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Loyalty Factor Identification of Using Online-Based Taxi

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Abstract:

This research aimed to know the influence of tariff assurance, competitive price, interactive response, service quality, and customers' satisfaction towards loyalty. In addition, it also aimed to know the mediating effect of customers' satisfaction on the relationship of competitive price and loyalty and also service quality to loyalty in online-based taxi users. The population here were all online-based taxi users in Surakarta. The sampling technique used was purposive sampling technique with some criteria, such as: the online-based users were located in Surakarta and they have already ordered more than twice. The data collection was using questionnaire with 120 respondents. It also used Structural Equation Modeling (SEM) Smart PLS 3.0. as the method of data analysis.

Keyword: Loyalty, customer satisfaction, service quality, tariff assurance, interactive response, competitive price

1. Introduction

Nowadays, the role of online-based taxi can change customers' behavior to not using private transportation since the traffic jam is also getting worse and worse. The existence of online-based taxi is a need of public transportation that has not had accommodated by offline taxi service. There are three customers' expectation to public transport accommodated by the online-based taxi, they are: (1) tariff assurance that is competitive enough comparing to the offline taxi, (2) punctuality to arrive at the booking location, (3) punctuality of service quality.

At the end of 2016, the online-based taxi started to exist in Surakarta, such as: Go-car and GrabCar. The Central Java Transportation Institution and taxi companies in Surakarta had an agreement to decide the quota of online-based taxi from 2018-2023 is around 1150 units. It is stated in the Transportation Ministry Policy no.26 year 2017 about the lowest tariff is Rp.3500 per kilometer (km) and the highest tariff is more than Rp. 6.000/km for online-based taxi operated in district I, which are Sumatera, Java, and Bali (Jawa Pos, 2017).

2. Literature Review and Hypotheses Development

2.1. Loyalty

Lovelock (1991) explained that the level of loyalty of consumers to a particular brand or service depends on several factors, they are: the cost of moving to another brand of goods or services, the existence of similarity for quality, quantity or service of the substitute goods or services, the risk of changing costs due to replacement goods or services and changing the level of satisfaction derived from the new brand compared to previous experience with the brand ever used.

2.2. Customer's Satisfaction

Consumer is willing to sacrifice the money he has when a product is able to meet his expectations. Generally, a customer's expectation is a belief about what he or she will receive when he buys or consumes a product (goods or service). While perceived performance is the customer's perception of what he received after consuming the purchased product. Kotler (1994) mentioned that customer satisfaction is the level of one's feelings after comparing the performance (or outcome) that he felt compared to his expectations.

2.3. Competitive Price

Kotler dan Armstrong (2008) said that price is a sum of money that is charged for a product or service. Competitive price is a determination of price in the form of goods or services done by the merchant as an effort to seize the market and beat its rivals.

2.4. Service Quality

Service Quality is defined as how far the difference between customer's reality and expectations of the services they receive or earn (Parasuraman, et al 1995). In providing optimal service, companies need to improve the quality of services.

2.5. Tariff Assurance

Transportation fares, according to Salim (2006), are a list of prices for transport users who are organized on a regular basis. Transportation companies must maintain their consistency in tariffs to remain. However, when the fuel price rises, the consistent rate may increase depending on fuel increases. Tariff is the amount of money exchanged or paid by consumers to obtain a product (Kotler and Armstrong, 2008).

2.6. Interactive Response

According Warsita (2008) interaction is related to two-way communication or a thing in its mutual action. They must be mutually active and interconnected and have reciprocity between one another. According to Gulo (1996), response is a reaction or an answer that depends on the stimulus or is the result of the stimulus. Interactive response is a form of activity that occurs between two or more parties in responding to a matter not just see and listen but also directly in asking and giving comments.

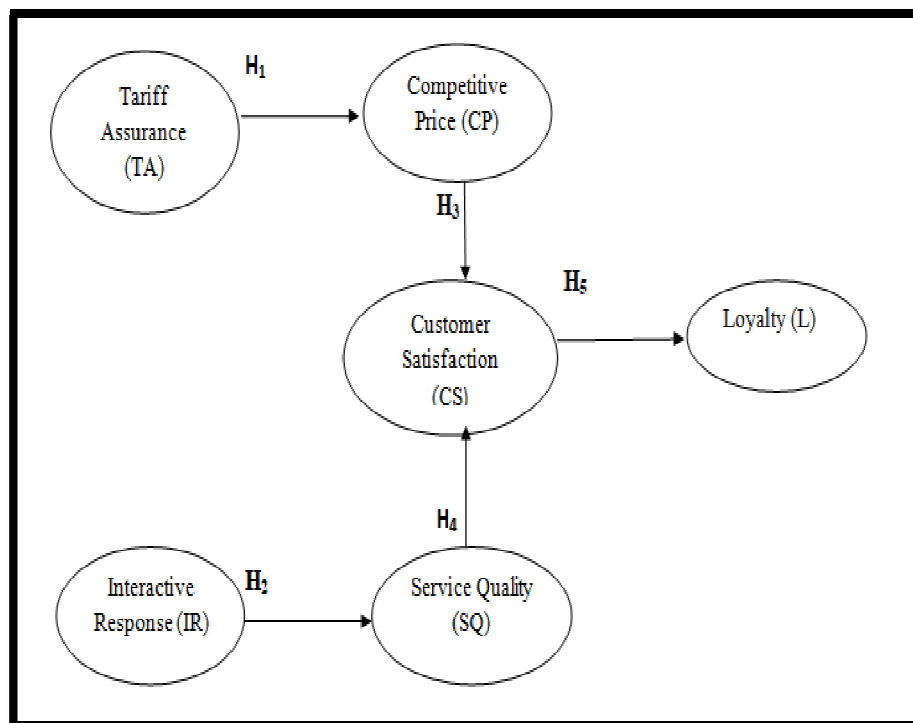


Figure 1: Research Model

- H1: Tariff assurance positively and significantly influences competitive price.
- H2: Interactive response positively and significantly influences competitive price.
- H3: Competitive price positively and significantly influences customers' satisfaction.
- H4: Service quality positively and significantly influences customers' satisfaction.
- H5: Customers' satisfaction positively and significantly influences loyalty.

3. Operational Definition and Indicator Identification

No.	Variable	Operational Definition	Source	Indicators
1.	Tariff Assurance (TA)	Tariff was certainly made by the owner of the company so that it is as clear and as logic as possible.	Rivani, E. (2017)	1. Transparency and initially given (TA) 2. Determined based on distance (TA 2) 3. Influenced by traffic jam or not (TA 3) 4. Initially agreement (TA 4) 5. Bargaining process exists or not (TA 5)
2.	Competitive Price (CP)	The way the company implements lower price compared with competitors for some reason.	Rivani, E. (2017)	1. Cheaper than competitors (CP 1) 2. Equals to the pleasure (CP 2) 3. The price is not higher than competitors (CP 3) 4. Suitable (CP4)
3.	Interactive Response (IR)	Activities of two or more parties to response something not only beyond what is seen and heard but also actively involved in asking and giving comments.	Tarus and Rabach (2013); Wang (2010)	1. Quick order response (IR 1) 2. Driver's on time arrival (IR 2) 3. Driver quickly responses to handle complain (IR 3) 4. Asking the arrival address in detail (IR 4) 5. Ensuring customer's identity (IR 5) 6. Be friendly (IR 6)
4.	Service Quality (SQ)	The distance of customers' expectation and reality to the service given.	Kant, R. and Jaiswal, D.(2017); Makanyeza, C.(2017)	1. On time delivery (SQ 1) 2. Choosing the fastest way (SQ 2) 3. Notification if there is a delay (SQ 3) 4. Comfortable taxi appearance (SQ 4) 5. Tidy and well-mannered driver's appearance (SQ 5) 6. Driver helps to bring belonging inside the car (SQ 6)
5.	Customers' Satisfaction (CS)	Someone's feeling after comparing the result to its expectation.	Kant, R. and Jaiswal, D.(2017); Makanyeza, C.(2017)	1. Fulfilled of expected needs (CS 1) 2. Wanted to reuse the taxi (CS 2) 3. No complain (CS 3) 4. Beyond expectation (CS 4)
6.	Loyalty (L)	More into behavior than attitude.	Kant, R. and Jaiswal, D.(2017); Makanyeza, C.(2017)	1. First choice of using taxi (L 1) 2. Not moving to other taxi companies (L 2) 3. Believing that this is the best (L3) 4. Repeat order (L 4) 5. Positive responses (L5) 6. Inviting others to join (L6)

Table 1: Indicators of Each Variable

4. Data Analysis

4.1. Validity Test

	Component					
	TA	CP	IR	SQ	L	CS
TA1	,597	,367	-,016	,001	-,553	-,302
TA2	,624	,266	-,030	,008	-,543	,001
TA3	,624	-,766	-,030	,008	,479	,001
TA4	,733	-,553	-,321	,077	,367	,029
TA5	,733	-,553	-,321	,077	-,094	,029
TA6	,729	-,480	,116	-,460	,044	-,032
CP1	,424	,266	,624	,008	-,234	,001
CP2	,317	-,380	,717	,419	-,257	-,094
CP3	,111	-,408	,511	,295	,116	,044
CP4	,433	-,553	,733	,077	,560	,029
IR1	,077	,624	-,030	,008	-,584	,001
IR2	,077	,624	-,030	,008	-,321	,001
IR3	-,460	,729	,116	-,460	-,030	-,032

Component						
	TA	CP	IR	SQ	L	CS
IR4	,008	,597	-,016	,001	,424	-,302
IR5	-,460	,729	,116	-,460	,317	-,032
IR6	,077	,609	-,560	,060	,111	,013
SQ1	,011	-,408	-,584	,595	,433	,044
SQ2	,333	-,553	-,321	,677	,077	,029
SQ3	,424	,316	-,030	,738	,077	,001
SQ4	,024	,366	-,030	,708	,766	,001
SQ5	-,729	-,480	,116	,760	-,380	-,032
SQ6	-,733	-,553	-,321	,677	-,225	,029
CS1	,484	,343	-,008	-,070	-,234	,587
CS2	,448	,479	,014	-,097	,116	,618
CS3	-,597	,267	-,016	,001	-,321	,702
CS4	,324	-,766	-,030	,008	-,008	,801
L1	,417	-,380	,028	,419	,624	-,094
L2	,376	-,225	,372	,467	,729	,121
L3	,424	-,234	,438	,252	,733	,013
L4	,498	-,257	,533	,348	,684	,021
L5	,129	-,480	,216	-,460	,748	-,032
L6	,409	-,368	-,560	,060	,697	,013

Table 2 - Outer Loading

The score for each indicator is more than 0,5, which means convergent validity is approved to all indicators. The indicator's score for each construct is around 0,58 to 0,8. This shows that those indicators can describe each construct or variable.

4.2. Reliability Test

The reliability test in PLS is using Cronbach's alpha.

Cronbach's Alpha	No. of Items
0,947	32

Table 3 - Cronbach's Alpha

4.3. Hypothesis Test

4.3.1. R-Square Score

R Square	
TA	0.7025
IR	0.7125
CP	0.7925
SQ	0.7358
CS	0.7025
L	0.7125

Table 4: R² Score of Online-Based Taxi

From the above table, the R-square of competitive price is 0,7925. It means that the variability of competitive price is explained by tariff assurance around 79,25% and the rest is influenced by other variables which is not tested in this research. Then, service quality's R-square is 0,7358. It means that the variability of service quality is explained by interactive response around 73,58% and the rest is influenced by other variables which is not tested in this research. Besides, loyalty's R-square is 0,7125. It means that the variability of loyalty is explained by customers' satisfaction around 71,525% and the rest is influenced by other variables which are not tested in this research.

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STERR)
HB->KK	0,014	0,014	0,126	0,110
IR->KP	0,938	0,928	0,018	0,547
KK->LP	0,144	0,166	0,109	1,329
KT->HB	0,531	0,510	0,196	2,713
KP->KK	0,893	0,907	0,034	2,311

Table 5 - Path Coefficients Score of Online-Based Taxi

5. Conclusion

This research identifies some factors of customers' loyalty of online-based taxi users. Based on the data analysis, all the hypotheses are accepted, they are:

- Tariff assurance positively and significantly influences competitive price.
- Interactive response positively and significantly influences competitive price.
- Competitive price positively and significantly influences customers' satisfaction.
- Service quality positively and significantly influences customers' satisfaction.
- Customers' satisfaction positively and significantly influences loyalty.

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