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Service Quality and Price Perception Increase Indrive Customer Satisfaction

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Abstract

The purpose of this study is to analyze the influence of service quality and price perception on customer satisfaction of InDrive users (Case study of the Palinggihan Plered Purwakarta Village Community). This research method uses a quantitative method with a survey method. The number of samples in this study is 277 people, the data processing in this study uses the SmartPLS 3.0 analysis tool. The analysis used in this study includes the analysis of the outer model and the inner model. The results of this study show that, (1) service quality has a positive and significant effect on customer satisfaction, (2) price perception has a positive and significant effect on customer satisfaction, (3) the R-Square value has an effect between service quality variables and price perception on customer satisfaction by 0.469 or 46.9% which means a moderate model.

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1. Introduction

Online transportation is a transportation service that is able to deliver from the pick-up point to the destination point more easily. Application-based online transportation services are electronic systems for connecting drivers and consumers (Mutaqin et al., 2023). With the existence of online transportation services, it makes it easier for customers to order and use public transportation services such as motorcycle taxis or taxis, because there is no need to wait at the base or motorcycle taxi terminal, everything can be accessed easily and practically through an application on a smartphone (Annas et al., 2023). Because of the lack of access to public transportation, the people of Palinggihan Village in the productive age prefer to use online transportation services. This makes the importance of online transportation reflected in the increasing need for these transportation services, and with the increasing population and settlement development. Online transportation is currently not only used in cities but in villages also already using online transportation such as in Palinggihan Village, Plered, Purwakarta. One of the online transportation that is popular with the public is InDrive offers a key feature with price flexibility, where consumers are the main factor in determining the service they choose. InDrive is a very new online transportation service, but there are already many customers who use InDrive services in Plered District, especially Palinggihan Village. Although not with routine use.

Online transportation applications cannot be done by all ages, but this activity is usually carried out by people of productive age. Based on data from population projections by the Central Statistics Agency (BPS), Indonesia's population is currently dominated by the productive age group, which is between 15-64 years old. BPS distinguishes the productive age population into 2 categories, the first is the Highly Productive Age of 15-49 years, and the second is the Productive Age of 50-64 years (Amelia, 2020). Likewise with InDriver users who are more widely used by the productive age community.

Service quality is the expected level of excellence and the control of that level of excellence to meet customer desires (Fernandes, 2020; Wijaya & Sujana, 2020). In addition, price variables are also an element that is no less important in increasing consumer satisfaction, price also affects consumers in determining a consumer decision to buy or use a product so that price also determines the amount of profit achieved by a company (Chodidjah, 2021;).

Regulations regarding online transportation are regulated in Article 63 of the Regulation of the Minister of Transportation Number PM 108 of 2017 concerning the Implementation of Transportation of People with Public Motorized Vehicles Not on Routes. InDrive offers a different form of service compared to other online transportation applications, the uniqueness of InDrive lies in the features that allow users to choose drivers according to their preferences, such as price, driver rating, estimated arrival time, as well as vehicle type, instead of applying drivers automatically. InDrive offers more affordable prices compared to other transportation companies. The price that the InDrive company has set can prove that the application has an affordable price. The InDrive application company also provides an interesting feature in the form of bargaining between drivers and passengers, which makes consumers feel interested in using the services of the InDrive application, because passengers can bargain for prices so that consumers feel satisfied. Some of the problems that can cause customer dissatisfaction are unsatisfactory service quality, including inaccurate maps so that the location points are not suitable when customers order through the InDrive application and the absence of non-cash payment options. Another problem is the perception of customer prices complaining that the cheapest fare offers often make InDrive's position far from the pick-up point. Satisfied customers will continue to order the one that suits their desires.

2. Methods

This research includes two independent variables, namely service quality and price perception and one related variable, namely customer satisfaction. The quality of service and price perception are just some of the variables that affect the purchase choice. Consumers often express their dissatisfaction with services by giving them low ratings, complaining that the prices offered do not meet their expectations, and that the prices are not in line with their interests. All of these factors are critical to achieving the highest level of customer satisfaction.

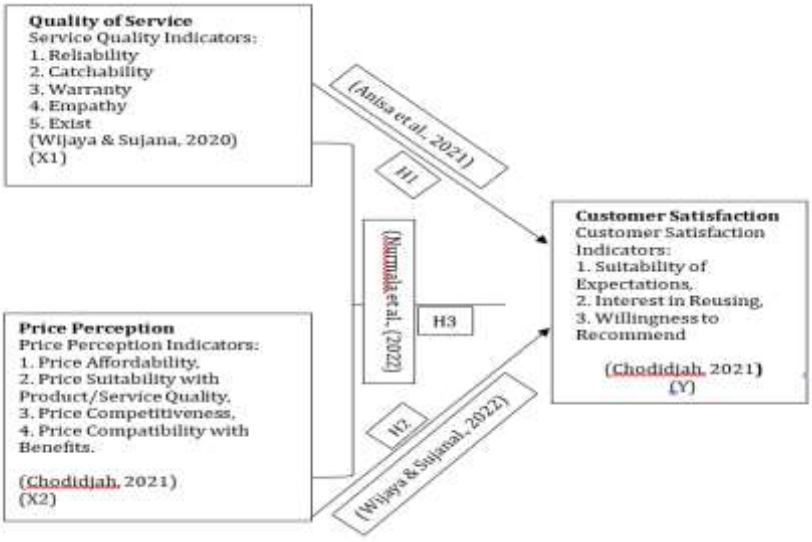

Figure 1. Framework Of Thinking
Source: Researcher Development (2024)

This study takes a quantitative approach with a hypothesis testing method utilizing appropriate data and statistical analysis. This method can also assess how service quality and price perception affect customer satisfaction on the InDrive application. In achieving the expected

results regardless of the context of time, place, or circumstances, the research approach defined by the research topic demands a rigorous assessment of the variables of the research object (Avianti et al. 2023).

3. Results and Discussion

3.1. Results

The component- or variant-based structural equation (SEM) model is Partial Least Square (PLS). Since it doesn't make many assumptions, PLS is an effective analysis technique. One of the purposes of using Smart-PLS 3.0 is to predict relationships between constructs, confirm theories, and explain the existence or absence of relationships between latent variables, which are variables that cannot be measured directly (Astuti & Bakri, 2021).

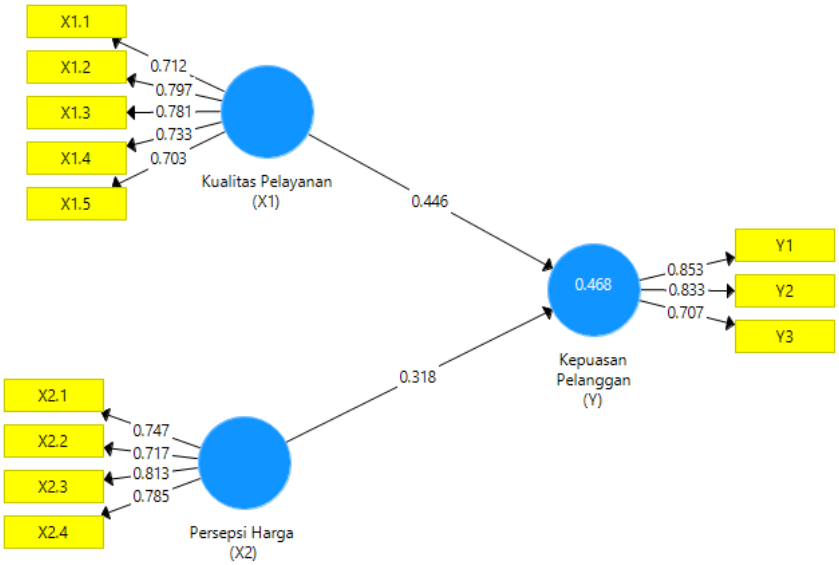

Figure 2. SmartPLS test results
Source: Data Processed (2024)

The figure above is the result of the analysis using SmartPLS, which describes the model of the relationship between latent variables and their indicators as well as the relationship between latent variables in the study. The latent variable that is the quality of service (X1) is measured by five indicators, each indicator has a loading factor value; X1.1= 0.071, X1.2=O,797, X1.3=0.781, X1.4=0.733, X1.5=0.703. The second latent variable is measured by four indicators, each indicator has a loading factor value; X2.1=0.747, X2.2=0.717, X2.3= 0.813, X2.4=0.785. The third latent variable is measured by three indicators, each indicator has a loading factor value; Y1= 0.853, Y2=0.833, Y3=0.707. The relationship between Service Quality (X1) and Customer Satisfaction (Y) has a path coefficient of 0.446. This shows that Service Quality has a positive influence on Customer Satisfaction. The Customer Satisfaction variable (Y) has an R^2 value of 0.468. This means that Quality of Service and Price Perception together account for 46.8% variation in Customer Satisfaction

Outer Model

Validity Test

Validity tests are used to assess the validity of a questionnaire or not. A questionnaire is declared valid if the statement of the candidate is able to reveal something measured by the questionnaire.

a. Convergent Validity

To determine the validity of convergence, it can be through the value of the AVE value provided that the variable has an AVE value above 0.5 and the loading value for each statement

item must be greater than 0.5, if there is a loading value below 0.5 then the statement must be deleted, deletion is needed because there is no decrease in the AVE value table 1 shows the outer loading value and the validity of the statement item.

Table 1. Outer Loading And Average Variance Expected (AVE)

Variable	Item code	Service Quality	Price Perception	Customer Satisfaction	AVE	Information
Service Quality (X1)	X1.1	0,712			0,557	Valid
	X1.2	0,797				Valid
	X1.3	0,781				Valid
	X1.4	0,733				Valid
	X1.5	0,703				Valid
Price Perception (X2)	X2.1		0,747		0,587	Valid
	X2.2		0,717			Valid
	X2.3		0,813			Valid
	X2.4		0,785			Valid
Customer Satisfaction Y	Y1			0,853	0,640	Valid
	Y2			0,833		Valid
	Y3			0,707		Valid

Source: Data Processed (2024)

Based on the data presented in the table above, it is known that for each statement the loading value of each variable is more than 0.5 and there is no loading value below 0.5. In addition, the average expected variance (AVE) value of each variable is greater than 0.5. The item loading value and the average expected variance (AVE) value for each variable are greater than 0.5 and meet the requirements of the convergence validity test. It can be concluded that all variables in this study pass the convergent validity.

b. Discriminant Validity

In this section, the results of the discriminant validity test will be explained by looking at the correlation value. Each variable must have a correlation value for the variable itself which is greater than the correlation value for other variables. In addition, the discriminant validity test can also be seen from the cross loading value of each statement item. An indicator is considered to meet the discriminant validity test if the cross loading value of each variable statement to the variable itself is greater than the correlation value of the statement item to other variables. The following is presented the correlation values between variables in table 2.

Table 2. Correlation Value Between Variables

Variable	X1	X2	Y
Service Quality (X1)	0,746		
Price Perception (X2)	0,592	0,766	
Customer Satisfaction (Y)	0,634	0,582	0,800

Source: Data Processed (2024)

From the data presented in table 2, it can be seen that the correlation of each variable with the variable itself is greater than the correlation of the variable with other variables. From this, it can be concluded that this research variable can meet the discriminant validity test. In addition, to show the correlation between variables. The validity test of discrimination can be seen from cross-loading. The following shows the cross loading value of each variable in this study:

Table 3. Cross Loading Values

	Service Quality (X1)	Price Perception (X2)	Customer Satisfaction (Y)
X1.1	0,712	0,413	0,432
X1.2	0,797	0,521	0,557
X1.3	0,781	0,476	0,504
X1.4	0,733	0,431	0,462
X1.5	0,703	0,339	0,386

X2.1	0,403	0,747	0,400
X2.2	0,411	0,717	0,348
X2.3	0,491	0,813	0,477
X2.4	0,493	0,785	0,526
Y.1	0,567	0,526	0,853
Y.2	0,508	0,488	0,833
Y.3	0,439	0,368	0,707

Source: Data processed (2024)

From the data presented in table 3 above, it can be seen that the correlation value of each variable statement against the variable item itself has a higher cross-loading value than the correlation value of the item against other variables. Based on the data obtained, it can be concluded that each statement item used in this study meets the validity test of discrimination.

Based on the results of data processing using smartPLS 3.0, it can be stated that each statement item used in this study meets the validity test, each indicator of each variable meets the requirements of the convergen validity and discriminant validity test so that the indicator of each variable can be identified as feasible or declared valid so that it can be used for further analysis.

Reliability Test

Reliability tests are used to measure respondents' consistency, or to assess the reliability of each variable's statement items in a questionnaire. To test the reliability value of the item-ietem statement on each research variable, through a composite reliability test. A variable is declared reliable if it has a composite reliability value ≥ 0.7. The following is presented the composite reliability value of each research variable in table 4.

Table 4. Composite Reliability Values

Variable	Composite Reliability	Cronbach's Alpha	Information
Service Quality (X1)	0,862	0,801	Reliable
Price Perception (X2)	0,850	0,768	Reliable
Costumer Satisfaction (Y)	0,841	0,718	Reliable

Source: Data Processed (2024)

Based on the data presented in table 4 above, it can be seen that each variable has a composite reliability value and Cronbach's alpha ≥ 0.7. The results showed that each variable had met the composite reliability and Cronbach's alpha tests so that it could be stated that each variable could be said to be reliable.

The results of the validity and reliability test indicate that in this study each statement item for each variable meets the validity requirement test and reliability test, so it can be said that the requirement item for each variable is feasible and valid to be used in this study. Likewise, each variable that tests the reliability test requirements, so it can be stated that each research variable has relatively high reliability. Thus, the statement items for each variable can be used for further analysis.

Multicollinearity Test

The structural model referred to in this study is a multicollinearity test used to determine whether there is an intercorrelation between independent variables in a construction model. Intercorrelation is a linear relationship or a strong relationship between one independent variable and another. To meet whether there is a formative indicator of multicollinearity by knowing the value of VIF < 10, it can be said that the indicator does not experience multicollinearity, and vice versa if the VIF value > 10 is said to be multicollinearity. In this study, it can be seen in the following table:

Table 5. Collinearity Statistic

Variable	VIF	Information
Service Quality on Customer Satisfaction	1,539	Non Multicollinearity
Price Perceptions on Customer Satisfaction	1,539	Non Multicollinearity

Source: Data Processed (2024)

Based on the table above, it can be seen that overall the indicator does not have multicollinearity because it has a VIF value of < 10. So it can be concluded that overall variables do not occur multicollinearity between service quality variables and price perception on customer satisfaction.

Inner Model- R-Square

Testing the inner model in this study was carried out using r-square values. The r-square test is used to find out how much percentage of the influence of independent variables on the dependent variable by looking at the r-square value of the determination co-determination between one and zero. The r-square value that is close to the number one shows that the percentage of influence is also larger, based on the results of research data processing, the r-square value is determined as shown in the following table:

Table 6. R-Square

Variable	R-Square
Customer Satisfaction	0,469

Source: Data Processed (2024)

Based on the data presented in table 6, the r-square value for the customer satisfaction variable has a value of 0.469 which means that the variables of service quality and price perception affect the customer satisfaction variable by 46.9% while the remaining 53.1% is influenced by other variables that are not tested in this study.

Hypothesis Testing

After testing which includes convergent validity, validity of discrimination, and reliability, to see whether a hypothesis can be accepted or rejected by paying attention to the significance values between constructs, t-statistics, and p-values. Testing the hypothesis on the PLS approach, hypothesis testing can be carried out with the help of SmartPLS 3.0 software with these values can be seen from the bootstrapping results. The rules of thumb used in this study were t-statistics >1.96 with a significant level of p-valie 0.05 (5%) and a positive coefficient. The test value of this hypothesis can be shown in the following table 7:

Table 7. Hypothesis Testing

Hypothesis		Original sample	Sample Mean	Standart Deviation	T-Statistics	p-value
H1	The influence of service quality on customer satisfaction	0,446	0,451	0,060	7,394	0,000
H2	The influence of price perceptions on customer satisfaction	0,318	0,317	0,066	4,831	0,000

Source: Data processed (2024)

Service quality affects customer satisfaction of InDrive users (H1). Based on the results of the smartpls 3.0 data presented in table 7, it shows that the first hypothesis (H1) has a statistical T value of 7.394 and a p-value of 0.000. The statistical T-value of 7.394 is greater than the provision of a t-statistical value of 1.96 with a P-value < 0.05. Thus the first hypothesis can be accepted, this

can be interpreted that the quality of service is proven to have a positive and significant effect on customer satisfaction.

Price perception affects customer satisfaction of InDrive users (H2). Based on the results of smartpls 3.0 processing data presented in table 7. It shows that the second hypothesis (H2) has a statistical T value of 4.831 and a p-value of 0.000. The statistical t-value of 4.831 is greater than the provision of a t-statistical value of 1.96 with a p-value of <0.05. Thus the second hypothesis can be accepted, this can be interpreted that price perception is proven to have a positive and significant effect on customer satisfaction.

3.2. Discussion

Service Quality has a significant effect on customer satisfaction, this is evidenced by a statistical T value of 7,394. The statistical T-value of 7.394 is greater than the provision of a t-statistical value of 1.96 with a P-value < 0.05. So it can be said that the service quality variable has a significant effect on customer satisfaction. The results of this study are strengthened by research previously conducted by Anisa et al. (2021), the results of the study illustrate the existence of a positive relationship between service quality and customer satisfaction. By being able to understand customer desires, it can increase customer satisfaction. From the description above, it can be concluded that Service Quality Affects Customer Satisfaction. The quality of service is considered good if the customer receives the service that meets their expectations. On the other hand, if customers get services that do not meet their expectations, it means that the quality of service is poor. Therefore, the provision of services must be able to meet the expectations of customers consistently so that the quality of service is considered good.

The Effect of Price Perception on Customer Satisfaction

The Statistical T value on the price perception of 4.831 shows that the Statistical T value is greater than the value provision of 1.96 with a p-value < 0.05. This means that the variable of price perception has a significant effect on customer satisfaction. Customers will feel satisfied if the price provided is affordable, competitive compared to the price of other service providers, in accordance with the benefits received by the customer and price perception is a factor that sometimes becomes sensitive for customers if customers see a difference in prices provided by other service competitors so that price is a factor that affects customer satisfaction.

The results of this study are supported by previous research conducted by Wijayanto and Rozi (2022) who said that price perception has a positive effect on customer satisfaction, a case study of Grab users in Greater Jakarta. A positive perception related to price is the result of satisfaction with a purchase made, while a negative perception related to price is a form of customer dissatisfaction with the product or service he buys.

The Influence of Service Quality and Price Perception on Customer Satisfaction

The construct of service quality and price perception on customer satisfaction has an influence as seen from table 6 of the R-Square test. In this test, it was used to see how much the influence of service quality variables and price perception through the InDrive platform on customer satisfaction on indrive had a value of 0.469 and it was said that the value had a moderate value because it was more than 0.25. It can also be interpreted that the variable of service quality and price perception on customer satisfaction of InDrive users is 46.9%.

The conclusion that can be drawn is that service quality and price perception through the InDrive platform simultaneously have a positive and significant effect of 46.9% on customer satisfaction of InDrive users, while the remaining 53.1% is determined by other variables that are not included in this study. The results of this study are also in line with those conducted by Nurmala et al. (2023) that price and service quality are closely related to customer satisfaction. Price is a driving factor for customers to be able to buy and use a good or service. In addition, price and quality in providing a service also greatly affect the customer purchase decision process, if the customers feel satisfied with the. service that has been provided, the customer will return to using the service

4. Conclusion

From the results of the research conducted on the people of Palinggihan Village, it can be concluded as follows: 1) Service quality has a significant effect on customer satisfaction on InDrive, the results of this finding mean that the better InDrive provides service quality to consumers, the higher the level of customer satisfaction in using InDrive online transportation. 2) Price perception has a significant effect on customer satisfaction on InDrive, the results of this finding mean that when someone perceives a reasonable and affordable price, the higher the level of customer satisfaction in using InDrive online transportation. 3) The R-Square value has an effect between the variable Service quality and price perception on customer satisfaction on InDrive is 0.469 or 46.9%, which means that the mosel is moderate. The results of these findings mean that the better InDrive provides service quality to customers and can provide a good price perception to customers, the higher customer satisfaction in using InDrive online transportation..

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