalty of customers to continue to use the BRT Trans Jateng transportation service on the Purbalingga-Purwokerto route.

The results of this study are in line with research conducted by Kristiana (2019) regarding the mediation of customer satisfaction, which states that customer satisfaction mediates and increases the effect of perceived price fairness on customer loyalty. These results are also supported by Adi's (2013) research, which states that the perception of price fairness has a direct effect on customer loyalty by mediating customer satisfaction. This is also supported by research by Wicaksono (2015), which suggests that customer satisfaction mediates the effect of perceived price fairness on customer loyalty.

6. Conclusion

Based on the results of the conclusions described, it can be implied that the variables of service quality, perceived price fairness, and customer satisfaction can be used as influencing variables in increasing customer loyalty. The customer satisfaction variable can mediate the effect of service quality and the perception of price fairness on the customer loyalty variable by perfect mediation. This study shows the conformity of the research results obtained with the theory used and the results of previous studies related. The management of the BRT Trans Jateng can use the results of this study as a reference in determining the policies to be taken regarding customer loyalty of the BRT Trans Jateng Purbalingga-Purwokerto route.

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