

The effect of service quality, price perception, and brand image on customer loyalty through customer satisfaction of grab transportation in bekasi city

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ABSTRACT

PT Grab Teknologi Indonesia operates in the transport service sector as an intermediary between motorbike taxi drivers and customers. In addition, various additional features such as purchasing, payment, and delivery of goods also help in the shopping process with flexibility from various locations. The purpose of this study is to determine the effect of service quality, price perception, and brand image on customer loyalty through Grab customer satisfaction in Bekasi city. This study uses a population of Grab service users in Bekasi City, primary data, namely data conducted by distributing questionnaires to 120 respondents who use Grab services in Bekasi City. With the tests carried out are: validity test, reliability test, outer model measurement model (convergent validity, discriminant validity, composite reliability test), then there is a structural model or inner model (coefficient of determination R square, model fit evaluation), and finally there is hypothesis testing (path coefficient and specific indirect effect). The results of path analysis show that 1) Service quality and price perceptions directly have an insignificant effect on customer loyalty. 2) Brand image and customer satisfaction directly have a significant effect on customer loyalty. 3) Customer satisfaction directly has a significant effect on customer loyalty. 4) Service quality, perceived price, and brand image directly have a significant effect on customer satisfaction. 5) Service quality, price perception, and brand image have a significant effect on customer loyalty through customer satisfaction with a smaller / greater influence value than the direct effect (without going through intervening variables).

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1. INTRODUCTION

In this digital age at the end of the 20th century and the beginning of the 21st century, there are various options in transportation models, including the development of public transportation such as motorbikes and cars created by the community to transport passengers and goods, previously known as ojek for motorbikes. However, public transport such as ojek has become a major industry that strengthens the economy of the people in Indonesia by presenting an alternative transport that is easier, efficient, effective, cheap, and accessible through Smartphone devices by various transport users. This has expanded the use of transport in daily activities and community mobility. In fact, along with the times, public transport is now more desirable than the

use of private transport. One of the reasons is because of the lower cost compared to the use of private transport.

In their daily activities, people rely on transportation for various purposes such as going to work, going to school, buying food, travelling, sending goods, and so on. Technological advances in the field of transport have provided convenience for the community. Therefore, technology-based transport, especially through applications, has been well received and quickly adopted by the public because it is easy to access and understand, especially by Smartphone users with Android and iOS operating systems. The existence of public transport service providers, such as PT Grab Teknologi Indonesia, has had a significant impact on various parties as a profitable business opportunity, given the increasingly diverse needs of the community. In the presented Market Share of Online Transportation Services in Southeast Asia (2015-2025), explained that according to research conducted by Google, Temasek, and Bain & Company entitled 'e-Economy SEA 2019', the market value (gross merchandise value / GMV) of ride hailing services (food delivery and online transportation services) in the ASEAN region was initially only US\$ 3 billion. However, in 2019, it increased to US\$12.7 billion, and is expected to reach US\$40 billion by 2025. The GMV of ride hailing services in Indonesia in 2015 was only US\$ 980 million. However, it increased to US\$ 5.7 billion in 2019, and is expected to reach US\$ 18 billion by 2025. This makes Indonesia the largest market share in the Southeast Asia (ASEAN) region, as shown in the graph. One of the largest ride-hailing service providers in Indonesia is Grab.

Online transport services such as Grab are experiencing rapid growth in terms of technology and information, with easy access through smartphone screens. One of the main factors of the public's need for the emergence of online transport is the approach of Lebaran in 2024. Many customers feel this need because in the lead up to Lebaran, it often takes a long time to find an available driver or vehicle to drop them off or deliver goods/food. This shows that ride-hailing services such as Grab are becoming very important in people's daily activities.

PT Grab Teknologi Indonesia operates in the transport services sector as an intermediary between ojek drivers and customers. In addition, various additional features such as purchasing, payment, and delivery of goods also help in the shopping process with flexibility from various locations. Therefore, transport services that are fast, effective, efficient, affordable, accessible, safe, and convenient are highly desired solutions by the public. The slogan of the Grab app, known as 'From daily needs to earning opportunities. One app at a time,' reflects the wide range of services offered by the app, which is a new innovation in the transport industry. Previously, transport was only considered as a mover of people or goods, but now customers can use Grab's services for various other purposes such as ordering food, shopping, making payments, booking cinema or show tickets, and so on.

Thalib & Harimurti (2021) Service quality plays an important role because it directly affects the reputation of a company. Quality service is an important capital for the company. Therefore, good or bad service quality is the responsibility of all departments in the company. There are two main factors that affect service quality: customer expectations and company performance as perceived by consumers. Service is a key element in increasing the company's value to customers, so many companies adopt a service culture as an internal standard of behaviour. Service quality is considered good and satisfactory if the company can exceed consumer expectations, but if it is far below consumer expectations, it is considered poor.

Explained in the Top Brand Index PT Grab Indonesia Year 2023, sourced from <http://www.topbrand-award.com/> explains that Grab's brand image in the eyes of consumers is quite good in the online transportation industry. However, from year to year, Grab's brand image has decreased, for example in 2022 it was 36.70 and in 2023 it fell to 35.30. Previously, in 2020, the index difference between Grab and competitors was not too significant, which was 43.50. Therefore, it is important to evaluate and innovate business strategies related to brand image, price perception, and service quality to maintain or even increase customer satisfaction. Based on the review of previous research and the background of the problem, the purpose of this study is to determine and analyse the effect of service quality, price perception and brand image on customer loyalty through Grab transportation customer satisfaction in Bekasi City.

2. RESEARCH METHOD

In similar research studies, one of them according to Ridho Alfian and Wasis Gunadi (2021) shows that customer satisfaction does not significantly affect the relationship between E service quality and customer loyalty decisions. These results indicate that there is no significant relationship between E service quality, customer satisfaction, and customer loyalty. The similarity of the results of this study with previous research is research on service quality variables on customer satisfaction which has significant results. The research subjects were Grab service users aged 17 to 45 years and as Grab service users in Bekasi City. Researchers obtained primary data using a questionnaire with a sample size of 120 using purposive sampling techniques with certain predetermined criteria (Sugiyono, 2021, p. 153). This research data analysis technique uses the Partial Least Squares-Structural Equation Modeling (PLS-SEM) analysis method with partial regression (Partial Least Square / PLS) to test the five hypotheses proposed in this study.

3. RESULTS AND DISCUSSIONS

Graptic Bootstrapping Research Result

The effect of service quality on customer loyalty based on research conducted shows that service quality has no effect on customer loyalty. Hypothesis 1 of this study was rejected. This happens because consumers who choose to use Grab services are not based on the quality of the service itself, but on other factors related to service quality. The results of this hypothesis test are in line with research conducted by (Hidayat, 2021) and (Rahma, 2018), stating that service quality has no impact on consumer / customer loyalty.

The effect of price perception on customer loyalty based on the research conducted shows that price perception has no effect on customer loyalty. As a result, hypothesis 2 of this study is rejected. This happens because consumers who choose to use Grab services are not based on price perception itself, but on other factors related to price perception. The results of this hypothesis test are in line with research conducted by Fernandes (2017) which shows that there is an insignificant influence between price and customer loyalty.

The effect of brand image on customer loyalty based on research conducted on the relationship between brand image and customer loyalty shows that brand image has a positive and significant influence on customer loyalty. As a result, hypothesis 3 of this study can be accepted. This occurs because customers have strong confidence in Grab's positive reputation in delivering products or services that meet their expectations. This leads to a high level of satisfaction among Grab customers. The results of this hypothesis test are in line with research conducted by Song et al. (2019) showing that brand image has a positive and significant impact on customer loyalty.

The effect of customer satisfaction on customer loyalty based on research which shows that customer satisfaction has a positive and significant effect on customer loyalty. As a result, hypothesis 4 of this study can be accepted. This happens because service speed, driver quality, ease of use of the application, and price determine customer satisfaction. A high level of satisfaction leads to stronger customer loyalty. The results of this hypothesis test are in line with research conducted by Thungasal and Siagian, (2019) which shows that customer satisfaction has a positive and significant impact on customer loyalty.

The effect of service quality on customer satisfaction based on research shows that service quality has a positive and significant effect on customer satisfaction. As a result, hypothesis 5 of this study can be accepted. This happens because the services provided by Grab provide comfort and a friendly impression to customers, which results in a high level of satisfaction among Grab service users. The results of this hypothesis test are in line with research conducted by urwasih (2018); Panjaitan and Yulianti (2016); Muiz, Rachma, and Slamet (2019); Rahmadani, Suardana, & Samudra (2019) show that service quality has a positive and significant impact on customer satisfaction.

The effect of price perception on customer satisfaction based on the research conducted shows that price perception has a positive and significant effect on customer satisfaction. As a result, hypothesis 6 of this study can be accepted. This happens because the perceived price offered by Grab is more competent than other brands, thus increasing the satisfaction of customers who use Grab services. The results of this hypothesis test are in line with research conducted by

(Januarko et al., 2018; Fauziyah and Tjahjaningsih, 2021; Prasetyo et al., 2022) price perception has a positive and significant impact on customer satisfaction.

The effect of brand image on customer satisfaction based on research shows that brand image has a positive and significant effect on customer satisfaction. As a result, hypothesis 7 of this study can be accepted. This is because customers have a strong belief in Grab's positive reputation in delivering products or services that meet their expectations. This leads to a high level of satisfaction among Grab customers. The results of this hypothesis test are in line with research conducted by Wibisono (2019) that brand image has a positive and significant impact on customer satisfaction.

The relationship between service quality and customer loyalty through customer satisfaction based on research shows that service quality has a significant influence on customer loyalty through customer satisfaction. As a result, hypothesis 8 of this study is accepted. This happens because the quality of service that Grab provides is good and consumers are satisfied, so it can affect customer loyalty by increasing their satisfaction. When customers are satisfied with the services provided, they will remain loyal and continue to use Grab services repeatedly. The results of this hypothesis test are in line with research conducted by Alhaddad, A. (2020), the study revealed that customer satisfaction plays an important role as a mediator in the relationship between service quality and customer loyalty. In other words, high service quality tends to increase the level of customer satisfaction, and the increase in satisfaction ultimately encourages greater customer loyalty.

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The relationship of brand image to customer loyalty through customer satisfaction based on the research conducted shows that brand image has a significant influence on customer loyalty through customer satisfaction. As a result, hypothesis 10 of this study can be accepted. This happens because Grab's good brand image that has been attached to Grab consumers has a close relationship with a high level of customer satisfaction. This customer satisfaction, in turn, will provide an increase in Grab customer loyalty. The results of this hypothesis test are in line with research conducted by Nguyen, B., & Simkin, L. (2020), the study revealed that customer satisfaction serves as a mediator in the relationship between brand image and customer loyalty. A good brand image can increase the level of customer satisfaction, which in turn contributes to increased customer loyalty.

4. CONCLUSION

The conclusion of this study is that service quality, price perception, brand image and customer satisfaction have an influence on customer loyalty. Service quality, price perception and brand image have a positive and significant influence on customer satisfaction. Service quality, price perception and brand image have a significant influence on customer loyalty through customer satisfaction.

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