The Influence Customer Trust, Service Quality, and Perceived Price on Customer Satisfaction and Customer Loyalty

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Abstract

The purpose of this research is to know and analyze the influence customer trust, service quality, and perceive price of expedition company towards customer satisfaction, effected too on customer loyalty. The sample in this study there are 100 respondents. Convenience sampling method is used in the determination of this research sample. Data were analyzed using Structural Equational Modeling (SEM) with SPSS and AMOS statistical software. The results of this study show that customer trust, customer satisfaction, service quality, perceived price has a positive effect on Customer Satisfaction. Thus, customer satisfaction has a positive effect on customer loyalty.

Keywords

Customer Trust; Customer Satisfaction; Customer Loyalty; Service Quality

INTRODUCTION

Currently, the level of economic development in Indonesia is intensified. It is characterized by high traffic of money and goods in trade flows as well as the more rapid the business competition. The important thing in the era of globalization with the level of economic development, technology, education and social culture is the necessity of the service delivery of the goods. Initially, the service delivery of goods in Indonesia is monopolized by PT. POS Indonesia. However, since PT. POS Indonesia changing of the status from public company into limited company in 1995, there are delivery services started emerging from private parties. Service delivery of goods has a very important role because of the huge number of sending goods from distant places. Besides that, the development of technology also supports the importance of these services. Current sales are not only done by face-to-face, but also by online. Data from Kompas (2017) shows that internet users in Indonesia in 2016 reached 132 millions. In 2018, the number is expected to rise. The rapid development of the internet is followed by the growth of online sales (Hartanto, 2009). Online sales requires the goods to be sent to a destination. Thus, the growth of online sales is automatically followed by the growth of freight transport needs from one to another place. The high number of shipping service companies makes these companies have to compete to make their customers satisfied. According to Pratiwi (2010), the phenomenon of the growth of delivery service companies makes the creation of various activities that can boost the value of company as it improves the service quality, promotion, etc. On the other hand, some factors that can affecting customers satisfaction are trust, service quality and price. Prior research on the trust conducted by Guspul (2014) suggested that the variable of trust has a significant influence on customer satisfaction of financial service of Kospin Jasa in Wonosobo branch. Herawati and Prayekti (2011) suggested that customer trust variable has positive and significant influence on customer satisfaction. Chiou ( 2004) stated that trust has a positive influence on satisfaction. Delivery services will be very closely related to customer satisfaction as a user of the delivery service. One of the aspects that increase customer satisfaction of a delivery service company is the ability to send the goods to the destination on time without delay (Yusdiana, 2008). The increase of customer expectation toward service quality
makes a lot of shipping companies do not survive. Only companies that actually have a good value that will survive. In service sector, in the current economic activity, the role of expedition industry is increasingly needed by the society because along with the increasing of their needs and also to facilitate the activity in terms of distribution of goods. The tight competition in the shipping business is seen with the onslaught of offer made by other companies, both in terms of service and price. Because, in general, price is an indicator of the measurement of the quality of a good or service (Ghozali, 2014). Consumers will be loyal to a brand if they get satisfaction from the brand. Therefore, if consumers try several brands that are then evaluated whether the brand has exceeded their satisfaction criteria or not. If after a try and then the response is good then it means that the consumer is satisfied so he/she will decide to buy back the brand consistently all the time. This means that consumer has created loyalty to the brand.

PT. Kobra became one of delivery service companies that has a reputation and the its cost is very cheap with fast and secure delivery. This company is very known in the field of delivery service and has strong customer satisfaction in terms of their service quality. The quality of the goods or services produced is very closely related to the consumer satisfaction. PT. Kobra always tries to give strong relationship with customers. Long-term relationship can allow companies to carefully understand the customer expectation as well as their needs. Companies can improve customer satisfaction by maximizing the good services and eliminating bad services. The companies must realise that the bad service could cause customers to turn to similar products or services offered by competitors. Service quality according to Wyckop (in Tjiptono, 2000: 54) is the expected level of excellence and control to meet the customer needs. This study aims to examine the impact of customer trust, service quality, perceived price on customer satisfaction. Thus, the study examine the impact of customer satisfaction on customer loyalty.

LITERATURE REVIEW AND HYPOTHESES
Customer Loyalty
Customer loyalty is a condition in which the consumer has a positive attitude towards a brand, is committed to the brand and intends to continue purchasing in the future (Mowen and Minor, 2002: 89). There is one important thing about customer loyalty above that is the aspect of positive attitude in the form of feelings of pleasure. Repeated purchase of the same product may occur because of forced, not accompanied by feelings of pleasure. For example, a consumer does not have an alternative product to meet his needs because in a place that can or conveniently reach only one product available. A forced purchase is difficult to expect to happen repeatedly in the future if the coercive conditions do not exist. For example, if at a consumer's location in the future there are several alternative products that can be fulfilled, it is difficult to expect that it will remain to buy and consume the previous product.

Meanwhile, according to Oliver, customer loyalty is a deeply held commitment to buy or support a preferred product or service in the future even if the influence of the marketing situation and effort has the potential to cause customers to switch. On the basis of it, it can be said that the following definition strongly emphasizes the position of commitment to always be the main thing. If he/she is a person who is fully committed, he/she ignores the number of competitors or alternatives of products or services owned by these competitors. The person will always be loyal and last for a long time (Kotler and Keller, 2009). From both definitions, we can know there is one similarity that we can look at, that is both committed to the desired product or service and repeatedly in the future. While the difference, Mowen and Minor (2002) emphasized the process of the loyalty where the process begins with the attitude, and then shown through behavior. As with Oliver in Kotler and Keller (2009), he focuses deeper on the commitment itself.

Customer Satisfaction
A growing number of consumers who are involved in the fulfillment of consumer needs and desires, then increasingly tight competition caused the company to put the orientation on customer satisfaction as a primary objective. According to Kotler (2001), satisfaction is a feeling of being happy or upset of someone that comes from the comparison between the effect on performance of a product and the expectation.
Customer satisfaction can be measured by the overall customer satisfaction (Tjiptono, 2004). The simplest way to measure customer satisfaction is directly asking customers how satisfied they are with a particular service. There are two parts in the measurement process. First, measure the level of customer satisfaction towards the services of the company concerned. Second, assess and compare it on the overall customer service of competitors.

Customer Trust
Trust is defined as the willingness of consumers to rely on the company based on the consumer confidence (Moorman et al., 1993). In business, confidence is seen as one of the most relevant stable predecessors and collaborative relationship. Researchers have established trust, which is essential for building and maintaining long-term relationships (Rousseau, et al., 1998; Singh & Sirdeshmukh, 2000). Morgan and Hunter (1994) states that trust will only exists when one party has confidence in an exchange of partner's reliability and integrity. Meanwhile Moorman et al., (1993) defines trust as a willingness to rely on an exchange partner in whom one has confidence. According to Lau and Lee (1999), if one party believes the other party, it will ultimately lead to positive behavioral intentions toward the second party. Anderson and Narus (1990) conclude that if one party believes that the actions of the other party will bring positive results for the first party, the trust can be developed. Furthermore, Doney & Cannon (1997) adds that the person concerned must also have the ability to continue to meet its obligations to customers in the cost-benefit relationship; thus, customers not only predict positive results but also believe that these positive results will continue in the future.

Service Quality
Quality is a dynamic condition that influences the products, services, people, processes, and environments that meet expectations (Tjiptono, 2001). Service quality can be defined as effort of the fulfillment of consumer needs and desires as well as the precision of delivery in customer expectations (Tjiptono, 2007). Service quality can be known by comparing the consumer perceptions over the real service they receive/earn with real service they expect/want against the attributes of service of an enterprise. If the services received or perceived (perceived service) is as expected, then the quality of service perceived is good and satisfactory, if the received service is beyond the expectations of the consumer, then the perceived service quality is very good and quality. Conversely, if the services accepted are less than expected, then the perceived service quality is bad. According to Kotler (2002), service is any action or activity that can be offered by one party to the other party that is essentially intangible and does not result in ownership of any kind. From the definitions of service quality, could be concluded the conclusion that service quality is any activity done by the company in order to meet consumer expectation. Service in this case is defined as a service that is delivered by the owner in the form of the ease, speed, connection, hospitality skills, attitude, and the nature in delivering services to customer satisfaction. The relationship between producer and consumer is far beyond from purchase time to after-sales service. The company considers a consumer as a king who must be served properly. It means that the consumer will give advantage to company to be able to continue to live. Unlike manufactured products which can result of keeping the goods in the warehouse or shipped to store, it is purchased by a consumer and then consumed.

Perceived Price
Perceive price is a customer's perception of a sales transaction and outcome being just, acceptable and reasonable (Bolton et al., 2003). It is documented in several studies such as that of Hirschman (1970); Gunnmesson (2002) that the perception of price fairness of a consumer influences his perceived value, satisfaction and thus produces different emotions and behavioral responds by the customers. This implies that a positive perception will lead to a positive responds and behavior similarly; a negative perception of perceived price fairness will also lead to a negative behavior. Subsequently, Bowen and Shoemaker (1998); Kimes (2002); Xia et al (2004) also documented the importance of perceived price fairness as it influences customer satisfaction, loyalty and the long term profitability of the firm. In most of the studies, two factors have been noted to influence customer's perception of price fairness. These two factors are reference price or reference transaction and the principle of dual entitlement (Kimes and Wirtz, 2003b).
The principle of dual entitlement proposes that it is fair for sellers to pursue a pricing rule of raising prices when their costs increase, but not reduce their prices when costs decrease (Kalaparakal, Peter, Dickson, Joel and Urbany, 1991). Here, the customer perceives the price increase as being fair when it is justified by increase in cost and unfair when price increase is based on the firm’s intent to increase profit and take advantage of increased demand (Bolton et al., 2003). Whereas the reference price is the price which the customer believes the service should cost and reference transaction is his ideal way of how the transaction should be conducted (Kimes, 1994). According to Martins and Monroe (1994) it was found that customers compare the price they pay with what other customers paid for similar or same service (Equity Theory). Accordingly, when there is a difference in the price being judged by the customer, an unfairness perception will be induced (Xia et al., 2004).

Several researches have also shown similar and consistent findings, stating that unfair price perception influences customer satisfaction and intention to repurchase (Campbell, 1999; Martins and Monroe, 1994). Similarly, Xia et al (2004) suggested in their study that price fairness perception influences the customer’s assessment of product value and satisfaction. Furthermore the study showed that the perceptions generate negative emotions which differ in intensity and appear in various types, also stating that value assessment of the customer and negative emotions are the mediating variables which influences different behavioral actions such as purchase intentions and negative word of mouth. The influence of prices provides a new picture of communication and marketing strategies to improve customer satisfaction. The price formula for satisfaction is stated broadly, that there are two pricing mechanism principles, namely the potential to mark the quality of a product. Sales of high quality products may be characterized by high quality products based on high prices.

**Hypothesis Development**

**The Positive Influence of Customer Trust on Customer Satisfaction**

Prior research on the trust conducted by Guspul (2014) suggested that the variable of trust has a significant influence on customer satisfaction of financial service. Herawati and Prayekti (2011) suggested that customer trust variable has positive and significant influence on customer satisfaction. Chiu (2004) stated that trust has a positive influence on satisfaction. Therefore, formed the following hypothesis:

\[ H_1: \text{Customer trust has a positive influence on customer satisfaction.} \]

**The Positive Influence of Service Quality on Customer Satisfaction**

Gloria (2011) concluded that there is a positive relationship between service quality and customer satisfaction. Obtaining customer satisfaction depends to a large extent on ensuring that the firm maintains high service quality standards. Based on the Saleh research study. Saleh (2008) expalained that the dimension of service quality that most significantly affects customer satisfaction is reliability, followed by dimension of responsiveness, assurance, empathy, and direct evidence. Based on the above description, it can be taken a hypothesis as follow:

\[ H_2: \text{Service quality has a positive influence on customer satisfaction.} \]

**The Positive Influence of Perceived Price on Customer Satisfaction**

Price perception perceived by consumer is a comparison between the benefits obtained by consumers with what the consumer paid to the company. If the benefits obtained by consumers are higher than what the consumers paid to the company, then consumers will perceive the price given by the company is cheap. Similarly, if the benefits obtained by consumers are lower than what consumers paid to the company, then consumers will perceive the price given by the company is too high. Based on the research of Ghozali (2014), price is an indicator of the measurement of the quality of a good or service. According Juwandi (2004: 37), price is the factor that affects customer satisfaction. Because, for a sensitive customer, a cheap price usually is an important source of satisfaction because customers will get high value for money. Based on the above explanation, it can be taken a hypothesis as follows:

\[ H_3: \text{Perceived Price has a positive influence on customer satisfaction.} \]

**The Positive Influence of Customer Satisfaction on Customer Loyalty**

Reynold and Beatty (1999) in Rizal (2004) proved that customer satisfaction will affect loyalty (amount of purchase). This is in accordance with research conducted by Maylina (2003), where satisfaction has a
significant positive influence on loyalty to the brand on consumers. Thus based on the above discussion, it can be expressed that customer satisfaction is believed to have a positive relationship on loyalty. Based on the above description, it can be taken a hypothesis as follows:  
\( H_0: \) Customer satisfaction has a positive effect on customer loyalty

**METHODS**

Based on quantitative approach this study used survey method by using questionnaire as tool of data collection. To choose this sample among the population, this study is using convenience sample. This study used Structural Equation Model for the data analysis technique. It is statistical technique that allow to testing a series of relative complex connections simultaneously. A complex relationship can be built between one or several dependent variables with one or more independent variables. Perhaps there is also a variable that has double role as independent variable in a connection, but being dependent variable on another connection given the existence of tiered causality connection. Each of the dependent variable and independent variable can be shaped to factor or construct built from some variable indicators. Similarly among the variables that can be a form of a single variable that is directly observed or directly measured in research process.

**RESULT AND DISCUSSION**

**First Hypothesis Testing**

Based on the confidence level of 95% (\( \alpha = 0.05 \)) and degree of freedom (\( n - k \)), it shows the \( t_{table} \) value is 0.667. From the results summary of multiple regression analysis in Table 14, it has got the \( t_{statistic} \) value for the effect of customer trust (1.936) is greater than value of \( t_{table} \). Thus, the Ho is rejected and Ha is accepted, it means customer trust has a positive effect on customer satisfaction. Therefore, the first hypothesis which states that perceived of service quality has a positive effect on customer satisfaction is accepted.

**Second Hypothesis Testing**

Based on the confidence level of 95% (\( \alpha = 0.05 \)) and degree of freedom (\( n - k \)), it shows the \( t_{table} \) value is 0.677. From the results summary of multiple regression analysis in Table 14, it has got the \( t_{statistic} \) value for the effect of service quality (4.156) is greater than value of \( t_{table} \). Thus, the Ho is rejected and Ha is accepted, it means service quality has a positive effect on customer satisfaction. Therefore, the second hypothesis which states that perceived of service quality has a positive effect on customer satisfaction is accepted.

**Third Hypothesis Testing:**

Based on the confidence level of 95% (\( \alpha = 0.05 \)) and degree of freedom (\( n - k \)), it shows the \( t_{table} \) value is 0.677. From the results summary of multiple regression analysis in Table 14, it has got the \( t_{statistic} \) value for the effect of price (2.441) is greater than value of \( t_{table} \). Thus, the Ho is rejected and Ha is accepted, it means price has a positive effect on customer loyalty. Therefore, the third hypothesis which states that perceived price has a positive effect on customer loyalty at PT Kobra Panca Sakti is accepted.

**Fourth Hypothesis Testing:**

Based on the confidence level of 95% (\( \alpha = 0.05 \)) and degree of freedom (\( n - k \)), it shows the \( t_{table} \) value is 0.677. From the results summary of simple regression analysis in Table 15, it has got the \( t_{statistic} \) value for the effect of Customer Satisfaction (10.969) is greater than value of \( t_{table} \). Thus, the Ho is rejected and Ha is accepted, it means customer satisfaction has a positive effect on customer loyalty.

**CONCLUSION**

On customer trust variables have been shown to have an effect on customer satisfaction. Customer trust consisting of competence, honesty, and relationship. To increase customer trust company should showed keep good name of company to customer so that customer will still believe and will not move to other expedition service. To keep good name company should preparing the worst and giving well service in every time, so it will not any mistake when facing customer, because zero mistake is build and keep good name of company. In service quality variable has been proved to have an effect on to customer's satisfaction, company should still give the best service quality to customer so as not to disappoint the customer. Quality of service in question that is to send goods on time according to the services provided, understand customer needs, can answer customer's perceived complaints well, responsive in helping customers through provided call center, detail information about company in website and added the staff to increases their services. The perceived price variable has been shown to have an effect on customer satisfaction.
Company should give applied some pricing strategy to keep customer satisfaction with giving some discount, so it can make customer satisfy. Keeping customer loyalty and customer satisfaction, company should keep and maintain their service in high quality.

Further researcher need to extend studies and develop the research model using other variable such as customer trust, service quality and price. In addition, future research should more concentrate on customer satisfaction and repeat purchasing, customer experiences, customer expectations and customer retention.

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