Product Quality, Service Quality and Price Effect on Customer Loyalty through Customer Satisfaction
(Studied of Honda Mobilio Car Users in Surabaya)

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Abstract: In 2017 the automotive world will become one of the pillars of the national economy and industry. The contribution of the automotive sector in sustaining the national economy and industry is on the third rank. Therefore, the automotive industry will continue to be supported to be better and be able to sustain the national economy and industry. The contribution of the automotive industry sector came in third, after the food and beverage industry subsector which reached 32.84%, and the goods and metals, computers, electronics, optics and electrical equipment subsectors at 10.71%. The contribution of the automotive industry sub-sector to the oil and gas sector GDP reached 10.47%. The research variables are Product Quality, Service Quality, Price and Customer Loyalty through Customer Satisfaction. The sampling method used in this research is non-probability sampling. The number of respondents in this study were 175 respondents who used Honda Mobilio cars. The analysis technique used in this study is the Structural Equation Model with AMOS 20 software. The results of this study explain that Product Quality has a positive effect on Customer Satisfaction with a value of 0.236. Service Quality has a positive effect on Customer Satisfaction with a value of 0.231. Price has a positive effect on Customer Satisfaction with a value of 0.174. Customer Satisfaction has a positive effect on Customer Loyalty 0.920. This research proves that the Honda must maintain the Customer Satisfaction in Honda Mobilio. Customer Satisfaction in Honda Mobilio has an important role in customers loyalty. Steps to be taken by Honda to improve Customer Satisfaction are to improve Honda Mobilio’s performance so that it is better, especially in the vehicle performance, increase the engine size, maintaining comfort in the customer’s waiting room, improve employees competency by providing training to employees such as time management, Maintaining the ability to provide quick and precise services, Honda must provide special events such as rewarding. Honda can also carry out promo events such as oil change plus free free car wash, 3x free oil change so that customers do not need to worry about paying to much expensive spare parts.

Keywords: Product Quality, Service Quality, Price, Customer Satisfaction, Customer Loyalty.
1. INTRODUCTION

In 2017 the automotive world will become one of the pillars of the national economy and industry. The contribution of the automotive sector in sustaining the national economy and industry is on the third rank. Therefore the automotive industry will continue to be supported to be better and be able to sustain the status of the national economy and industry.

In Indonesia there are many vehicle brands that are quite attractive to the public, one of the driving brands is Honda. Honda in Indonesia is a car vehicle brand that is demanded by most Indonesians. Honda itself also sells products according to criteria that are interesting to the public. Honda in Indonesia dividing its cars into many different classes vehicle types, for example, there are city car, SUV (Sport Utility Vehicle), MPV (Multy Purpose Vehicle), Hatch back, LMPV (Low Multy Purpose Vehicle).

Until 2019, cars with MPV class still holding 40% of total vehicle sales in Indonesia, and the rest is other models such as SUVs, CityCar, Hatchback, and Sedans. This is due to several factors that make MPV still idolized by the people of Indonesia. Even in the long run, MPV could still be an idol car in the community, given its name, which is a multifunctional car or a family car. Therefore, if a car with LMPV class wants to be attracted by the wider community, some car manufacturers must work harder to be able to develop cars with the LMPV class so that it is in demand by people in Indonesia.

Honda factory is trying continuously to innovate, so it won’t left behind by other car factories. In 2019, Honda was making a lot of changes to the vehicles it manufactures, for example the LMPV class, Honda Mobilio. This year Honda Mobilio changed its name from Honda Mobilio to New Honda Mobilio. With the new interior and exterior design and the quality of the improved car, it is hoped that Honda can win the competition in the LMPV class in Indonesia.

This innovation is expected to be advantages for New Mobilio to fight in the LMPV Segment. Considering other competitors had already refreshed the design and product quality in early 2019 such as the Toyota Avanza, Daihatsu Xenia and Suzuki Ertiga, but based on data from the Association of the Indonesian Automotive Industries (Gaikindo). Toyota Avanza is still the best-selling in the Low Multi Purpose Vehicle (LMPV) segment for the March 2019 period with a total sales of 8,538 units. While the second best-selling is the Mitsubishi Xpander with a total sales of 8,115 units. The third best-selling sales are Daihatsu Xenia with total sales of 3,663 units. Suzuki Ertiga is on the fourth position best-selling sales with a total sales of 2,898 units. The fifth best-selling LMPV car is taken by newcomers, Nissan Livina, with a total sales of 2,439 units. While the sixth best-selling position is Honda Mobilio with a total sales of 2,026 units. The last position of best selling LMPV class car sales is taken by Wuling Confero with a total sales of 579 units.

From these data Honda Mobilio sales in March 2019 ranked in the sixth in the position of car sales in the LMPV class, even though Honda Mobilio has implemented developments that are being demanded by Indonesians, therefore researchers want to study more about product quality, service quality, price, customer satisfaction and customer loyalty for Honda Mobilio users in Surabaya.

2. THEORETICAL STUDY

2.1 Customer Loyalty

Customer loyalty is asses and has a very important role that must be owned by the company. According to Hurriyati (2008) loyalty is a random purchase that is stated from time to time of by several units taking units. Thus the loyalty decides on the consumer to take a continuous unit of an item or service at the company chosen by the consumer.

According to Mardalis (2005) ways to measure customer loyalty are as follows: (1) The order of choice, the order of purchase method or can also be called a repurchase tends to be used in research using the customer's daily agenda; (2) Preference, this method tends to use psychological commitment or preference statement. This method considers loyalty as a positive attitude towards a particular product and is usually described in terms of intention to repurchase.

2.2 Product Quality

According to Kotler and Armstrong (2012) stated that product quality is the ability of a product to demonstrate its function, this is including durability, reliability, ease of operation and product repair.
According to Gaspersz (2008) stated that the dimensions of product quality include several dimensions as follows: (1) Performance, performance is a basic operating characteristic of the core product and can be defined as the appearance of a product. The level of measurement of a product's performance basically refers to the level of characteristics of the product it operates. Products will have a good performance when it can fulfill the consumer satisfaction; (2) Realiability, reliability is a level of a product or the consistency of a product in its operational processes in consumers. The reliability of a product is also a measure that a product will not be damaged or fail in a certain period of time; (3) Features, features are special additional secondary or complementary characteristics that exist in a particular product. Features also affect in consumer expectations of relatively homogeneous performance dimensions and expectations for relatively heterogeneous features; (4) Durability, durability is a measure of the age of a product to be used by consumers and as a measure of the age of a product; (5) Serviceability, serviceability includes speed, competence, comfort, ease of repair, and satisfying complaint handling can be defined as a measure to repair a damaged product. Therefore we can conclude that if a product is damaged, the readiness to repair the product can be relied upon, so that consumers won't feel disadvantaged.

2.3 Service Quality

According to Zeithaml (2006) states that service quality is a critical element of customer perception of the product or service that consumers receive. Service quality will become a very important element when products sold to consumers are in the service sector.

According to Zeithaml, Bitner and Dwayne (2009) stated that there are five factors that determine the quality of services, as follows. (1) Tangible, this dimension is in the form of physical facilities, equipment, employees, installed materials, and supporting communication facilities in the provision of services. This dimension tends to be accepted by consumers and consumers will use it to evaluate the quality of the company; (2) Emphaty, the care and attention given by the company personally to consumers. In this dimension the company shows consumers through the services provided that the customer is special, and the needs of consumers can be fulfill; (3) Reliability, the ability to provide the promised service reliably and accurately. In conclusion, reliability means the company gives guarantee/promise about supply, problem solving and pricing; (4) Responsiveness, responsiveness is an awareness and desire to help consumers and provide services quickly. This dimension emphasizes attention and accuracy when dealing with requests, statements, complaints and consumer problems; (5) Assurance, knowledge, courtesy, and the ability of employees to generate confidence and trust.

2.4 Price

According to Hasan (2008) argues that prices are a form of monetary costs sacrificed by consumers to obtain, own, utilize a number of combinations of goods and services of a product.

According to Swastha (1997) prices are influenced by several factors, here are some of these factors. (1) Demand and supply, demand is a number of goods purchased by a buyer at a certain price level; (2) Competition, selling price tends to be influenced by competition. The competition makes it difficult for sellers to sell higher prices to buyers; (3) Costs, costs have an important role to determine prices. Price must be able to cover the costs of production so it won’t suffer losses.

2.5 Customer Satisfaction

According to Helgesen and Nesset (2007) states that customer satisfaction is a summary of psychological forms or subjective conditions regarding consumer ratings based on the experience that is owned or obtained by consumers.

According to Kotler (in Mandasari. V, and Tama BA, 2011) states that there are four methods used by companies to know the level of customer satisfaction, as follows: (1) Complaints and suggestions, to identify problems, companies must collect information from consumers about inputs for the company; (2) Consumer satisfaction surveys, customer satisfaction surveys can be used in order to create two types of communication and show attention to consumers.
2.6 Hypotheses

2.6.1 Effect of Product Quality on Customer Satisfaction

According to Saidani and Arifin (2012) product quality has an influence on customer satisfaction. This study also supports research conducted by Deny and Japarianti (2013) stating that product quality has a significant effect on customer satisfaction, this study also supports research conducted by Afnina and Hastuti (2018) which states have a positive interest in customer satisfaction.

Based on the research found, the following hypotheses can be developed:

H1: Product Quality has an influence on Customer Satisfaction on Honda Mobilio consumers in Surabaya.

2.6.2 Effect of Service Quality On Customer Satisfaction

According to research conducted by Salim and Subagio (2013) states that service quality has an influence on customer satisfaction while according to Iskandar and Sugiharto (2013) in their research states that the amount of service quality has a strong relationship to customer satisfaction. The research was also supported by Tjoanoto and Kunto (2013) stating that service quality has an influence on customer satisfaction.

Based on the research found, the following hypotheses can be developed:

H2: Service Quality has an influence on Customer Satisfaction on Honda Mobilio consumers in Surabaya.

2.6.3 Effect of Price on Customer Satisfaction

According to Lenzun et al (2014) states that the influence of product quality, price, and promotion of Telkomsel prepaid card customer satisfaction, the research is also supported by research conducted by Lubis and Martin (2009) states that there is an effect of price and quality of service on satisfaction patient. The research is also supported by research conducted by Gulla et al (2015) which states that price has a significant effect on customer satisfaction at the Manado Grace Inn hotel.

Based on the research found, the following hypotheses can be developed:

H3: Price has an influence on Customer Satisfaction on Honda Honda consumers in Surabaya.

2.6.4 Effect of Customer Satisfaction on Customer Loyalty

According to Mowen and Minor (2002) states that brand loyalty is directly affected by satisfaction or dissatisfaction with those who have been acquainted in a certain period of time the statement is also supported by research conducted by Bahrudin and Zuhro (2015) states that customer satisfaction has an influence on customer loyalty. The results of the study were also supported by research conducted by Wardana. (2015) which states that the quality of m-banking services has a significant effect on the satisfaction of bank customers in Indonesia.

Based on the research found, the following hypotheses can be developed:

H4: Customer Satisfaction has an influence on Customer Loyalty on Honda Mobilio consumers in Surabaya.

3. RESEARCH METHODOLOGY

3.1 Types of research

This study was conducted to show evidence of cause and effect between variables in the research model. The research model variables are Product Quality, Service Quality, Price and Customer Loyalty through Customer Satisfaction. This research is used to develop a research model that has been determined based on literature review to answer the problems identified in the previous chapter. The research method used in this study is a quantitative method. Quantitative research is a research method that can be used to study populations and certain samples and can be analyzed by numerical (numbers) obtained by statistical methods (Azwar, 2009).
3.2 Research Model

![Research Model Diagram]

Fig 1. Research Model

3.3 Sample

The area used as a place for distributing questionnaires in the city of Surabaya. Questionnaires were given to men and women in the age range of 18-16 years, had a Honda service center, used a Honda Mobilio car for a period of more than 3 months and had performed services at a service center. Then tabulation data is performed to recap the results. After the data is tabulated, the research model will submit the application using AMOS software version 22.0. The questions in this study will be divided into two parts. The first part contains questions to get general information about the respondent that is useful to determine the suitability of the characteristics of the respondent with the sample criteria. The second part provides some responses to obtain research data and analyze the dimensions of Product Quality, Service Quality, Price, Customer Satisfaction and Customer Loyalty. The Number of indicator in this study is 35 indicators therefore the minimum number of samples needed is 175-350 respondents and the sample used is 175 respondents.

4. RESULTS AND DISCUSSION

4.1 Profile of Respondents

Responded in this study, are customers of Honda Mobilio users in Surabaya with the conditions asking for permission above. 200 questionnaires have been issued and of the 200 questionnaires returned with a total of 180 and out of 180 provided 5 invalid questionnaires. Data processing will use 175 respondents' data. The majority of the sexes of Honda Mobilio users were 33.7% were Men and 62.3% were women so in this study respondents who used Honda Mobilio were women. The number of large age respondents at the age of 18-35 years was 66.3%, respondents numbering 35-50 years were 30.3% and 50-60 years were 3.4% so large users of Honda Mobilio in this study found 18-35 years old. Responded in this study using Honda Mobilio ranging from 4-6 months as much as 42.8%, Respondents who used Honda Mobilio 7-9 months amounted to 40.6% and respondents who used Honda io cars enlarged more than 12 months by 16.6%. Answering in this study also had a visit to a Honda dealer and also had conducted a service center service.

4.2 Structural Model

The structural model provide a poor fit to the data chi-square, significant probability, GFI, and AGFI are only marginally accepted. Nevertheless with the fulfillment of RMSEA and CMIN / DF it can be said that this model is fit with the data used in this study. Ferdinand (2002) explains that CMIN / DF is generated from chi-square statistics (CMIN) divided by degree of freedom (DF) which is one indicator to measure the fit level of a model. The results of calculations through confirmatory factor analysis and structural equation models, the model in this study can be accepted, as in Table 1 The measurement results have met the criteria for goodness of fit, namely chi-square = 642,879; significant probability = 0.000; RMSEA = 0.031; CMIN / DF = 1,163; TLI = 0.951; and CFI = 0.954. Furthermore, based on this fit model, testing of the 4 hypotheses proposed in this study will be tested, as shown in the table 2 Full Structural Equation Modeling Analysis.
Table 1. Measurement Model Match Test results

<table>
<thead>
<tr>
<th>No</th>
<th>Match test</th>
<th>Criteria Match</th>
<th>Results</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Statistik Chi-Square</td>
<td>Expected to be small, $p \geq 0.05$</td>
<td>$p = 0.005$</td>
<td>Poor fit</td>
</tr>
<tr>
<td>2</td>
<td>RMSEA</td>
<td>RMSEA $\leq 0.08$</td>
<td>0.031</td>
<td>Good fit</td>
</tr>
<tr>
<td>3</td>
<td>GFI</td>
<td>GFI $\geq 0.90$</td>
<td>0.834</td>
<td>Marginal fit</td>
</tr>
<tr>
<td>4</td>
<td>AGFI</td>
<td>AGFI $\geq 0.90$</td>
<td>0.810</td>
<td>Marginal fit</td>
</tr>
<tr>
<td>5</td>
<td>CMIN/DF</td>
<td>CMIN/DF $\leq 2$</td>
<td>1.163</td>
<td>Good fit</td>
</tr>
<tr>
<td>6</td>
<td>TLI/NNFI</td>
<td>TLI $\geq 0.95$</td>
<td>0.951</td>
<td>Good fit</td>
</tr>
<tr>
<td>7</td>
<td>CFI</td>
<td>CFI $\geq 0.95$</td>
<td>0.954</td>
<td>Good fit</td>
</tr>
</tbody>
</table>

Table 2. Hypotheses

<table>
<thead>
<tr>
<th></th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
<th>Ket</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction</td>
<td>Product_Quality</td>
<td>.234</td>
<td>.096</td>
<td>2.427</td>
<td>.015 Significant</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>Service_Quality</td>
<td>.260</td>
<td>.111</td>
<td>2.333</td>
<td>.020 Significant</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>Price</td>
<td>.183</td>
<td>.111</td>
<td>1.649</td>
<td>.099 Not Significant</td>
</tr>
<tr>
<td>Loyalty</td>
<td>Satisfaction</td>
<td>.909</td>
<td>.140</td>
<td>6.470</td>
<td>*** Significant</td>
</tr>
</tbody>
</table>

The magnitude of influence between variables is done by looking at the estimated value on each path. The greater the estimated value, indicating that the effect is greater between one variable with another variable.

5. CONCLUSION

5.1 Conclusion

This research model was created and developed in order to determine the effect of Product quality, Service quality and Price on Customer satisfaction and Customer loyalty. This research model is formed by the relationship between the five constructs namely Product quality, Service quality, Price, Customer satisfaction and Customer loyalty. This writing is structured as an attempt to test the dimensions of the quality of services provided that affect the satisfaction that will form loyalty. In accordance with the description in Chapter I, it has been pointed out that there are research problems that underlie this research, there are still many factors that influence Customer satisfaction and Customer loyalty that can be explored and explained what underlies Customer satisfaction and Customer loyalty. Through the literature review, significant support is obtained that Product quality and Service quality have a significant effect on Customer satisfaction and Customer satisfaction has a significant effect on Customer loyalty pad. While there is no significant effect of price on customer satisfaction.

5.2 Theoretical Implication

The literature translated by the Customer Loyalty theory has been supported by concepts and empirical support for the factors that influence Customer Loyalty in influencing it with Honda Mobilio Users in Surabaya. Some relationships that have a significant influence between variables in previous studies also show the same results in this study so that it can conclude that previous research still has a level of relevance that supports this research on Honda Mobilio Surabaya users. Meanwhile, some insignificant relationships between variables in previous studies showed different results in this study so as to conclude the differences in this study. Honda asked for other research to support research that is not significant in this study.

5.3 Managerial Implications

Honda must continue to improve the performance of Honda Mobilio better improvements to performance improvements such as adding a car's steering so that the car's appeal is more comfortable, driving safety features such as increasing the number of air bags to six points for better safety features.
and adding features to the steering wheel so that the sleepy guide provides the driver for the guide. Increase the size of the CC (cubic centimeter) of cars starting from 1500 to 1800 cc so that the car is more comfortably driven to drive in the hills and can be provided for use on all terrain. It offers a double din feature that is equipped with Bluetooth from the lowest variant to the highest variant. Get a free 5-year guarantee for oil and spare parts for Honda Mobilio customers. Honda must maintain comfort in the customer's waiting room by providing air conditioning to the waiting room, providing a refrigerator so that there are cold drinks while waiting, giving a dispenser so that there are warm drinks. Give a light snack to every customer who is waiting. When customers wait more than 2 hours, the Honda can also provide food (rice boxes) to customers who are waiting so that customers can feel comfortable while waiting for a vehicle that is being serviced. Improving employee competency by providing training to employees such as training on time management, learning to give a good smile from the training aims to make every Honda employee have a good work standard and be friendly to customers. Honda must continue to maintain the friendliness of employees that have been offered to consumers by making a slogan to each employee so that employees are always friendly. Maintaining the ability to provide services quickly and precisely, in addition to providing services quickly and precisely the Honda must also provide training so that each employee must also be able to work efficiently. Provide a user guide or guide about the car in the vehicle head unit so that each customer can read the user guide or driving guide Honda must provide special events such as a turn around with prizes, buy a car with a DP of only 1 million and others so that customers are more interested in buying. Regarding spare parts, Honda does have quite good quality spare parts, but the price of Honda's spare parts is still quite expensive compared to the prices of other LMPV car spare parts. Therefore, the Honda must rethink so that customers can have products and spare parts that have prices that are almost the same as other LMPV car spare parts, but the quality of the products and spare parts are still excellent. Honda can also carry out promo events such as changing oil for free, car washing, changing oil for free, replacing the next oil so that customers do not continue to imagine the price of expensive spare parts. Increase customer satisfaction by looking at the previous variables namely Product quality and Service quality.

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