

Factors Analysis Influencing Consumer Loyalty in Taxi Users based on "Uber" Online in Jakarta

Arief Mahardiwan

Bogor Agricultural University, School of Business, Bogor, Indonesia

Abstract: *This research aims to investigate the effect of service quality on customer satisfactions and loyalty of users based on Uber Jakarta online application since service excellence can enhance customers satisfaction that lead to customers loyalty which turn in give larger benefit to the company. Test are performed using an analysis of structural equation modelling on smart PLS program of 110 respondents who are qualified for the study. This research is conducted at Uber Indonesia on July to September 2017 by taking sample from the research population. Hypothesis shows 1. Customer value has a positive and significant impact on customer satisfaction. 2. Quality of service has a positive and significant impact on satisfaction. 3. Customer satisfaction has a positive and significant impact on customer loyalty. 4. Customer value positively affects customer loyalty through satisfaction. 5. Quality of service positively affects customer loyalty through customer satisfaction. For the measurement of customer loyalty index (CLI), it is expected to be done continuously periodically by the management company, because the assessor is 69.01 with the category just loyal enough to be able to know the level of development of satisfaction and loyalty to the user or consumer taxis based online especially Uber in Jakarta.*

Keywords: satisfaction, loyalty, CLI, structural equation modelling, Uber Indonesia

1. Introduction

The development of information and communication technology in the world continues to increase and affects almost all human activities. In the face of globalization there has been a change with rapid and unpredictable changes, technology is shifting from the mechanical world to the digital world such as the internet, mobile phones, smartphones, social media that have a big impact on the company, the market, consumers and marketing today (Kotler et al., 2010: 12). In line with progress in education, a more prosperous economy, changes in sociocultural society, as well as the development of science and technology, public awareness of the elements of service that can be provided by companies is increasing.

At this time consumer awareness of the importance of service quality values provided by the company, both in the form of services and in the form of goods is increasing. From some experience shows that the provision of a certain quality service/service will lead to different judgments from each consumer, because it depends on how consumers expect the quality of services/services (Valerie A. Zeithmal, et al (1985: 49). Consumers are those who can judge whether the quality of service is good. Consumers assess these services by comparing the services they receive (perception) with the services they expect (expectation). If consumers feel very satisfied with the services provided by a company will cause these consumers to come back again to make rebuying, in other words, companies that can satisfy consumers will have loyal customers (Lu Ting Pong 2001). However, in its development, transportation has undergone increasingly modern changes, one of which is a taxi, vehicles that are rented by want virgin, which is used by a single passenger or a small group of passengers. Transportation development also includes the method of ordering and payment of transactions for transportation services. In the past, transportation service users ordered via telephone and then paid services in cash. The entry of the internet into

international communication systems has drastically reduced operating costs at the global level. Customers can shop in the global market, with reliable quality prices and information 24 hours a day (Subagio and Saputra, 2012: 43; Tjiptono, 2009; Transportation research board, 1999: 2).

Digital marketing research institute, e-Marketer, estimates that by 2018 the number of active smartphone users will reach more than 100 million people. One of the uses of mobile applications that are currently popular is in the transportation industry. Mobile application developers are competing to make it easier for users to order transportation services online through the mobile application on their smartphones.

In addition to making it easier for the Uber users to travel, Uber taxi also has other advantages, namely: 1. Having a flexible price This means that the price offered by Uber taxi is cheaper than other conventional taxis. 2. Features sharing the location of easy access to sharing locations between consumers and Uber drivers makes consumers able to use their time effectively and efficiently. 3. Cost sharing features. 4. Practical & informative. 5. Discount with a code voucher. 6. Flexible payment. 7. Good service from UBER drivers. 8. Protected insurance. 9. Security and Privacy. 10. Sophisticated assessment

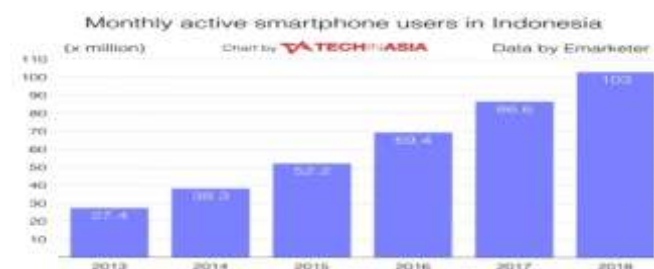


Figure 1: Monthly active smartphone users in Indonesia.

2. Methodology

This research was conducted in JAKARTA in August 2017 to September 2017 while the object of research was online taxi users based on "Uber" who had used at least one online taxi service by delivering passengers, the location of this research was conducted in Jakarta. The scope of problem in this study is only influence of service and satisfaction on loyalty and the impact on consumers and users of online taxi services based on "Uber". This study uses primary and secondary data. Primary data is obtained by surveying respondents according to predetermined criteria. While secondary data is obtained based on the results of literature studies on number of scientific publications such as books, research reports, research journals, theses, and dissertations. Articles in relevant print and electronic media are also used to support this research.

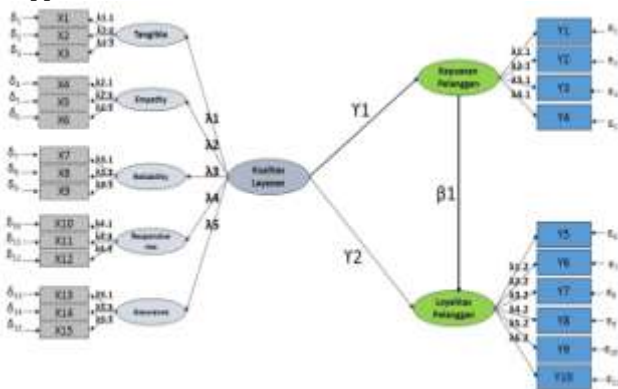


Figure 2: Conceptual model of research with this research hypothesis

The sample in the study amounted to 110 people, taken from the population of the people who were active in the city of Jakarta. Giving and filling out questionnaires was conducted on 110 respondents in all areas of Jakarta. The sampling technique is done by using purposive sampling, which is a method of sampling from a population based on particular consideration or purpose. The data analysis technique that will be used in this research is Structural Equation Modeling (SEM) which is very concerned with sample size. According to Hair et al. (1995), the appropriate sample size is between 110 to 200 or at least using a ratio of five and a maximum of ten times the parameters used.

2.1. Research hypothesis

H1: There is an influence of the "Uber" partner service quality on customer satisfaction on "Uber" taxi users who are online. There are several empirical studies that support that service quality affects satisfaction in banking (Caruana, 2002).

H2: There is an effect of service quality on online customer loyalty of "Uber" taxi. Service quality is something that is very influential on consumer loyalty (Zeithaml, Parasuraman and Berry 1996).

H3: There is an effect of customer satisfaction on customer loyalty on "Uber" taxi users who are online based. Specific benefits of satisfaction are the existence of a positive

relationship with customer loyalty (Caruana, 2002). High consumer satisfaction will cause high loyalty (Boulding, 1993).

3. Results and Discussion

Table 1 Characteristics of Respondents

Question	Variable	Frequency	%
Gender	MAN	47	47%
	WOMAN	53	53%
Age	<25 years	19	19%
	25-30 years	46	46%
	> 30 years	35	35%
Education	Elementary school	3	3%
	Middle school	12	12%
	High school	35	35%
	D3	21	21%
	S1	27	27%
	S2 / S3	2	2%
Marriage	Married	56	56%
	Single	44	44%
	Widow widower	0	0%
Job	Government employees	15	15%
	State owned employees	10	10%
	Private employees	30	30%
	Professional	13	13%
	Entrepreneurship	24	24%
	College student	8	8%
	Etc	0	0%
Main reason using UBER	Easy to use application	24	22%
	Deliver faster than other transportation	68	61%
	Cost is more economical than other transportation	4	4%
	Can be called anytime and anywhere	15	14%

3.1 Results of Customer Loyalty Index (CLI)

Questionnaires that have been given to respondents if they get a "willing" answer to questions about loyalty in each attribute. The consumer is categorized as loyal (Answers 4 and 5). The formula is as follows:

$$CLI = \frac{\sum_{i=1}^n (\text{pernyataan bersedia}) \times 100\%}{N}$$

Based on calculation results, the CLI value is 69.01%. The CLI value is categorized as quite loyal. This means that until now Uber's online taxi customers are still quite loyal to taxi services.

3.2 SEM model analysis

The stages of analysis on PLS are the analysis of the outer model (measurement model) and the inner model analysis (structural model). An explanation of the analysis stages for the study of factors that affect consumer loyalty in the online taxi "Uber" in Jakarta are as follows.

3.2.1. Analysis of measurement models

Outer model is a model that specifies the relationship between construct with its indicators or it can be said that the outer model defines how each indicator relates to its construct (Hair et al. 2014). Outer model is interpreted by looking at several things, including: convergent validity,

discriminant validity value, composite reliability and percentage variance extracted (AVE) (Hair et al. 2011). Convergent validity is measuring the size of the outer loading for each indicator of the construct.

Outer loading > 0.70 is highly recommended (Hair et al. 2011), but outer loading > 0.50 can still be tolerated as long as the model is still in the development stage (Pirouz, 2006). The PLS initial model and the outer loading value of the case study analysis of factors that influence consumer loyalty on online users of Uber based taxi users in Jakarta.

It can be seen that the indicators X1, Y4 and Y15 have outer loading values of 0.044, 0.155 and 0.109, respectively, or <0.50. Therefore, the two indicators must be removed from the model to produce a model with outer loading that matches the criteria and is valid.

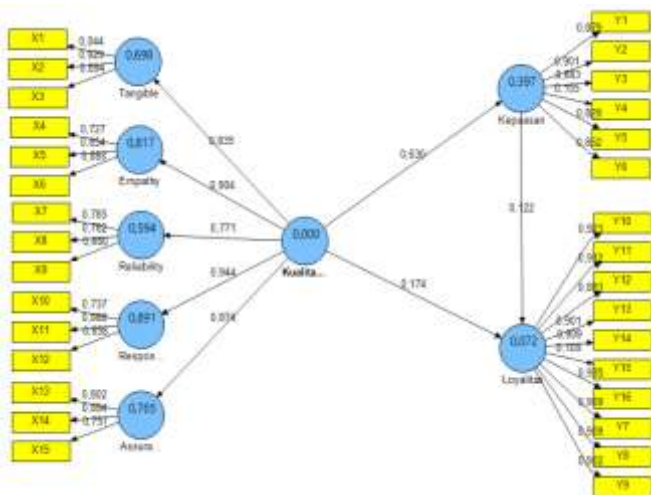


Figure 3: Initial PLS Model

The outer loading value for all indicators is > 0.5. Besides being seen from the outer loading value, convergent validity can also be seen from the average variance extracted (AVE) value. The limit of AVE value received is > 0.5 (Hair et al. 2011). In testing using a new model for a case study analysis of factor factors that influence consumer loyalty to uber-based online taxi users in Jakarta, the AVE value for each latent variable is > 0.5.

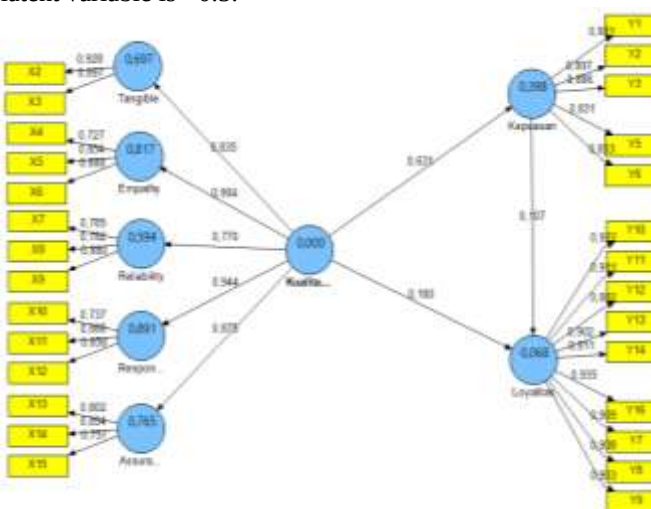


Figure 4: New PLS Model

Evaluation of the next measurement model is to test the

reliability of the model. There are two ways to measure reliability, namely using composite reliability and cronbach's alpha values. The cronbach's alpha value received for all constructs is > 0.7 (Hussein 2015).

Table 2: Average Variance Extracted (AVE)

Variabel Laten	AVE	Composite Reliability
Assurance	0,67132	0,85911
Empathy	0,68215	0,86474
Kepuasan	0,75725	0,93971
Kualitas Layanan	0,52674	0,93866
Loyalitas	0,82697	0,97728
Reliability	0,66760	0,85728
Responsiveness	0,68911	0,86857
Tangible	0,83246	0,90855

In the new PLS model, the entire value of the outer loading > 0.50. The entire construct used in the study has composite reliability > 0.7 and AVE > 0.5. Testing of discriminant validity on the model produces a value that matches the criteria. Based on the evaluation of the outer model, it can be concluded that the variables used are reliable and valid.

3.2.2. Structural model analysis

The R square value for case studies analyzing the factors that influence consumer loyalty on online users of "Uber" based taxi can be seen in below table.

Variabel Laten Endogen	R square
Kepuasan	0.398
Loyalitas	0.268

R square construct satisfaction value is 0.398. The construction is explained by the quality of service. Therefore, it can be said that the construct of service quality is able to explain the attitude construct of 39.8% (0.398 x 100%) while the remaining 60.2% (100% - 39.8%) is explained by other variables outside the one studied. The same explanation applies to the loyalty construct. Service quality constructs and satisfaction are able to explain the construct of loyalty by 26.8%. Thus, it can be concluded that only the Satisfaction variable has a level of accuracy while the loyalty variable has a weak level of accuracy.



Figure 5 T Calculate PLS after indicator deletion

The level of significance for each hypothesis is measured based on the table-T value for 110 data. If the level of significance is high (99% or p < 0.01) then the t-value should be > 2.36, moderate significance level (95% or p < 0.05) should the t-value > 1.66 and low significance level (90% or p < 0.1) the t-value should be > 1.29.

Table 3: T Value

Relasi	Koefisien jalur (λ)	t-value	Keputusan
Tangible <- Kualitas Layanan	0.835	91.93**	Significant
Empathy <- Kualitas Layanan	0.904	152.58**	Significant
Reliability <- Kualitas Layanan	0.770	65.27**	Significant
Responsiveness <- Kualitas Layanan	0.944	258.58**	Significant
assurance <- Kualitas Layanan	0.875	104.62**	Significant

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$, ts = tidak signifikan

Path coefficient value, t-value and significance level contribute to service quality variables can explain the contribution of each service quality indicator variable including tangible, empathy, reliability, responsiveness and assurance. The results in the table show the largest contribution that is to be able to reflect the quality of service is responsiveness with a loading value of 0.944 and significant at the 5% real level. The second largest contribution that is to be able to reflect service quality is empathy with a loading value of 0.904 and significant at 5% real level. The third largest contribution that is to be able to reflect the quality of service is assurance with a loading value of 0.875 and a significant level of 5%. Fourth order contribution that is to be able to reflect the quality of service is tangible with a loading value of 0.835 and significant at 5% real level. And the contribution that has the smallest loading value is 0.770 that is reliability and significant at 5% real level. To test the research hypothesis, the following is a test table of influence hypotheses between latent variables.

Table 4: Path coefficient value, t-value and significance level contribute to service quality variables.

Hipotesis	Relasi	Koefisien jalur (λ)	t-value	Keputusan
H1	Kualitas layanan → Kepuasan	0.631	27.78**	Significant (Hipotesis diterima)
H2	Kualitas layanan → Loyalitas	0.180	5.16**	Significant (Hipotesis diterima)
H3	Kepuasan → Loyalitas	0.107	2.47**	Significant (Hipotesis diterima)

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$, ts = tidak signifikan

Hypothesis H1: test the effect of service quality on satisfaction can explain the results of the influence coefficient or loading factor of 0.631 with t count 27.78. The absolute value of t count is greater than t table with alpha 5% at 1.96, meaning that the quality of service has a significant and positive effect on satisfaction. .

Hypothesis H2: test the effect of service quality on loyalty can explain the results of the influence coefficient or loading factor of 0.180 with t count 5.16. The absolute value of t count is greater than t table with 5% alpha of 1.96, meaning that the quality of service has a significant and positive effect on loyalty.

Hypothesis H3: testing the effect of satisfaction on loyalty can explain the results of the influence coefficient or loading factor of 0.107 with t count 2.47. The absolute value of t

count is greater than t table with alpha 5% of 1.96, meaning that satisfaction has a significant and positive effect on loyalty. (Accepted hypothesis) This shows that if UBER taxi satisfaction is managed properly, it will increase loyalty to UBER online taxi use.

3.2.3. Managerial Implications

In terms of demographics, consumers and taxi customers are based online, especially uber in Jakarta. He said that he was quite satisfy and the customer said that he was quite satisfied as a whole, namely female customers aged 25-30 years with married status with the last level of education with the type of work of private employees.

Based on SEM analysis on the quality of service models for taxi-based online consumers, especially uber in Jakarta, all variables of customer service quality have dimensions, namely: tangible, reliability, responsiveness, assurance and empathy. The tangible dimension has the greatest contribution in determining satisfaction because it is able to easily reach other public transportation locations with managerial imitation, the management should provide service to anywhere because of remote areas, it is difficult to get this online transportation service. The second biggest contribution in determining satisfaction, namely responsiveness with services in accordance with the estimated time given, with managerial implications, the management should provide training to drivers in responding quickly when consumers need uber online taxi services.

Empathy dimension contributes the third largest in determining satisfaction is the distance information that is taken clearly with managerial implications should the management improve the location of pick-up points not too far because it will cause consumers to wait too long. The assurance dimension also influences the formation of satisfaction and loyalty to consumers, but here the driver feels unsafe in driving, so the managerial implications of the management should know the dangerous area and be informed for the safety of drivers.

Reliability dimension contributes quite low, but still influences customer satisfaction because drivers want to deliver passengers to their destination quickly but do not think about driving comfort, so the managerial implications of the management should provide sanctions and periodically check the vehicle condition for customer convenience be noticed.

The measurement of customer loyalty index (cli) is expected to be carried out continuously periodically by the company management, because the assessment is 69.01 with the category only loyal enough to be able to know the level of development of satisfaction and loyalty to users or consumers of taxi-based online, especially uber Jakarta

4. Conclusions and Recommendations

4.1 Conclusion

Based on the results of the analysis of the factors that

influence consumer loyalty to taxi users based on online "uber" in Jakarta can be concluded as follows: the tangible dimension has the greatest contribution in determining satisfaction because it is able to easily reach other public transportation locations, the management provides training to the driver responds quickly when the consumer needs uber online taxi service and the management should improve the pick-up location not too far because it will cause consumers to wait too long

4.2 Research Limitations and Suggestions

For the next researcher, it is expected to be able to focus on competitiveness in the land transportation sector to be able to compare how much threat from other companies. Researchers expect further researchers to get information related to the strengths and weaknesses of the company so that they can know the potential that can be developed and threats and weaknesses contained in the management of "Uber" Indonesia.

References

- [1] Aaker, David A., Strategic Market Management, John Wiley & Sons, Singapore, 1992, Building Strong Brand, The Free Press, New York, 1996
- [2] Kumar, Day, George S., Marketing Research, John Wiley & Sons, Inc., New York, 2001
- [3] Aritonang, Lerbin, Research in Marketing, UPT Publishing of Tarumanagara University, Jakarta, 1998
- [4] Burns, Alvin C. & Bush, Ronald F., Marketing Research, Prentice Hall, New Jersey, 2000.
- [5] Cronin, JJ. Jr. and Taylor, S.A. (1992). "Measuring Service Quality: A Reexamination and Extension", Journal of Marketing, July, Vol 56, pp. 55-68.
- [6] Aghdaie, Seyed Fathollah Amiri et al., "An Analysis of Factors Affecting the Society's Attitude of Trust and Their Impact on Internet Purchasing Behavior". International Journal of Business and Social Science Vol. 2, No. 23, Isfahan, 2011.
- [7] Ahmed, Zohaib et al., "Effect of Brand Trust and Customer Satisfaction on Brand loyalty in Bahawalpur". Journal of Sociological Research, Vol. 5, No.1, Bahawalpur, 2014.
- [8] Jakarta Central Statistics Agency. "Jakarta Transportation Statistics 2015", BPS, Jakarta, 2015.
- [9] Ballester, Elena-Delgado, "Development and Validation of A Brand Trust Scale". University of Murcia, Murcia, 2003.
- [10] Bivainiene, Lina and Slisburyte, Laimona. "The Brand Image as an Element of Brand Equity", Journal of Social Research, Vol. 12, No. 2, Vilnius, 2008.
- [11] Chaudhuri, Arjun and Holbrook, Morris B. "Product-Class Effects on Brand Commitment and Brand Outcomes: The Role of Brand Trust and Brand Effects". Brand Management Vol. 10, No. 1, Fairfield, 2002.
- [12] David, Fred. "Perceived Usefulness, Perceived Use of Use, and User Acceptance of Information Technology". MIS Quarterly, Vol. 13, No. 3, Minnesota, 1989.
- [13] Ercis, Aysel et al., "The Effect of Brand Satisfaction, Trust and Brand Commitment Loyalty and Repurchase Intentions". Procedia-Social and Behavioral Sciences Vol. 58, Ataturk, 2012.
- [14] Esch, Franz-Rudolf et al., "Are Brands Forever? How to Affect Current and Future Purchases "Brand Knowledge and Relationship." Journal of Product & Brand Management Vol. 15 No. 2, Bingley, 2006.
- [15] European Committee for Standardization. "Transportation-Logistics and Services-Public Passenger Transport-Service Quality Definition, Targeting, and Measurement". Comite Europeen de Normalization, Brussels, 2002.
- [16] Fogarty, Gerald et al., "Identifying Shortcomings in The Measurement of Service Quality: Measuring Service Quality with SERVPERF." Journal of Output Measurement, Vol. 4, No.1, Queensland, 2000.
- [17] Koschate-Fisher, Nicole and Gartner, Susanne. "Brand Trust: Scale Development and Validation". Nurnberg, 2015.
- [18] Kotler, Philip et al., "Marketing 3.0: From Products to Customers to the Human Spirit". John Wiley and Sons, New Jersey, 2010.

Author Profile



Arif Mahardiwan received bachelor degrees in Economic from Institute of Economic Pelita Bangsa in 2008 and Dentistry from Baiturrahmah Universty in 2009. He was born in Padang, West Sumatra, Indonesia at April 3rd, 1982. Now he runs his own companies in medical and construction businesses.