



The Effect of Service Quality Prices and Location of Companies to Customer Satisfaction Implications on Customer Loyalty

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ABSTRACT

The purpose of this study was to determine the effect of service quality, price suitability, company location, and customer satisfaction partially or jointly on customer loyalty in freight forwarders in Jabodetabek. The research method used in this research is descriptive and explanatory survey methods with a sample size of 270 respondents and the data analysis method used is Structural Equation Modeling with a lisrel 8.80 data analysis tool. Based on the results of the study, the following findings were obtained: Service quality, price suitability, and company location partially or jointly had a significant effect on customer satisfaction with a contribution of 62%. Partially the quality of service has the most dominant influence on customer satisfaction. Service quality, price suitability, company location, and customer satisfaction partially or jointly have a significant effect on customer loyalty with a contribution of 85%. Partially customer satisfaction is most dominant in influencing customer loyalty. The results also show that customer loyalty is a full mediating variable on the effect of service quality, price suitability, and company location on customer loyalty. The results of this study provide managerial implications for freight forwarders that to increase customer loyalty reflected in the dimensions of showing immunity to competitors is to increase customer satisfaction which is reflected by an increase in the dimension of price perception, where customer satisfaction will increase if freight forwarders are able to improve service quality, especially reflected in the assurance dimension, which is supported by increasing price conformity, especially reflected in increasing dimensions of product price conformity with the benefits obtained and supported also by increasing the ease of company location, especially as reflected in an increase in the visibility dimension.

Keywords: Service Quality, Price Suitability, Company Location, Customer Satisfaction, Customer Loyalty

JEL Classifications: L8, M31, N75

1. INTRODUCTION

Various changes in the strategic environment at the national, regional and global levels which are marked by the increasing volume and intensity of international trade activities, as well as the occurrence of very rapid developments in the field of information and communication technology, affect the increasing demands of society, especially the business community, trade and industry to the smoothness and speed of the flow of exported and imported goods (Broda and Weinstein, 2006).

In the era of globalization economic and trade liberalization as now the dependence of the state on the activity of international trade and the movement of goods exports and imports will be higher, in which

countries and developing countries would need each other, both as a market to their products as well as producers of their industrial raw materials. This will cause increasingly fierce levels of global competition, so that each country individually or together in a regional community needs to take serious steps to deal with the smooth flow of export-import goods traffic (Amiti and Khandelwal, 2013).

Under these conditions, through various policies that have been set, the government is trying hard to be able to encourage the smooth and speed of the flow of export-import goods, so that it is expected to be able to move the national economy, increase national competitiveness and stimulate the entry of investments. The number of Indonesia's import and export for a period of 6 years (2012-2017) is as follows in Table 1.

Table 1: Value and amount of Indonesian exports and imports

Year	Export value (Billion \$ USD)	Number of exports (Billion Tons)	Value of imports (Billion \$ USD)	Amount of imports (Billion Tons)
2012	190,032	600,137	191,691	136,373
2013	182,552	700,005	186,627	141,110
2014	175,979	549,465	178,179	147,734
2015	150,366	509,662	142,695	147,093
2016	145,186	514,785	135,653	152,025
2017	168,828	545,847	156,986	160,749
Total	1012,943	3419,901	991,831	885,084
Average/Year	168,824	569,984	165,305	147,514

Source: (Rahmawan and Oktora, 2018)

The value of Indonesia's exports over a period of 6 years (2012-2017) had an average export of \$.168.824 billion USD with an average export value of 569.984 billion tons. While Indonesia's import value has an average of \$.165,305 billion USD with an average number of imports of 147.514 billion tons. Indonesia's highest export value was in 2012 which reached \$.190.032 billion USD and the lowest export value in 2016 which only reached \$.145.186 billion USD. The highest number of Indonesian exports was in 2013 which reached 700,005 billion tons and the lowest in 2015 which was only 509.662 billion tons. While the highest import value of Indonesia was in 2012 amounting to \$.191.961 billion USD and the lowest import value in 2016 which only reached \$.135,653 billion USD.

The development of Indonesia's exports and imports during the period 2012-2017 showed a decline. The export value has decreased by an average of -1.85%/year with a decrease in the number of exports with an average of -1.01%/year. While export value decreased by an average of -3.26%/year, but on the contrary the number of imports increased by 3.37%/year.

The development of export and import of Indonesia are likely to decline, indicating the number of items handled by a service company freight forwarding will tend declining to signal the level of competition in the market reach will increase.

The freight forwarder service industry is one type that provides intangible products and is currently entering a much tighter competition situation with the emergence of local and foreign telecommunications service operators. Various facilities and facilities are offered by operators to reach and keep customers. Based on data from Logistics and Transfortasi Indonesia company services provider freight forwarder in Jakarta, Surabaya, Medan, Semarang, Makassar to Papua totaling about 2,266 company based on PT Inti Swakarsa's Dataindo information (2018), the deployment of the service industry shipping (freight forwarding) by region can be seen in Table 2.

From both theoretical and empirical phenomena that occur, the writer will examine the effect of service quality, price and location suitability on customer satisfaction, and the implications for customer loyalty.

2. LITERATURE REVIEW

To analyze and prove theoretically that Service Communication, Service Quality, Price and rational relations are determinants

Table 2: Distribution of freight forwarding industry by region

No.	The region	Freight forwarding industry (%)
1	Jakarta	36.80
2	West Java	3.40
3	East Java	23.20
4	Central Java	6.10
5	Sumatra	13.90
6	Bali	5.20
7	Sulawesi	3.80
8	Etc	7.60
Total		100.00

Source: (Rahmasari, 2018)

of Customer Satisfaction and have implications for Customer Loyalty, a number of related theories are discussed as follows:

2.1. Customer Loyalty

Customer loyalty is the strength of the relationship between attitudes relatively someone and recurring business (Huang and Shyu, 2009). Meanwhile, a loyal customer is someone who repurchases from the same company, as an antidote to attacks from competitors.

2.2. Customer Satisfaction

The existence of a company is to satisfy consumers and maintain their satisfaction so that they will always repeat buying products or services produced by the company and feel proud to use or consume products or services produced by the company. Customer satisfaction is the level of state of one's feelings which is the result of a comparison between the assessment of the performance/final product in relation to customer expectations. Customer satisfaction is measured by 3 dimensions: (1). Quality of Service, with the following indicators: Speed of service, accuracy of service, guaranteed delivery of goods, equipment supplies, information on planned departure and arrival of the shipment; (2). Perception of prices, with the following indicators: Suitability of prices with service quality, price changes, price discounts; (3). The cost dimension of the indicator is as follows: Additional costs, time wasted (Hsu et al., 2015).

2.3. Service Quality

The market is an attempt to meet the needs by providing the best quality of service to what is needed by the customer. With good service quality, customers will get goods and services to meet their needs.

Efforts to improve service quality absolutely require the measurement of freight forwarder service satisfaction so as to

know the extent of service quality dimensions that can meet customer expectations of freight forwarder services.

Good service quality is very important in the freight forwarder service sector so that customers will like the services provided by the freight forwarder and in the end the customer will come back to make a repeat purchase.

Quality of service is an ability to adjust between the desires or demands of the recipient (community) of the service provided by the service provider in accordance with the conditions specified in five dimensions: Tangible, reliability, Responsiveness, assurance, and empathy (Jiang and Rosenbloom, 2005; Ahmed et al., 2018).

2.4. Price Match

Price suitability is the tendency of consumers to use prices in assessing the suitability of product benefits. Evaluation of the price of a product is said to be expensive, cheap or moderate from each individual is not the same, because it depends on the suitability of the individual against the background of the environment and the condition of the individual itself. Basically consumers in assessing the price of a product depends not only on the nominal value of the price but on their suitability on the price. Companies must set prices appropriately in order to be successful in marketing goods or services (Hsee et al., 2008).

Price suitability is related to how price information is understood entirely by consumers and gives a deep meaning to them, the variables in this study consist of 3 dimensions, namely:

1. Suitability of product prices with product quality, with indicators: The price purchased is not expensive because it is in accordance with the quality of service received, expensive because it is not in accordance with the quality of service promised.
2. Comparison of prices with prices of other and similar products with indicators: Quite cheap compared to similar service products, prices are different from other service products.
3. Suitability of product prices with the benefits obtained by indicators: Prices in accordance with services obtained, Low prices in accordance with other additions provided.

2.5. Location

The location of the company is a place where the company must be based in operational activities and can be reached by consumers. According to (Ren et al., 2016) variables in this study consisted of 3 dimensions, namely: (1) Access to indicators: Traffic and warehousing; (2) visibility with indicators: Station, airport, port; (3) expansion with indicators: Environment, competence, close to other facilities; (4) Government regulations with indicators: Licensing and regulations.

2.6. Freight Forwarding

The Freight forwarder business is a trade specialist that provides a variety of functions and facilities for the transportation of goods (Rahmasari, 2018). Freighters have long been known as key intermediaries involved in the transportation of goods (cargo) from the point of origin (destination) to the destination by sea or air.

National Freight Forwarding in the mid-1970s already existed in Indonesia, although it was still in the form of groups or associate members. In 1977-1978 several national freight forwarding companies independently carried out freight forwarding services. Then on July 16, 1980 with the guidance and direction of the Directorate General of Foreign Trade - Trade Department (DG, Ministry of Foreign Affairs, Deperdag) then granted permission operat i to 15 companies freight forwarding company in Indonesia. Because it was considered to be very rapid, the establishment of the Indonesian Freight Forwarder Association in brief INFFA which was officially recognized by the Indonesian government which consisted of 60 freight forwarding companies in Indonesia which were finally recognized as legitimate members of FIATA in 1981.

3. METHODOLOGY

The method used in this research is analytical descriptive research method, which is a method that explains, describes and describes the real symptoms that exist. These symptoms can be known through research by looking closely at the actual situation.

(Suryana et al., 2013) suggests that the basic research method is a scientific way to obtain data with specific purposes and uses. Based on the statement above, it can be concluded that there are four key words that need to be considered, namely scientific method, data, purpose and usability. The scientific method is based on scientific characteristics, data obtained on certain information, and its use to understand, solve and anticipate problems.

Understanding the descriptive method proposed by (Suryana et al., 2013), method descriptive is a method used to describe or analyze the results of the study but not used for make broader conclusions. The data needed is data in accordance with existing problems and in accordance with the purpose of the study, so that the data will be collected, analyzed and further processed in accordance with the theories that have been studied. Research on service quality variables, price suitability, company location, customer satisfaction, and customer loyalty were carried out at freight forwarder service companies in Greater Jakarta.

Population is a generalization area consisting of objects/subjects that have certain qualities and characteristics determined by researchers to study and then draw conclusions (Sugiono, 2014). In this study, the population will be customers (user companies) in 910 freight forwarder service companies in Greater Jakarta.

The sample is part of the number and characteristics possessed by the population (Sugiono, 2014). While (Sekaran, 2006) states that the sample is a subgroup or part of the population consisting of several selected members of the population, in other words a portion of the population element. To determine 270 samples (respondents), random sampling is done, that is simple random sampling from 910 freight forwarder service companies in Greater Jakarta. Respondents in this case is the user company service freight forwarder of any service company freight forwarder in Jabodetabek represented by 1 manager or general manager.

4. RESULTS AND DISCUSSION

Based on questionnaires of 270 to companies using services of companies freight forwarder in Jabodetabek that serve as the respondent. After collecting the results of filling out the questionnaire by the respondents, it turns out that as many as 270 respondents were returned.

In this stage, the analysis of the profile of respondents associated with unit analysis of research that the customer (user services company freight forwarder). Analysis was carried out based on questions in the first part of the questionnaire regarding the identity of the respondents.

Analysis of the validity and reliability testing of the instrument is used to test the level of validity and reliability of the measuring instruments used. The results of testing the validity of the question items on the questionnaire for each variable with $r > 0.3$ (Sugiono, 2014), then show that all items have a greater correlation value. This means that all question items are valid.

In this study the responses or respondents to the research variables are through descriptive analysis of each indicator. The variables in this study consisted of service quality, price suitability, company location, customer satisfaction, and customer loyalty.

In this study, the analysis of this study was carried out using the Structural Equation Model (SEM) method using a two step approach, as proposed by (Limakrisna et al., 2018), the SEM result can be seen in Figure 1.

Based on the Figure 1, Quality of service positive and significant impact on customer loyalty at the company's freight forwarder. This suggests that increasing or even higher quality of service owned company freight forwarder will be able to increase customer loyalty. The dimension that most strongly reflects service quality is assurance (X4) with a guarantee in indicator of risk and customer

hesitation, while the dimension that most reflects customer loyalty is the dimension of immunity to competitors (Y7) with indicators showing product excellence and service to competitors.

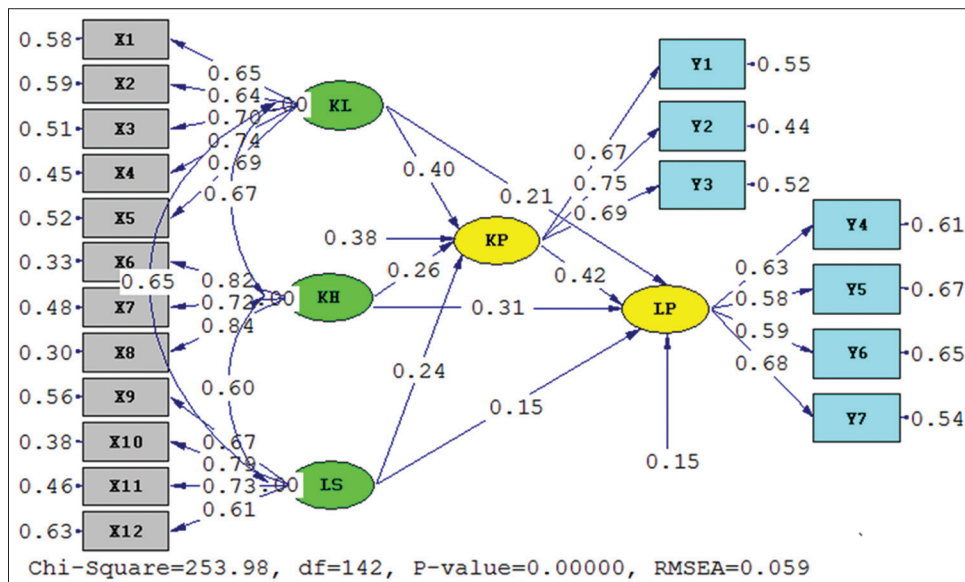
Suitability price positive and significant impact on customer loyalty at the company's freight forwarder. This shows that an increase or better price match will be able to increase customer loyalty. The dimensions of the most powerful reflect the suitability of the price is the dimensional conformity of the price of the products with the benefits (X8) with indicators of level price that correspond with the services supplied, while the dimensions of the most reflecting customer loyalty is the dimension immunity to competitors (Y7) with indicators showing product excellence and service to competitors.

Location company positive and significant impact on customer loyalty at the company's freight forwarder. This shows that the better the location of the company will be able to increase customer loyalty. The dimensions that most strongly reflect the company's location are the visibility dimension (X10) with visibility indicators at ports and visibility at airports, while the dimensions that most reflect customer loyalty are the dimensions of immunity to competitors (Y7) with indicators showing product superiority and service to competitors.

Customer satisfaction positive and significant impact on customer loyalty at the company's freight forwarder. This shows that the higher customer satisfaction felt will be able to increase customer loyalty. The dimensions of the most reflecting customer satisfaction is satisfaction with the perception of price (Y2) with indicator k esesuaian price and service quality, while most reflect the dimensions of customer loyalty is the dimension of immunity on competitors (Y7) with indicators showing excellence of products and services to competitors.

Based on Figure 1, The results of data analysis with statistical tests state that service quality, price suitability and location

Figure 1: The hybrid model result



of the company together have a positive and significant effect on customer satisfaction in Freight Forwarders, with a large contribution together at 62%, while 38% is influenced by other variables in addition to service quality, price suitability and location of the company. Based on the three variables that influence customer satisfaction, service quality is partially the variable that is the most dominant influence on customer satisfaction that is equal to 0.40.

Also we can see coefficient of determination (R^2) service quality, price, location, and customer satisfaction on customer loyalty is 0.85 (1-0.15) with F_{value} is 366,96 > 3,84, its ment significant. The determination coefficient (R^2) show that there are the contribution effect among service quality, price, location, and customer satisfaction on customer loyalty is 85%, so 15% it's a the others factor. The dominant factor between the effect of 4 factors above on customer loyalty is customer satisfaction.

Thus the facts of the research results prove that service quality, price suitability and location of the company together have a positive and significant impact on customer satisfaction in the Freight Forwarder company. The results of this study complement some of the results of previous studies, such as the results of (Chui et al., 2010) study which states that all independent variables consisting of physical evidence, reliability, responsiveness, assurance, and empathy are significant to customer satisfaction; The results of research from (Riorini and Widayati, 2015) which states that service quality has an indirect, positive and significant effect on customer loyalty through customer satisfaction; the results of the (Jiang and Rosenbloom, 2005) which states that there is influence positively the quality of service, product quality, price and switching cost to the satisfaction of the customer; The results of research from (Suryati and Krisna, 2015) which states that product quality, price, service quality, location have a positive effect on customer satisfaction.

5. CONCLUSIONS

The quality of service, the suitability of the price, and location of the company, and customer satisfaction together positive and significant impact on customer loyalty at the company's freight forwarder with the coefficient of determination (R^2) equal to 85%, indicating that 85% variable customer loyalty in freight forwarder companies are able to be explained together by variables of service quality, price suitability, and location of the company, and customer satisfaction. Variable customer satisfaction which is reflected by the dimensions of satisfaction on the perception of price (Y2) to the indicator suitability price and quality of service is partially variable that is most dominant in improving customer loyalty that is reflected by the dimensions of immunity on competitors (Y7) with indicators showing excellence of products and service to competitors. An important finding of this conclusion is in addition to being the most dominant variable customer satisfaction also acts as a variable full mediating in mediating the quality of services, conformance price, and location of the company in increasing customer loyalty at the company's freight forwarder.

Improved customer satisfaction on the company's freight forwarder is jointly influenced by the quality of service, the suitability of the price, and location of the company with a contribution of 62%. Without ignoring improvements to all of these variables, the focus of attention (priority) should be directed more towards improving the quality of service of the Freight Forwarder company, namely on the assurance dimension in this case including improving or improving services such as the level of risk and doubt guarantees and the level of politeness and the trustworthiness of service personnel. While tangible dimensions, which must be improved are at the level of physical facilities and equipment. The reliability dimension, which must be improved is at the level of ability to respond to customer complaints and the level of service provision in a fair and accurate manner. The dimension of responsiveness, which must be improved is at the level of responsiveness of employees in providing services, responsiveness of employees in providing the services needed and can complete quickly, and the level of speed of service provided.

Increased customer loyalty at the company's freight forwarder is jointly influenced by the quality of service, the suitability of the price, the location of the company, and customer satisfaction with a contribution of 85%. Without ignoring improvements for all variables in this study, the focus of priority attention should be directed more to the improvement of customer satisfaction variables, namely on the dimension of satisfaction over price perception is in terms of increasing customer satisfaction over price adjustments with service quality. While the dimensions of service quality, which should be improved, namely the satisfaction Guarantees are secured shipping goods, customer satisfaction on equipment and customer satisfaction on information Plan of departure and arrival of the shipment. The cost dimension, which must be increased is the level of customer satisfaction with additional costs and satisfaction with time.

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