Customer Loyalty Seen from the Aspects of Service Quality, Perceived Value and Customer Satisfaction and the Role of Switching Costs as Moderating Variables
(Study on GoRide Online Transportation in Manado City)

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ABSTRACT
This study aims to analyze the effect of service quality, customer perceived value, customer satisfaction and the role of switching costs on customer loyalty to GoRide online transportation users. The population in this study were all GoRide Online Transportation users in Manado City. The sampling technique used purposive sampling technique as many as 100 samples. Data analysis used path analysis and moderated regression analysis (MRA) using SPSS 23. The results showed that service quality and perceived value simultaneously and partially had a significant effect on customer satisfaction. Perceived value has a significant effect on customer loyalty, while service quality has no significant effect on customer loyalty.

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Background of the problem

Online transportation competition in Indonesia is currently at its peak (infojek, 2021) there are 30 online transportation service providers spread across various regions of Indonesia, based on 2019 statistics the number of online transportation users in Indonesia reaches 21.7 million people and it is predicted that the number of users will increase by 75 percent or become 37.9 million people in 2023. Market share Online transportation in Indonesia occupies the largest position compared to other Southeast Asian countries such as Thailand, Singapore, Malaysia, Vietnam with the GMV value of domestic online transportation services in 2015 reaching US$ 980 million and then increasing to US$ 3.78 billion in 2018. In Indonesia, Gojek is the first online transportation service to be present, Gojek began operating in 2011 and became increasingly popular when the application launched on smartphones in 2017 with the GoRide service. Gojek's digital economy contribution to the economy is worth Rp 152 trillion or around 1% of Indonesia's gross domestic product (GDP) in 2019. The largest contribution is to two-wheeler driver partners or GoRide worth Rp 47 trillion.

In the midst of the rapid development and competition of online transportation. The world was hit by the emergence of the Covid-19 pandemic which caused various businesses to experience losses and even had to stop operating. According to Statqo Analytics, online transportation users have experienced an average decline of up to 17 percent of daily users, a significant decline since mid-March 2020 after the implementation of work from home (WFH). UI demographics as much as 63% of partners have almost no income due to this pandemic as well as the e-Conomy SEA report by Google, Temasek and Brain & The company noted a decline in online transportation sector revenue by 18 percent or to USD 5 billion in 2020 due to the limited mobility of people during the pandemic. LD FEB UI (2020) also shows that Gojek users have decreased from 3.3 million before the outbreak of the pandemic to 2.5 million users. Based on a report (BPS North Sulawesi, 2021) the growth rate of the Gross Regional Domestic Product (GRDP) of Manado City has decreased drastically. In the business field, transportation and warehousing types decreased by -19.02 percent in 2020 compared to 2019 of 2.04 percent. This proves that the growth rate of transportation service production has had a significant impact with the Covid-19 pandemic.

The tight competition for online transportation in Indonesia and changes in consumer behavior with the Covid-19 pandemic require the Gojek company to face new challenges in maintaining its business activities, for that increasing customer loyalty is a way to maintain the company's survival. Soegoto, D., Soegoto, A., & Rafdhi. (2020) state one strategy that can be used to win the competition is to meet customer needs. Maintaining long term relationships with customers contributes to increasing revenue and minimizing costs for the company. Many companies make efforts to create customer loyalty by strengthening customer satisfaction and building switching barriers (Kim et al, 2018). (Sterjadovska & Shuleska, 2017) argues, preventing customer defects or creating loyalty can be done with switching costs. Because switching costs can help companies retain customers when service quality fluctuations occur in the short term, it can also reduce the level of price sensitivity and customer satisfaction.

Formulation of the problem

1. is service quality affect GoRide customer loyalty in Manado City?
2. is Does perceived value affect GoRide customer loyalty in Manado City?
3. is service quality affect GoRide's customer satisfaction in Manado City?
4. is perceived value affect GoRide's customer satisfaction in Manado City?
5. is customer satisfaction affect GoRide customer loyalty in Manado City?
6. is customer satisfaction can mediate the effect of service quality on GoRide customer loyalty in Manado City?

7. is customer satisfaction can mediate the effect of perceived value on GoRide customer loyalty in Manado City?

8. is switching costs moderating the relationship between customer satisfaction and customer loyalty GoRide in Manado City?

THEORETICAL BASIS

Service Quality (Quality of Service)

(Zeithaml, Bitner, & Gremler, 2017:87) defines Service Quality as the organization's ability to meet and exceed customer expectations as measured by the difference between customer expectations for service offerings and customer perceptions of the service received. The positive experience felt by customers on service quality will lead them to continue their relationship with the same service provider, but if the experience is felt negatively it will encourage customers to leave the current service provider. There are five dimensions of the main factors of Service Quality (SERVQUAL), namely: reliability, assurance, tangible, empathy and responsiveness.

Perceived Value (Customer Perception Value)

According to (Kotler & Keller, 2016:79) customer perceived value is the difference between the prospective customer's evaluation of all the benefits and all the costs offered. In simple terms, customer perceived value is a comparison between the benefits felt by customers and what they have sacrificed to get or consume a product or service. Dimensions of perceived value (Sweeney & Soutar, 2001), namely: emotional value, social value, functional value (price/value for money) and functional value (performance/quality).

Switching Cost (Switch Fee)

According to (Quoquab & Mohammad, 2016:1999) Switching cost is a penalty that must be paid by consumers to change service providers. It is theoretically and empirically proven that switching costs contribute to repetitive choice behavior, help achieve competitive advantage, and increase customer levels of price tolerance and reduce consumer sensitivity to short-term fluctuations in customer satisfaction.

Customer Satisfaction (Customer satisfaction)

Satisfaction according to (Zeithaml, Bitner, & Gremler, 2017:79) is more inclusive: influenced by perceptions of service quality, product quality, and price, as well as situational factors and personal factors. (Kotler & Keller, 2016:30) defines customer satisfaction, namely feelings of pleasure or disappointment that arise after comparing the performance (results) of the product thought to the expected performance (results).

Customer loyalty

(Kotler & Keller, 2016:80) Loyalty is defined as the commitment that customers hold to repurchase the desired product or service in the future regardless of situational influences and marketing efforts that have the potential to cause switching behavior. Soegoto A., D. Soegoto & M. Pasha (2019) state customer loyalty is important in implementation of marketing strategies that are a source of company excellence.
Research Model

![Figure 1.1 Research Model](source: Data Processing Results, 2021)

Research Hypothesis

H1: Service Quality is suspected to have a direct effect on customer loyalty
H2: Perceived Value is suspected to have a direct effect on customer loyalty
H3: Service Quality is suspected to have a positive effect on Customer Satisfaction
H4: Perceived Value is suspected to have a positive effect on Customer Satisfaction
H5: Customer satisfaction has a positive effect on customer loyalty
H6: Service Quality is suspected to have an indirect effect on customer loyalty through customer satisfaction
H7: Perceived Value is suspected to have an indirect effect on customer loyalty through customer satisfaction
H8: Switching Cost is suspected to moderate the relationship between Customer Satisfaction and Customer Loyalty

RESEARCH METHODS

This study uses quantitative or statistical methods with the aim of knowing the applied hypothesis. This study uses an associative descriptive approach which aims to determine the nature and deeper relationship between two or more variables where the data is processed, analyzed and further processed on the basis of the theories that have been studied so that the data can be analyzed. A conclusion can be drawn. The population of this study are all users of online two-wheeled transportation (GoRide). The sampling technique used was purposive sampling method or using the minimum criteria of using the service three times or more and aged 17 to more than 45 years with a sample of 100 respondents. Data collection was carried out in June-August 2021 using an online questionnaire. The data analysis technique in this study uses Path Analysis to test direct and indirect effects and uses Moderated Regression Analysis to test moderating variables using SPSS 23.

RESEARCH RESULTS AND DISCUSSION

Validity test

From the results of the validity test, it can be seen that all items are valid because they have a significance value below 0.05 and the r-count value is greater than the r-table. The smallest r-count
value is on item X1.1 of the promotion variable of r = 0.637. The value of the significance level of r for df = n-2 = 216-2 = 214 is 0.1335.

Reliability Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach Alpha</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Quality (X1)</td>
<td>0.770</td>
<td>Reliable</td>
</tr>
<tr>
<td>Perceived Value (X2)</td>
<td>0.792</td>
<td>Reliable</td>
</tr>
<tr>
<td>Customer Satisfaction (Y1)</td>
<td>0.818</td>
<td>Reliable</td>
</tr>
<tr>
<td>Customer loyalty (Y2)</td>
<td>0.858</td>
<td>Reliable</td>
</tr>
<tr>
<td>Switching Cost (M)</td>
<td>0.843</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Source: Data Processing Results, 2021

From the results of data processing in this study, all the variables tested had a Cronbach Alpha value of more than 0.70 so that all variables were reliable. Thus it can be used in this research.

Normality test

Based on the normality test for variables X1 and X2 to Y1 and the normality test between the variables X1, X2, and Y1 to Y2 as well as the normality test for variables Y1 and M to Y2, the scatterplot output generated in each test shows that the points spread around the diagonal line. From the above conditions, it can be concluded that the regression meets the assumption of normality.

Heteroscedasticity Test

Based on the heteroscedasticity test of variables X1 and X2 to Y1 and the heteroscedasticity test between variables X1 X2 and Y1 to Y2 and variables Y1 and M to Y2, it can be seen that the points spread randomly and do not form a certain pattern and are spread both above and below the number 0 on the Y axis. Thus, it can be concluded that there is no heteroscedasticity.

Multicollinearity Test

Based on the multicollinearity test of variables X1 and X2 to Y1 and the multicollinearity test between variables X1, X2 and Y1 to Y2 and variables Y1 and M to Y2, it was found that there was no correlation between the independent variables because of the value. VIF is less than 10.

Path Analysis

Sub Structure Analysis Test Results 1

<table>
<thead>
<tr>
<th>Variable</th>
<th>tcount</th>
<th>table</th>
<th>Value Significance</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Quality (X1)</td>
<td>.757</td>
<td>1985</td>
<td>.451</td>
<td>Not significant</td>
</tr>
<tr>
<td>Perceived Value (X2)</td>
<td>2.272</td>
<td>1985</td>
<td>.025</td>
<td>Significant</td>
</tr>
<tr>
<td>Customer Satisfaction (Y1)</td>
<td>3.689</td>
<td>1985</td>
<td>.000</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Simultaneous Determination (Rsquare) = 0.555

F-Calculate = 39.877 Sig = 0.000

Source: Data Processing Results, 2021
Figure 1.2 Relationship of Sub Structure 1 (X1, X2, and Y1 to Y2)

![Diagram showing relationships between X1, X2, Y1, and Y2]

Source: Data Processing Results, 2021

Substructure Equation 1: \[ Y_2 = 1.664 + 0.079X_1 + 0.289X_2 + 0.430Y_1 \]

The results of the analysis show that:

1. The magnitude of the influence of the Service Quality variable (X1) on Customer Loyalty (Y2) is 0.079 with a t-count value = 0.757 < 1.985 and a significance value = 0.451 > 0.05. This shows that there is no significant effect between service quality and customer loyalty.

2. The magnitude of the effect of the Perceived Value (X2) variable on Customer Loyalty (Y2) is 0.289 with a t-count value = 2.272 > 1.985 and the significance value = 0.025 < 0.05. This shows that there is a significant influence between perceived value and customer loyalty.

3. The magnitude of the influence of the variable Customer Satisfaction (X3) on Customer Loyalty (Y2) is 0.430 with a t-count value = 3.689 > 1.985 and a significance value = 0.000 < 0.05. This shows that there is a significant influence between customer satisfaction and customer loyalty.

4. The magnitude of the simultaneous effect for the variables of service quality, perceived value and customer satisfaction on customer loyalty is 0.000 with an F-count value = 93.899 > F-table 3.09 and a significance value = 0.000 < 0.05, meaning that there is a positive and significant influence between the variables. Service quality, perceived value and customer satisfaction on customer loyalty. The contribution of service quality, perceived value and customer satisfaction variables to changes in customer loyalty variables is Rsquare = 0.555 and the remainder is explained by other factors not examined.

Sub Structure Analysis Test Results 2

<table>
<thead>
<tr>
<th>Variable</th>
<th>tcount</th>
<th>table</th>
<th>Value</th>
<th>Significance</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Quality (X1)</td>
<td>2.211</td>
<td>1984</td>
<td></td>
<td>.029</td>
<td>Significant</td>
</tr>
<tr>
<td>Perceived Value (X2)</td>
<td>7.416</td>
<td>1984</td>
<td></td>
<td>.000</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Simultaneous Determination (Rsquare) = 0.659
F-Calculate = 93.899 Sig = 0.000

Source: Data Processing Results, 2021

Figure 1.3 Relationship of Sub Structure 2 (X1 and X2 to Y)
Sub Structure Equation 2: \( Y_1 = 1.412 + 0.196 X_1 + 0.656 X_2 + 0.433 \)

The results of the analysis show that:

1. The magnitude of the influence of the Service Quality (X1) variable on Customer Satisfaction (Y1) is 0.196 with a t-count value = 2.211 > 1.985 and a significance value = 0.029 > 0.05. This shows that there is a significant influence between service quality and customer satisfaction.

2. The magnitude of the effect of the Perceived Value (X2) variable on Customer Satisfaction (Y2) is 0.656 with a t-count value = 7.416 > 1.985 and the significance value = 0.000 < 0.05. This shows that there is a significant influence between perceived value and customer satisfaction.

3. The magnitude of the simultaneous influence for the service quality and perceived value variables on customer satisfaction is 0.000 with an F-count value = 39.877 > F-table 2.70 and a significance value = 0.000 < 0.05, meaning that there is a positive and significant influence between service quality and service quality variables, perceived value to customer satisfaction. The contribution of service quality and perceived value variables to changes in customer satisfaction variables is Rsquare = 0.659 and the remainder is explained by other factors not examined.

Indirect Effect Test

Indirect influence between Service Quality and Perceived Value on Customer Loyalty through Customer Satisfaction

<table>
<thead>
<tr>
<th>Variable</th>
<th>Influence</th>
<th>Causal Influence</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Direct</td>
<td>Indirect</td>
</tr>
<tr>
<td>X1</td>
<td>X1 against Y1</td>
<td>.196</td>
<td></td>
</tr>
<tr>
<td></td>
<td>X1 against Y2</td>
<td>.079</td>
<td>0.196 x 0.430 = 0.084</td>
</tr>
<tr>
<td>X2</td>
<td>X2 against Y1</td>
<td>.656</td>
<td></td>
</tr>
<tr>
<td></td>
<td>X2 against Y2</td>
<td>.289</td>
<td>0.656 x 0.430 = 0.282</td>
</tr>
<tr>
<td>Y1</td>
<td>Y1 against Y2</td>
<td>.430</td>
<td></td>
</tr>
</tbody>
</table>

\textbf{Sobel Test:} X1 \rightarrow Y1 \rightarrow Y2 = 3.513 > 1.984 (Significant)
X2 \rightarrow Y1 \rightarrow Y2 = 4.509 > 1.984 (Significant)

Based on table 3, it can be seen that the indirect relationship between service quality (X1) and customer loyalty (Y2) is 0.084 with a t-count value from the t-table value, meaning that the indirect effect of service quality on customer loyalty is significant. While the indirect relationship between perceived value (X2) on customer loyalty (Y2) is 0.282 with a t-count value from the t-table value, meaning that
the indirect effect of perceived value on customer loyalty is significant. This shows that customer satisfaction (Y1) can mediate the relationship between service quality and perceived value on customer loyalty.

**Moderated Regression Analysis (MRA) Test**

<table>
<thead>
<tr>
<th>Table 1.5 Test Results MRA</th>
<th>Significant Level of Equation (1)</th>
<th>Significant Level Equation (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switching Cost (M) to Customer Loyalty (Y2)</td>
<td>0.005 &lt; 0.05 (significant)</td>
<td>-</td>
</tr>
<tr>
<td>Interaction Variable (Y1*M) on Customer Loyalty (Y2)</td>
<td>-</td>
<td>0.240 &gt; 0.05 (Not significant)</td>
</tr>
</tbody>
</table>

Source: Data processing results, 2021

By looking at the table above, it can be concluded that the coefficient b2 (switching cost) is significant on loyalty in the first equation with a probability value of 0.000 <0.05 and the coefficient b3 (interaction variable) is not statistically significant on loyalty with a probability value of 0.240> 0.05. It can be said that the switching cost variable is a moderator predictor. So that the switching cost variable in this study only acts as a predictor or independent variable in the relationship model that is formed. So it can be concluded that switching costs do not play a role in moderating the effect of customer satisfaction on customer loyalty.

**Discussion**

1. **Effect of Service Quality (X1) on Customer Loyalty (Y2)**

   Service quality provided by GoRide to customers/service users does not affect the customer's desire to be loyal. Overall, the service quality provided by the GoRide company and its partners is very good, but this does not immediately make its users to become loyal customers even though users feel that the service quality provided by the company is very good. This indicates that customer loyalty is not formed from the provision of quality services alone. Customers tend to consider service quality by comparing the services they get with other similar services. The results of this study are in line with research by (Supriyanto, Wiyono, & Burhanuddin, 2021) and (Yang & Chao, 2017) which state that the relationship between service quality and customer loyalty is not significant.

2. **Influence of Perceived Value (X2) on Customer Loyalty (Y2)**

   Based on the results of the answers given by the respondents, the perceived value of customers from the functional, economic and emotional dimensions has a very good response. The perceived value of the customer (perceived value) for the service they receive is proportional to the sacrifices incurred to use the GoRide service so that based on these values it can make users want to use GoRide services in the future, recommend the use of GoRide and spread positive things related to GoRide services in the surrounding area. The results of this study support research (Kusumawati & Rahayu, 2019), (Devi & Yasa, 2021), and (Soegoto & Karamoy, 2020) which state that product quality including perceived value has a significant effect on customer loyalty in product use.

3. **Effect of Service Quality (X1) on Customer Satisfaction (Y1)**

   The existence of a significant influence of service quality on customer satisfaction is proven to be true. This shows that the higher the service quality, the higher the level of customer satisfaction for GoRide's online transportation service in Manado City. Providing good service quality in the transportation
industry is the main key in increasing customer satisfaction and attracting new users. The results of this study support research (Devi & Yasa, 2021), (Sterjadovska & Shuleska, 2017), (Salim, Ricardo, MZ, & Marisa, 2021), (Nyan, Rockson, & Addo, 2020), (Supriyanto, Wiyono, & Burhanuddin, 2021), (Harazneh, et al., 2020) which states that service quality has a significant and positive effect on customer satisfaction. With service quality/servqual RATER indicators (reliability, assurance, tangibles, empathy and responsiveness).

4. Influence of Perceived Value (X1) on Customer Satisfaction (Y1)

This research supports research by (Kusumawati & Rahayu, 2019) has a significant influence on customer satisfaction. (Firdhiani & Setiyaningrum, 2020) and (Prasetyo & Wahyudi, 2020) in the airline industry. Also research (Wardani & Wahyudi, 2021) on cashless payment systems. (Kim & Park, 2017) explained that the overall value i.e., functional value and social value positively affect tourist satisfaction. Based on the theory and previous research that supports this research, it can be concluded that customer perceived value is one of the determinants of customer satisfaction in the context of the logging, culinary, electronic payment, tourism and transportation industries.

5. Influence of Customer Satisfaction (Y1) on Customer Loyalty (Y2)

The results of this study support research by (Sterjadovska & Shuleska, 2017) which states that customer satisfaction has a positive and significant effect on customer loyalty. (Yang & Chao, 2017) adding customer satisfaction significantly increases loyalty. (Kusumawati & Rahayu, 2019) believes that customer satisfaction has a significant effect on customer loyalty (Wardani & Wahyudi, 2021) for users of cashless payment systems (Jahmani, Bourini, & Answerreh, 2020) in the aviation industry. While the results of this study are not in line with the study by (Nyan, Rockson, & Addo, 2020) which states that customer satisfaction has a positive but not significant effect.

6. Indirect Effect of Service Quality on Customer Loyalty through Customer Satisfaction

customer satisfaction significantly mediates the effect of service quality on customer loyalty. This study supports research by (Slack & Singh, 2019) that customer satisfaction partially mediates the relationship between service quality and supermarket customer loyalty. (Supriyanto, Wiyono, & Burhanuddin, 2021) which states that service quality has an indirect influence on customer loyalty through customer satisfaction, GoRide users can be loyal to using this service if the service quality provided can affect their satisfaction.


customer satisfaction significantly mediates the effect of perceived value on customer loyalty. In this case, perceived value can be relied on as a company strategy in forming customer commitment. This study supports research by (Devi & Yasa, 2021) which argues that customer satisfaction is proven to partially mediate the relationship between perceived value and customer loyalty to airlines. Customer satisfaction mediates the direct and significant effect of perceived value on loyalty to non-cash payment system users (Wardani & Wahyudi, 2021).

8. Effect of Switching Cost as a moderator of the relationship between Customer Satisfaction and Customer Loyalty

The results of the study prove that the role of switching costs does not moderate the relationship between customer satisfaction and customer loyalty. When customers are satisfied with the services received, switching costs have no effect in creating loyalty. This is because satisfied customers tend to
have a greater desire to be loyal to using GoRide services. In other words, GoRide customer loyalty to continue using the service is determined by the level of satisfaction felt by the customer. The results of this study support research (Yang & Chao, 2017) proved that no moderating effect of switching costs was found on the relationship between satisfaction and loyalty, in the context of the GrabFood service to its users (Firdhiani & Setiyaningrum, 2020) As well as research (Ghazali, Nguyen, Mutum, & Mohd-Any, 2016) which states that the moderating effect of switching costs on the relationship between satisfaction and loyalty in the online retail context is not significant. While these results do not support the study by (Wu, Chen, & Chang, 2016) and (Harazneh, et al., 2020).

**CONCLUSION**

Based on the tests and discussions that have been carried out in this study, it can be concluded that:

1. *Service Quality* (X1) has no significant effect on customer loyalty (Y2) GoRide users.
2. *Perceived Value* (X2) has a positive and significant effect on customer loyalty (Y2) GoRide users.
3. *Service Quality* (X1) has a positive and significant effect on Customer Satisfaction (Y1) GoRide users.
4. *Perceived Value* (X2) has a positive and significant effect on Customer Satisfaction (Y1) GoRide users.
5. *Customer Satisfaction* (Y1) has a positive and significant effect on customer loyalty (Y2) GoRide users.
6. *Service Quality* (X1) has a significant indirect effect on customer loyalty (Y2) through Customer Satisfaction (Y1).
7. *Perceived Value* (X2) has a significant indirect effect on customer loyalty (Y2) through Customer Satisfaction (Y1).
8. *Switching Cost* (M) does not moderate the relationship between Customer Satisfaction (Y1) and Customer Loyalty (Y2) GoRide users.

**BIBLIOGRAPHY**


