

THE EFFECT OF PRICE AND SERVICE QUALITY ON LOYALTY THROUGH CUSTOMER SATISFACTION OF FASHION PRODUCTS ON TOKOPEDIA

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ABSTRACT

This research explains the impact of pricing and service quality on customer loyalty, mediated by customer satisfaction, in the context of fashion products sold on Tokopedia. The study employs a non-probability sampling approach, specifically the purposive sampling technique. A sample of 230 respondents was utilized for data collection. Primary data was gathered through online surveys distributed to Tokopedia fashion product consumers. The research employs path analysis using the Statistical Program for Social Science (SPSS) for data analysis. Findings indicate that both price and service quality significantly influence customer satisfaction. Furthermore, customer satisfaction demonstrates a significant effect on loyalty. The study also reveals direct significant relationships between price and loyalty, as well as between service quality and loyalty. Additionally, both price and service quality exhibit significant indirect effects on loyalty through the mediating role of customer satisfaction.

Keywords: Price, Service Quality, Loyalty, Customer Satisfaction

INTRODUCTION

The swift advancement of technology across various domains in the contemporary era enables organizations to utilize this advancement to facilitate transactions and services offered to consumers, ensuring the fulfillment of their needs and wants. The utilization of the internet for commercial transactions is commonly referred to as electronic commerce. Unobtrusively, the expansion of e-commerce has brought about alterations in people's routines and actions. Previously, individuals were required to physically visit a location to acquire the desired item; however, presently, individuals can effortlessly place orders for food, beverages, transportation, and accommodations via their smartphones at any time and from any location. One of the prominently utilized e-commerce platforms in Indonesia is Tokopedia. Founded by William Tanuwijaya and Leontinus Alpha Edison on February 6, 2009, under the auspices of PT, Tokopedia is a swiftly burgeoning e-commerce platform in Indonesia (Kompas.com). Tokopedia offers a wide array of products spanning from daily essentials to electronic gadgets, apparel, food items, and much more. Particularly favored among Tokopedia consumers are fashion items, including clothing, footwear, timepieces, accessories, and handbags (Tokopedia.com). In the year 2022, Tokopedia secured the top position with 157.2 million visitors; however, in 2023, it dropped to the second position with 117 million visitors (Databoks). The decrease in the number of visitors to Tokopedia can be attributed in part to the reduction in discounts, which are linked to fixed pricing structures (Databoks, 2023). Alongside the issue of discounts, numerous consumer grievances have emerged concerning the Tokopedia application, encompassing (1) substandard service and inadequate responses from customer support, (2) escalated administrative charges, (3) disparities in prices between Shopee and Tokopedia, (4) reluctance to heed consumer feedback coupled with impolite responses, and (5) erroneous deliveries of orders. These grievances have been compiled from customer evaluations on the Tokopedia application available on the App Store and Play Store. Such grievances intimate that pricing and service quality possess the potential to influence an individual's choice to utilize the Tokopedia application. In accordance with Manurung (2020), price represents the monetary outlay by consumers for a product or service, signifying the value exchanged by consumers to acquire benefits, possession, and utilization of a product or service. Yulisetiari et al. (2018) have established that price exerts a substantial impact on customer contentment. Similarly,

Bali, A. Y. (2022) has demonstrated the significant effect of price on customer satisfaction. Conversely, Hanifa et al. (2019) have concluded that price does not exert a significant influence on customer loyalty. Service quality also stands out as a pivotal consideration for consumers in opting for Tokopedia. Service quality denotes the ongoing enhancement and preservation of the quality of production and service procedures within a company (Apriliani et al. 2023). Damaiyanti et al. (2023) and Mediti (2020) assert that service quality significantly affects customer satisfaction. Conversely, Yulisetiari et al. (2021) posit that service quality indirectly impacts customer loyalty. Customer satisfaction constitutes a fundamental element for all enterprises striving to vie in the marketplace alongside their rivals. According to Apriliana and Hidayat (2020), customer satisfaction epitomizes an individual's sentiments in assessing the performance of a received product or service against their expectations. Research conducted by Yulisetiari et al. (2019), Yulisetiari et al. (2021), Yulisetiari et al. (2022), Yulisetiari et al. (2024), Rahayu and Syafe'i (2022) has demonstrated the significant impact of customer satisfaction on customer loyalty. Customer loyalty refers to an individual's dedication to repurchase a particular product or service for future enjoyment, irrespective of external factors such as situational influences and marketing strategies that could potentially prompt consumers to switch to alternative products or services (Anggraini and Budiarti, 2020). The development of loyalty occurs when customers experience contentment with the products or services offered by a particular company. Findings from studies conducted by Damaiyanti et al. (2023) and Yulisetiari et al. (2018) assert that satisfaction plays a crucial role in shaping customer loyalty. Analysis from research conducted by Yulisetiari et al. (2022) reveals that both service quality and customer satisfaction play significant roles in influencing customer loyalty. In light of the aforementioned context, the primary objective of this research is to examine and deliberate on the impact of pricing and service quality on customer loyalty through the avenue of customer satisfaction within the realm of fashion products on the e-commerce platform Tokopedia.

LITERATURE REVIEW

Price

Yulisetiari (2018) provides a definition of price as the monetary value assigned to a service or product following its acquisition or utilization. An excessively high price relative to the associated product benefits can lead to dissatisfaction among consumers and hinder the establishment of trust. As per Manurung (2020), the components of price indicators encompass: affordability of the price, alignment of price with product quality and correspondence of price with perceived benefits.

Service Quality

Indrasari (2019:61) defines service quality as a condition pertaining to both tangible and intangible products, as well as the workforce, surpassing the anticipated level of service quality. Apriliani et al. (2023) posit that service quality involves a procedural approach aimed at incessantly enhancing and upholding quality standards from manufacturing procedures to the services rendered by the organization. A service is deemed of high quality when it manages to leave a positive impression on its clientele. Hapsari (2023) identifies various indicators of service quality, which encompass efficiency, fulfillment, privacy, web design, and responsiveness.

Customer Satisfaction

As posited by Apriliana and Hidayat (2020), the concept of customer satisfaction pertains to the articulation of an individual's sentiments when assessing the efficacy of a given product or service, both in terms of what was received and what was anticipated. In the study conducted by Yulisetiari et al. (2019), customer satisfaction is delineated as a pivotal element of a brand's enduring success. As highlighted by Maulani et al. (2020), the indicators of customer satisfaction encompass various factors such as product quality, service quality, and emotional aspects.

Customer Loyalty

As per Anggraini and Budiarti (2020), customer loyalty can be defined as an individual's dedication to repurchase a specific product or service with the intention of deriving future satisfaction, irrespective of external factors or marketing strategies that might lead consumers to switch between different products or services. In the study conducted by Juniarti et al. (2022), customer loyalty is characterized as a favorable stance towards fulfilling consumer requirements for a particular product, thus resulting in repetitive transactions. Tjiptono (2019:33) outlines various indicators of customer loyalty, which encompass fidelity towards product acquisitions, recurrent purchases, and the readiness to offer recommendations.

METHODS

The study's population consists of consumers of fashion products on Tokopedia across Indonesia. The methodology employed for data collection involves non-probability sampling utilizing purposive sampling techniques, targeting respondents aged 18 years and older who have conducted a minimum of 2 transactions within the past year (March 2023 - March 2024). Data gathering was executed through the dissemination of online questionnaires via social media platforms. Path analysis serves as the data analysis approach in this research. A total of 230 respondents were included in the sample.

RESULTS

Path Analysis

Path analysis is a statistical technique akin to multiple linear regression analysis utilized to assess the associations between independent and dependent variables, while also considering direct and indirect effects resulting from the involvement of intervening variables (Ghozali, 2018). The outcomes of hypothesis testing within this research indicate a significant impact of the price variable on customer satisfaction, as evidenced by a significance level of $0.000 < 0.05$. This implies the rejection of the null hypothesis (H_0) in favor of the alternative hypothesis (H_1), signifying the substantial influence of price on customer satisfaction regarding fashion products available on Tokopedia. Furthermore, the hypothesis testing results reveal a noteworthy influence of service quality on customer satisfaction, with a significance value of $0.000 < 0.05$, leading to the rejection of H_0 and acceptance of H_2 , demonstrating the considerable impact of service quality on customer satisfaction within the realm of fashion products on Tokopedia. Moreover, the analysis demonstrates a significant relationship between the price variable and customer loyalty, supported by a significance level of $0.000 < 0.05$, leading to the rejection of H_0 and acceptance of H_3 , indicating the substantial effect of price on customer loyalty concerning fashion products on Tokopedia. Additionally, the examination highlights a meaningful association between service quality and customer loyalty, with a significance value of $0.001 < 0.05$, resulting in the rejection of H_0 and acceptance of H_4 , emphasizing the considerable impact of service quality on customer loyalty within the context of fashion products on Tokopedia. Finally, the findings reveal a strong influence of customer satisfaction on loyalty, as indicated by a significance value of $0.000 < 0.05$, leading to the rejection of H_0 and acceptance of H_5 , underscoring the significant role of customer satisfaction in influencing loyalty towards fashion products on Tokopedia.

Path Calculation

The substantial pathway computation is able to establish the causal relationships between the exogenous factors, specifically e-service quality and pricing, on the endogenous factor, namely customer loyalty, via the mediating factor, namely customer satisfaction. Upon analyzing the hypothesis test outcomes, the coefficients of the pathways are derived and illustrated in Figure 1.

Based on the path analysis, the direct impact of the price factor on customer satisfaction is 32.8%. The direct influence of the service quality factor on customer satisfaction stands

at 41.4%. The direct impact of the price factor on customer loyalty is recorded at 27.2%. Similarly, the direct effect of the service quality factor on customer loyalty is calculated at 40.4%. Moreover, the direct impact of customer satisfaction on customer loyalty is determined to be 21.2%. The indirect influence of the price factor on customer loyalty through customer satisfaction is quantified at 6.9%, which is comparatively lower than the direct effect. This observation suggests that when the direct effect surpasses the indirect effect, the price factor exerts a more significant direct influence on customer loyalty compared to its influence through customer satisfaction, thereby rendering the mediation effect negligible. Furthermore, the indirect impact of the service quality factor on customer loyalty through customer satisfaction is estimated at 8.8%, which is lower than the direct effect. This finding indicates that in instances where the direct effect outweighs the indirect effect, the mediation effect is deemed insignificant, leading to the conclusion that service quality holds a more substantial direct influence on customer loyalty than through customer satisfaction.

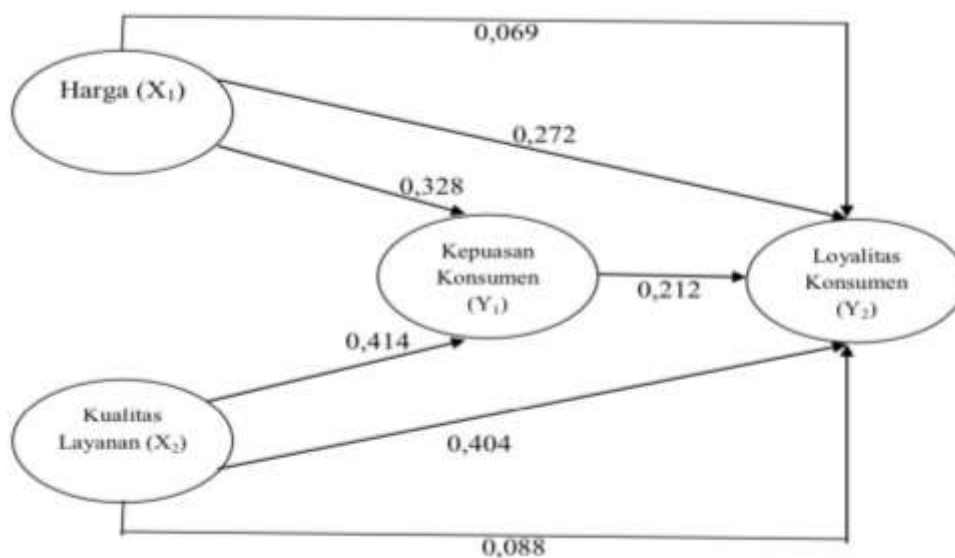


Figure 1. Path Analysis Result
Source: Author Analysis (2024)

The outcomes of hypothesis testing reveal that price significantly impacts customer satisfaction concerning fashion items on Tokopedia, with a significance level of $0.000 < 0.05$. The path coefficient is 0.328, leading to the rejection of H_0 and acceptance of H_1 , indicating that meeting customer expectations with the price results in customer satisfaction. This investigation aligns with Damaiyanti et al. (2023) and Rahayu, S., & Syafe'i, D. (2022), who assert that price significantly affects customer satisfaction. The hypothesis testing findings demonstrate that service quality significantly influences customer satisfaction with fashion products on Tokopedia, with a significance level of $0.000 < 0.05$. The path coefficient is 0.414, leading to the rejection of H_0 and acceptance of H_2 , suggesting that good service quality impacts customer satisfaction. This study is consistent with the research of Yulisetiarni, D., et al. (2022) and Mediti, O. (2020), which highlights the significant influence of service quality on customer satisfaction. The results of hypothesis testing indicate that price significantly affects customer loyalty towards fashion products on Tokopedia, with a significance level of $0.000 < 0.05$. The path coefficient is 0.272, leading to the rejection of H_0 and acceptance of H_3 , indicating that setting advantageous and suitable prices increases customer loyalty. This study corresponds with Yulisetiarni, D., et al. (2018) and Anggraini, F., & Budiarti, A. (2020), emphasizing the impact of price on customer loyalty. The hypothesis testing outcomes reveal that service quality significantly influences customer loyalty towards fashion

products on Tokopedia, with a significance level of $0.000 < 0.05$. The path coefficient is 0.404, leading to the rejection of H_0 and acceptance of H_4 , suggesting that maintaining good service quality fosters customer loyalty. This study is in accordance with the research of Anggraini, F., & Budiarti, A. (2020) and Bali, A. Y. (2022), underscoring the influence of service quality on customer loyalty. The hypothesis testing results indicate that customer satisfaction significantly affects customer loyalty towards fashion products on Tokopedia, with a significance level of $0.000 < 0.05$. The path coefficient is 0.212, leading to the rejection of H_0 and acceptance of H_5 , indicating that higher satisfaction levels from Tokopedia result in greater customer loyalty. This study aligns with Anggraini, F., & Budiarti, A. (2020) and Safitri, D., & Hayati, A. F. (2022), highlighting the significant influence of customer satisfaction on customer loyalty. Through path calculations, it is deduced that the indirect impact of price on loyalty through customer satisfaction is 0.069. The Sobel test results reveal that path 1 yields a Sobel test statistic of 2.987, a one-tailed probability of 0.001, and a two-tailed probability of 0.002. Based on the results of the Sobel test, a p-value of $0.002 < 0.05$ has been attained, thereby indicating a notable impact of the price variable on customer loyalty via customer satisfaction. This investigation aligns with the scholarly work carried out by Yulisetiari, D., & Mawarni, T. D. (2021) and Hanifa, O., et al. (2019), emphasizing the influence of price on customer loyalty through customer satisfaction. Through path calculations 2, it is deduced that the indirect influence of price on loyalty through customer satisfaction stands at 0.069. The Sobel test results revealed that path 2 exhibited a Sobel test statistic outcome of 3.625, a one-tailed probability of 0.0001, and a two-tailed probability of 0.0002. By analyzing the Sobel test outcomes provided earlier, a p-value of $0.0002 < 0.05$ is achieved, indicating a substantial relationship between the service quality variable and customer loyalty through customer satisfaction. This study is consistent with the scholarly inquiries conducted by Anggraini, F., & Budiarti, A. (2020), Yulisetiari, D., et al. (2022), Yulisetiari, D., et al. (2023), Yulisetiari, D., et al. (2024), highlighting the impact of service quality on customer loyalty through customer satisfaction.

CONCLUSION

Consumer satisfaction is heavily influenced by the pricing of products and services. Quality-of-service delivery plays a crucial role in determining customer satisfaction levels. Pricing strategies have a significant impact on customer loyalty. The standard of service provided is a key factor in fostering customer allegiance. The degree of customer satisfaction strongly affects their loyalty to a brand or service. Pricing indirectly shapes customer loyalty by first influencing their satisfaction with the product or service. The quality of service rendered contributes to customer loyalty through its impact on customer satisfaction.

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