

The Effect of Price and Service Quality on Repeat Purchases and Implications for Customer Loyalty

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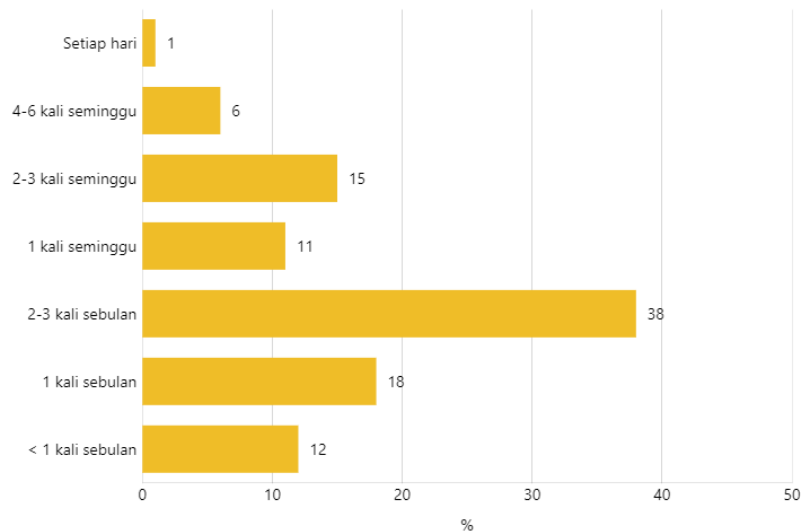
ABSTRACT

This study attempts to test a model developed to explain the effect of price and service quality on repeat purchases and its implications on customer loyalty at PT. Global Jet Express. The research method used is descriptive quantitative with the population of all consumers who have used the services of PT. Global Jet Express and sample determination in this study based on the opinion of Ferdinand (2006) suggest that the sample size depends on the number of indicators used in all variables multiplied by 5 to 10. The sample obtained amounted to 90 with the characteristics of consumers who at least made two purchases. The analytical techniques in this study used descriptive and inferential statistical analysis techniques. The results showed that the appropriate price could not increase customer loyalty. Good service quality cannot increase customer loyalty. An appropriate price can increase repeat purchases. Good quality service can increase repeat purchases. Repurchases can increase customer loyalty. Appropriate pricing can affect customer loyalty mediated by repeat purchases. Good service quality can affect customer loyalty mediated by repeat purchases.

1. INTRODUCTION

The goal of a business is to create and retain consumers, because consumers can be developed and maintained by the company. Companies generally have difficulty in monitoring, understanding and analyzing consumer behavior appropriately and correctly due to differences in consumer behavior and considering the many factors that influence consumer behavior. Dynamic consumer behavior makes marketers have to work extra to be able to determine the strategy to be taken in the future.

The development of technology also makes it easier for people to do shopping, this is an interesting phenomenon because online shopping has become part of people's lives because it feels easier and enough from home what consumers want can be available without having to leave the house. This is proven by the frequent use of freight forwarding services by consumers.



The number of freight forwarding service providers today certainly causes every company to want to be the best, this greatly affects consumer decisions to choose these services. So that what is related to the use of expedition services must continue to be improved to always provide the best possible services and prices to attract customers to choose the services provided and guarantee that customers will make purchases or use services repeatedly. This can be seen from the tight competition of expedition companies in Indonesia.

Table 1. Freight Forwarding Company Rating

No.	2021	2022	2023
1	J&T Express	JNE	JNE
2	JNE	POS Indonesia	TIKI
3	POS Indonesia	TIKI	POS Indonesia
4	Si Cepat Express	J&T Express	Si Cepat

Source: www.cargo.tech.com

The survey conducted by Populix involved 1,577 respondents, which were then narrowed down to 322 respondents with *E-Commerce seller status*. The majority of respondents were in Java Island (76%), followed by Sumatra Island (15%), and other islands (19%).

No.	Nama Data	Nilai / Persen Responden
1	J&T Express	58
2	JNE	45
3	Shopee Xpress	28
4	Sicepat	27
5	GoSend	21
6	Grab Express	18
7	Tiki	7
8	Ninja Xpress	7
9	Pos Indonesia	6

Source: www.databoks.com

Figure 2. E-Commerce Data using Expedition Services

The data shows the high use of expedition services for each individual and online seller so that PT. Global Jet Express (J&T Express) which is engaged in expedition services that strive to maintain its existence to expedition service users so that the services provided at PT. Global Jet Express (J&T Express) can continue to be maintained and even improved in order to compete with other companies and also so that customers feel satisfied with what has been given by the company, because if customers are satisfied with what is provided, customers will indirectly make repeat purchases and be loyal to a brand or service.

2. LITERATURE REVIEW

1) Price

Price is the value of money that must be paid by consumers to sellers for the goods or services they buy. In other words, price is the value of an item determined by the seller. There is also a definition of price that is the value of money charged to buyers to have the benefits of a product (goods or services) purchased from sellers or producers. The use of the term "price" is generally used in buying and selling products, both goods and services.

The selling price is determined by the seller and takes advantage of the price, while the consumer gets his needs by paying for the product at a specified price.

Price is one of the most important attributes evaluated by consumers, and managers need to be acutely aware of the role of price in the formation of consumer attitudes (Mowen & Minor, 2002). In certain situations consumers are very price sensitive, so prices that are relatively high compared to competitors can eliminate products from consumer consideration. In a narrow sense, price is the amount of money charged for a product or service (Kotler, 2001).

2) Service Quality

According to Arianto (2018) Service Quality can be interpreted as focusing on meeting needs and requirements, as well as on punctuality to meet customer expectations. Quality of Service applies to all types of services provided by the company while the client is in the company. According to Kotler and Keller (2016) "quality is the completeness of the features of a product or service that has the ability to provide satisfaction to a need". According to Kasmir (2017) Service Quality is defined as the actions or actions of a person or organization aimed at providing satisfaction to customers or employees. Meanwhile, according to Aria & Atik (2018), Service Quality is an important component that must be considered in providing excellent Service Quality. Service Quality is a central point for companies because it affects customer satisfaction and customer satisfaction will arise if the quality of service provided is good.

Based on the definitions above, it can be concluded that Service Quality is an action taken by the company in the form of intangible things but can be felt by consumers. Service Quality Measurement can be seen from a service that has been received by consumers to meet their needs and expectations.

3) Repurchase

According to Hawkins et al. (2007), repurchase decisions as a repurchase activity carried out by consumers of a product with the same brand without being followed by meaningful feelings for the product. There are two possibilities that can cause someone to repurchase a product. First, consumers are satisfied with the purchases they make. Secondly, customers are not satisfied, but they still make repeat purchases. For the second possibility this is usually because they consider the costs they have to spend to find, evaluate, and adopt products with other brands (switching costs) too high.

4) Customer Loyalty

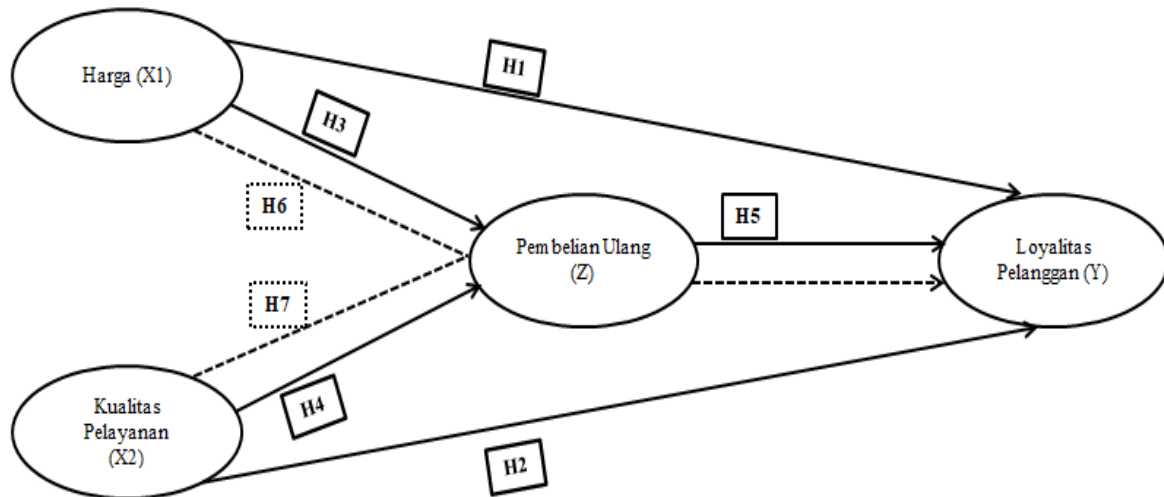
According to Gibson (2005), customer loyalty is a behavioral impulse to make repeated purchases and to build customer loyalty to a product/service produced by the business entity requires a long time through a process of repeated purchases. Loyalty can be interpreted as a pattern of consumer repurchase on a brand which is true loyalty or loyalty to a single brand (Shellyana and Dharmmesta (2002). Customer loyalty is a continuation of consumer satisfaction, when consumers are always satisfied with what the company gives, the consumer will develop a sense of loyalty. According to Tjiptono (2000) consumer loyalty is a customer's commitment to a brand, store or supplier based on very positive traits in long-term purchases.

3. RESEARCH METHODS

This study uses quantitative descriptive research method with a population of all consumers who have used the services of PT. Global Jet Express and Sample calculations based on the opinion of Ferdinand (2006) suggest that the sample size depends on the

number of indicators used in the whole variable. The number of samples is equal to the number of indicators multiplied by 5 to 10.

In this study, the number of variables studied was two independent variables, one dependent variable and one mediation variable, so that the total of all indicators was 18 indicators multiplied by 5. So that the number of samples to be used in this study is as many as 90 respondents with consumer characteristics who have made at least two purchases. Primary and secondary data collection techniques are through interviews, distributing questionnaires, data information using the mentioned company reports, journals of research results about related companies / agencies etc.



Hypothesis

1. Appropriate Price can Increase Customer Loyalty to Service Users of PT. Global Jet Express.
2. Good Service Quality can Increase Customer Loyalty to PT. Global Jet Express.
3. Appropriate price can increase repurchase of PT. Global Jet Express.
4. Good Service Quality can increase repeat purchases for PT. Global Jet Express.
5. Repurchase can increase Customer Loyalty to Service Users of PT. Global Jet Express.
6. Appropriate prices can increase customer loyalty mediated by repurchases at PT. Global Jet Express.
7. Good service quality can increase customer loyalty mediated by repeat purchases at PT. Global Jet Express.

4. RESULTS AND DISCUSSION

Results

Discriminat Validity

Average Variance Extracted (AVE)

Konstruk	AVE
Price (X1)	0.785
Quality of Service (X2)	0.729
Repurchase (Z)	0.764
Customer Loyalty (Y)	0.801

Source: Primary Data (Processed, 2023)

The table above gives AVE values above 0.5 for all constructs, Price (X1) = 0.785, Quality of Service (X2) = 0.729, Customer Loyalty (Y) = 0.801, and Repurchase (Z) = 0.764. This means that all constructs have a high discriminatory validity.

Composite Reliability

Composite reliability testing of indicator blocks that measure constructs. A construct is said to be reliable if the value of composite reliability is above 0.60 (Ghozali, 2014). Here are the outer model loading results that show the composite reliability of each construct:

Composite Reliability

Variable	Composite Reliability
Price (X1)	0.970
Quality of Service (X2)	0.964
Repurchase (Z)	0.967
Customer Loyalty (Y)	0.980

Source: Primary Data (Processed, 2023)

Based on the table shows satisfactory composite reliability results, namely Price (X1) = 0.970, Quality of Service (X2) = 0.964, Customer Loyalty (Y) = 0.980 and Repurchase (Z) = 0.967. So it can be concluded that each construct has high reliability. This can be seen from the composite reliability value of all constructs greater than 0.90.

Reliability test results can also be reinforced with Cronbach's alpha where SmartPLS outputs on the table.

Cronbach's Alpha

Variable	Cronbach's Alpha
Price (X1)	0.965
Quality of Service (X2)	0.959
Repurchase (Z)	0.961
Customer Loyalty (Y)	0.977

Source: Primary Data (Processed, 2023)

The recommended value is above 0.6 and in the table above shows that Cronbach's alpha values for all constructs are above 0.9.

Path Analysis Results

Path	Original Sample	T-Statistics	P-Values
Price (X1) → Customer Loyalty (Y)	0.065	1.084	0.279
Quality of Service (X2) → Customer Loyalty (Y)	0.077	1.546	0.123
Price (X1) → Repurchase (Z)	0.426	5.023	0.000
Quality of Service (X2) → Repurchase (Z)	0.556	6.873	0.000
Repurchase (Z) → Customer Loyalty (Y)	0.856	13.802	0.000
Price (X1) → Repurchase (Z) → Customer Loyalty (Y)	0.365	5.077	0.000
Quality of Service (X2) → Repurchase (Z) → Customer Loyalty (Y)	0.476	5.693	0.000

Source: Primary Data (Processed, 2023)

Based on the P-Value value, the results of the hypothesis can be explained:

1. Price does not have a significant effect on Customer Loyalty. From the table it is known that the Price path (X1) → Customer Loyalty (Y) has a P-Values greater than 0.05 (0.279 > 0.05). This indicates that H1 is rejected and H0 is accepted, meaning that the corresponding Price cannot increase Customer Loyalty.
2. Service Quality does not have a significant effect on Customer Loyalty. From the table, it is known that the path of Service Quality (X2) → Customer Loyalty (Y) has a P-Values greater than 0.05 (0.123 > 0.05). This shows that H1 is rejected and H0 is accepted, meaning that good Service Quality cannot increase Customer Loyalty.
3. Price has a significant effect on Repurchases. From the table it is known that the path Price (X1) → Repurchase (Z) has a P-Values value smaller than 0.05 (0.000 < 0.05). This indicates that H1 was accepted and H0 was rejected, meaning the corresponding Price may increase the Repurchase.
4. Quality of Service has a significant effect on Repurchase. From the table, it is known that the path of Service Quality (X2) → Repurchase (Z) has a P-Values value smaller than 0.05 (0.000 < 0.05). This indicates that H1 is accepted and H0 is rejected, meaning good Quality of Service can increase repeat purchases.
5. Repurchases have a significant effect on Customer Loyalty. From the table, it is known that the path of Repurchase (Z) → Customer Loyalty (Y) has a P-Values value smaller than 0.05 (0.000 < 0.05). This indicates that H1 is accepted and H0 is rejected, meaning that Repurchase can increase Customer Loyalty.
6. Price has a significant effect on Repurchase-mediated Customer Loyalty. From the table it is known that the path (path) Price (X1) → Repurchase (Z) → Customer Loyalty (Y) has a P-Values value smaller than 0.05 (0.000 < 0.05). This indicates that H1 is accepted and H0 is rejected, meaning the corresponding Price can increase Repurchase-mediated customer loyalty.
7. Quality of Service has a significant effect on Repurchase-mediated Customer Loyalty. From the table, it is known that the path of Service Quality (X2), → Repurchase (Z), → Customer Loyalty (Y) has a P-Values smaller than 0.05 (0.000 < 0.05). This indicates that H1 is accepted and H0 is rejected, meaning good Quality of Service can increase Repurchase-mediated Customer Loyalty.

Discussion

The Effect of Price on Customer Loyalty

In general, price is one of the determinants of business as a benchmark for customers to make purchases or ignore. However, in this study it was concluded that price is not a problem for customers to use the services provided. It is likely that respondents in this study did not make price a factor that influenced respondents to have a loyal attitude. So that the high and low prices do not have too much influence or have a small influence on customer loyalty to PT. Global Jet Express.

The Effect of Service Quality on Customer Loyalty

Service quality does not always have an influence on customers to continue using the services of PT. Global Jet Express. This shows that when customers get good service will not always make customers loyal, it is because the quality of service received by each customer is different, therefore service quality is not always the main factor that makes customers loyal.

How Price Affects Repurchases

The better the price, the greater the impact on the repurchase of a product. The proportion of the price determined is usually proportional to the quality of the product offered. Thus, it will give a positive impression on a product and make consumers able to make repeat purchases on a product.

The Effect of Service Quality on Repeat Purchases

That positive service will have an impact on consumer repeat purchases, so if the company maximizes the quality of service provided, the greater the percentage of consumers who come. Service quality always prioritizes consumer comfort and minimizes consumers to move. Agustini & Rulirianto (2019) mentioned that service quality affects repeat purchases because service quality is how companies are able to communicate their services to consumers. Also, the company is able to provide positive value to create loyal consumers and cause repeat purchases.

How Repurchases Affect Customer Loyalty

Repurchase is a purchase activity that is made more than once or several times. From this definition, it can be said that there is an intention from customers to return to buy the same product or service. When there is a repeat purchase, it can foster customer loyalty because of the behavior in buying products or services repeatedly, the more often customers make repeat purchases, the customer can be said to be loyal to a product or service.

The Effect of Price on Customer Loyalty Mediated Repurchases

When the price is felt to be in accordance with consumer expectations, it will attract consumers to buy the product again, the price determined is usually proportional to the quality of the product offered. Thus, it will give a positive impression on a product and make consumers able to make repurchases on a product or service and repeat purchases can foster customer loyalty.

The Effect of Service Quality on Customer Loyalty Mediated Repurchases

If a company is able to make a standard, namely the quality of its service is able to keep up with customer expectations, customers will make repeat purchases. When there are repeated purchases continuously, the customer is satisfied or his desire is fulfilled by a product, thus the customer can be said to be loyal to a product.

5. CONCLUSION

1. The appropriate price cannot increase customer loyalty to PT. Global Jet Express due to several possibilities such as respondents in this study did not make price a factor that influenced respondents to have a loyal attitude. So that the high and

low prices do not have too much influence or have little effect on customer loyalty.

2. Good service quality cannot increase customer loyalty to PT. Global Jet Express is due to the quality of service received by each customer or individual, therefore service quality is not always the main factor that makes customers loyal
3. The appropriate price can increase repeat purchases for PT. Global Jet Express. This indicates that the better the price, the greater the impact on the repurchase of a product. The proportion of the price determined is usually proportional to the quality of the product offered. Thus, it will give a positive impression on a product and make consumers able to make repeat purchases on a product
4. Good service quality can increase repeat purchases for PT. Global Jet Express. That positive service will have an impact on consumer repeat purchases, so if the company maximizes the quality of the service provided, the greater the percentage of consumers who come. Service quality always prioritizes consumer comfort and minimizes consumers to move.
5. Repurchases can increase customer loyalty to PT. Global Jet Express can be concluded when there is a repurchase, it can foster customer loyalty because of the behavior in buying products or services repeatedly, the more often customers make repeat purchases, the customer can be said to be loyal to a product or service
6. When the price is felt to be in accordance with consumer expectations, it will attract consumers to buy the product again, the price determined is usually proportional to the quality of the product offered. Thus, it will give a positive impression on a product and make consumers able to make repurchases on a product or service and repeat purchases can foster customer loyalty. This shows that the appropriate price can affect customer loyalty mediated by repurchases of PT. Global Jet Express.
7. If a company is able to make a standard, namely the quality of its service is able to keep up with customer expectations, customers will make repeat purchases. When there are repeated purchases continuously, the customer is satisfied or his desire is fulfilled by a product, thus the customer can be said to be loyal to a product, this shows that good service quality can affect customer loyalty mediated by repeat purchases of PT. Global Jet Express.

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