

The Effect of Service Quality and Perceived Value on Customer Satisfaction: Case of Toyota Users in South Sulawesi

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Abstract: This study aims to analyze the effect of the service quality, and perceived value to customer satisfaction of Toyota users in South Sulawesi Province (Makassar City and Pare-Pare City). The population of this research was customers or users of Toyota Car. The total of population is 2,100 people which consists of 1,580 people in Makassar City, and 520 people in Pare-Pare City. Sampling technique was done by using the Simple Random Sampling. Then, number of samples was 296 respondents. Data was analyzed by both statistical descriptive and path analysis. Data is processed by using IBM SPSS and AMOS 23. The results show that services quality have significant effect toward perceived value. Services quality also have significant effect on customer satisfaction. Then, perceived value have significant effect on customer satisfaction, and service quality variable can produce customer satisfaction at higher level through mediation role of perceived value variable. Customer satisfaction is more strongly influenced by the service quality than perceived value.

Keywords: Service quality, perceived value, customer satisfaction, service marketing, south Sulawesi.

I. Introduction

As automotive deregulation was issued in June 1999, the import of CBU cars by General Importers (IU) and the introduction of AFTA in 2003 reduced the import duties and tax rates to 5% (previously 30%), will make the open competition open to the national automotive industry. Nevertheless, until the end of 2004, the development of the national automotive market is still dominated by the old sole agent of ATPM, namely PT. Toyota Astra Motor (TAM) ranked first, Mitsubishi ranked second and Suzuki ranked third (Gaikindo in Syafei, 2007).

Based on the results of a survey conducted by the agency J.D. Power Asia Pacific which was concerning of customer satisfaction with the services of authorized workshops at an authorized car dealership. It shows that in 2005 the overall satisfaction level of workshop service at authorized car dealers was decreased compared to 2004, i.e. 6 index points, from 756 to 750 points. (J.D. Power & Associates, Customer Satisfaction Index, 2004, 2005).

The research is conducted by Syafei (2007) has several limitations in the research, i.e.: First, The number of active customers to the official workshop of a car dealer in Bandung for MPV car category is relatively small (about $8.052 / 56.884 = 14.16\%$) compared to consumers who take care or repair the vehicle to a public workshop. Second, it about 15.38% for the authorized workshops of car dealership in Bandung that provides computer facilities to be viewed directly by customers on the list price of spare parts. Third, the workshop service at the authorized workshop of car dealership in Bandung still gives the impression of a high cost for car owners.

Some previous researchers said that evaluating of service quality by customer is very important for service companies that intend to improve their marketing strategy (Barnes, 2003). While Hawkins et al. (2004) said that companies that provide superior service quality, will have more satisfied customer base. According to Tjiptono (2009) service quality has strong relationship with customer satisfaction. Quality provides a ties to customers with the company. In the long term, such ties enable the company to understand carefully the expectations of both their customers and also customers needs. Thus the company can improve customer satisfaction by maximizing a pleasant customer experience and minimizing or eliminating an unpleasant customer experience. In turn, customer satisfaction can create customer loyalty to a company that provides satisfactory quality.

Beside service quality, the authorized dealer also offers several other potential that affect customer satisfaction, namely the perceived value that customers perceive as the monetary price of products / services offered. Where some researchers always discuss about service quality and customer satisfaction in service

companies, while perceived value is ignored (Qin and Prybutok, 2009). Based on the above phenomenon, the purpose of this study were to explain the effect of service quality on customer satisfaction. Then, to explain the effect of service quality on customer's perceived value. To explain the effect of perceived value on customer satisfaction and describes the effect of service quality on customer satisfaction through customer perceived value.

II. Conceptual Framework and Hypotheses

Based on the review of the theory, concept, and previous research, this study will test empirically the relationship model among service quality, perceived value, and customer satisfaction of Toyota users in South Sulawesi. The conceptual framework of this study can be presented in the following figure.

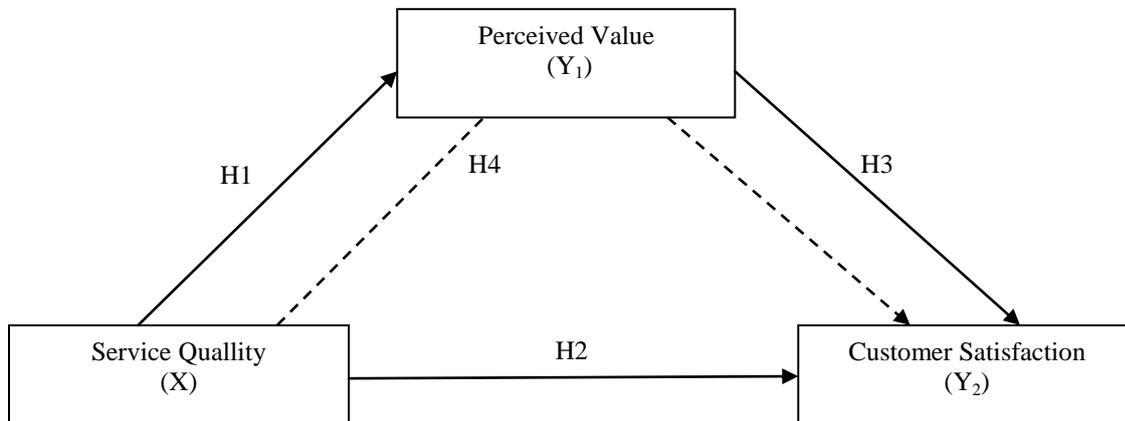


Figure 1. Research Model

Then, based on the results of theoretical studies, previous research and research concept was presented, it can be formulated research hypothesis as follows:

- H1 : Service quality significantly affects customer satisfaction of Toyota users in South Sulawesi.
- H2 : Service quality significantly affects perceived value of Toyota users in South Sulawesi.
- H3 : Perceived value significantly affects customer satisfaction of Toyota users in South Sulawesi.
- H4 : Service quality significantly affects customer satisfaction directly through the mediation of perceived value variable of Toyota brand car users in South Sulawesi.

III. Research Method

This study uses quantitative approach to solve the research problem. Quantitative approach is an approach that emphasizes the testing of theories or concepts through the measurement of variables in metric / numbers and perform data analysis procedures with statistical equipment and aims to test the hypothesis (Indriantono and Supomo, 2002; Sugiyono, 2012). Exogenous variable was service quality (X), while endogenous variable was perceived value (Y_1) and customer satisfaction (Y_2). The population was 2,100 users which was consisting of 1,580 people in Makassar City, and 520 people in ParePare City. Then, the subjects of the study were Toyota users in South Sulawesi. Based on Slovin Formula, the number of sample was 296 users. Sampling technique is performed by Simple Random Sampling method.

This study use both primary data and secondary data. The primary data were collected by questionnaire, interview and observation techniques. Whereas, secondary data collected by recording or photocopying the data from the respondent or other parties in accordance with the needs in this study. There are two methods used to identify and to test the relationship between variables in this study, i.e.: Descriptive Statistical Analysis and, Path Analysis.

IV. Results and Discussion

4.1 Result of Validity and Reliability Test

Validity test is used to measure the validity a questionnaire instrument. A questionnaire could be valid if the question or statement in the questionnaire was able to reveal something that would be measured. An indicator was valid if the correlation coefficient value was: $r_{critical} > 0.30$ (Hair et al., 1998; Cooper and Emory, 2005; Sugiyono, 2012). Then, reliability testing is done to determine the reliability of an instrument. An instrument could be reliable if the tool is capable to produce consistent results. Reliability test using Alpha Cronbach coefficient (α). Where, an instrument could be reliable if the value of $\alpha > 0.60$. (Hair et al., 1998; Sugiyono, 2012). The result of testing the validity and reliability of the instrument was presented in the following table.

Table1. The Result of Validity and Reliability Test

Variables	Indicators	Validity Test		Reliability Test	
		Correlation Coefficient	Description	Alpha Cronbach (α)	Description
Service Quality (X)					
Tangible (X ₁)	X_1.1	0.389	Valid	0.721	Reliable
	X_1.2	0.481	Valid		
	X_1.3	0.473	Valid		
	X_1.4	0.569	Valid		
	X_1.5	0.524	Valid		
Reliability (X ₂)	X_2.1	0.640	Valid	0.841	Reliable
	X_2.2	0.562	Valid		
	X_2.3	0.788	Valid		
	X_2.4	0.744	Valid		
Responsiveness (X ₃)	X_3.1	0.466	Valid	0.738	Reliable
	X_3.2	0.655	Valid		
	X_3.3	0.636	Valid		
Assurance (X ₄)	X_4.1	0.593	Valid	0.799	Reliable
	X_4.2	0.705	Valid		
	X_4.3	0.683	Valid		
Empathy (X ₅)	X_5.1	0.746	Valid	0.774	Reliable
	X_5.2	0.559	Valid		
	X_5.3	0.587	Valid		
Perceived Value (Y ₁)	Y1.1	0.662	Valid	0.860	Reliable
	Y1.2	0.803	Valid		
	Y1.3	0.766	Valid		
Customer Satisfaction (Y ₂)	Y2.1	0.596	Valid	0.746	Reliable
	Y2.2	0.590	Valid		

Source: Processed Data, 2016

Based on the results in the above table, it can be concluded that all indicators used in this study was valid ($r > 0.30$), and the variables used in this study was reliable ($\alpha > 0.60$). Therefore, this research instrument or questionnaire can be used for research data collection.

4.2 Characteristics of Respondents and Variables

Respondents of this research dominantly was men (90.5%), while women was 14 people (9.5%) from the total of respondents. Then, the respondents dominantly in the marriage category (73.6%), while not married as many as 78 people (26.4%). Respondents of this study dominantly use Toyota Avansa (49.3%), followed by Innova is 84 people (28.4%), while the smallest is respondents who use Kijang Toyota (22.3%). The education level of respondents dominantly was Bachelor/S1 (48.6%).

Furthermore, based on employment level, dominantly work as self-employed (44,6%), followed by respondents who work as civil servant i.e.: TNI / POLRI (37.2%), private employee (8.1%), state-owned

employee (7.4%), and farmers (2.7%). Whereas based on income level, the respondents of this study was dominantly in the category of income level above Rp. 5,000,000 (43.9%).

Furthermore, the result of perception of respondent toward service quality variable can be illustrated in the following table.

Table2. Respondent Perception Toward Service Quality Variable

No.	Variable/ Sub Variable	Mean	Description
1.	Tangible	3.67	Good
2.	Reliability	4.05	Good
3.	Responsiveness	3.97	Good
4.	Assurance	4.13	Good
5.	Empathy	4.05	Good
	Mean of Variable	3.97	Good

Source: Processed Data, 2016

Result of descriptive analysis shows that service quality variable have mean value of 3.97. This result indicates that most of respondent give a positive response to service quality variables. In other words, customer service variables at all dimensions has been included in the good category in the implementation. Then, the result of perception of respondent toward perceived value variable can be presented in the following table.

Table3. Respondent Perception Toward Perceived Value Variable

No.	Interval Value	Category	Frequency	Percentage (%)
1.	1.33 – 2.06	Strongly Disagree	12	4.05
2.	2.07 – 2.79	Disagree	66	22.30
3.	2.80 – 3.52	Neutral	46	15.54
4.	3.53 – 4.25	Agree	162	54.72
5.	4.26 – 5.00	Strongly agree	10	3.38
	Total		296	100.00
	Mean of Variable			3.87

Source: Processed Data, 2016

Respondent's response to the perceived value variable consists of agreed category (54.72%), followed by disagree category (22.30%), and neutral category (15.54%). Then, the smallest is the category of strongly disagree (4.05%), and followed by the category of strongly agree (3.38%). The result was an indication that something was given by the company to their customer in the good category (3.87). Customer satisfaction is the feeling of someone who emerged after comparing the perceived performance of product or service to the expected performance. The result of perception of respondent toward customer satisfaction variable can be presented in the following table.

Table4. Respondent Perception Toward Customer Satisfaction Variable

No.	Interval Value	Category	Frequency	Percentage (%)
1.	1.33 – 2.06	Strongly Disagree	36	12.16
2.	2.07 – 2.79	Disagree	10	3.38
3.	2.80 – 3.52	Neutral	152	51.35
4.	3.53 – 4.25	Agree	40	13.51
5.	4.26 – 5.00	Strongly agree	58	19.59
	Total		296	100.00
	Mean of Variable			3.98

Source: Processed Data, 2016

Respondent's response to customer satisfaction variable shows that neutral category (51.35%), followed by strongly agree (19.59%), and agreed category (13.51%). Then, the smallest one was strongly disagree

(12.16%) and disagree (3.38%). It can be concluded that most of customer (84%) give positive response to customer satisfaction variable. The result of this study indicates that level of customer satisfaction in the good category (3.98).

4.3 Results of hypotheses test

Furthermore, the results of hypotheses test completely can be presented in the following table.

Table 5. The Results of Hypotheses Test

Hypotheses	Exogenous variables	Endogenous variables	Path Coefficient	Prob.	Description
<i>Direct Effect</i>					
I	Service Quality	Perceived Value	0.386	0.001	Significant (H1, Accepted)
II	Service Quality	Customer Satisfaction	0.455	0.000	Significant (H2, Accepted)
III	Perceived Value	Customer Satisfaction	0.320	0.005	Significant (H3, Accepted)
<i>Indirect Effect</i>					
IV	Service Quality	Customer Satisfaction	$0.386 \times 0.320 = 0.123$		Significant (H4, Accepted)

Source: Processed Data, 2016

Based on the results in the table (Table 5), then, the results of research model can be presented in the following figure.

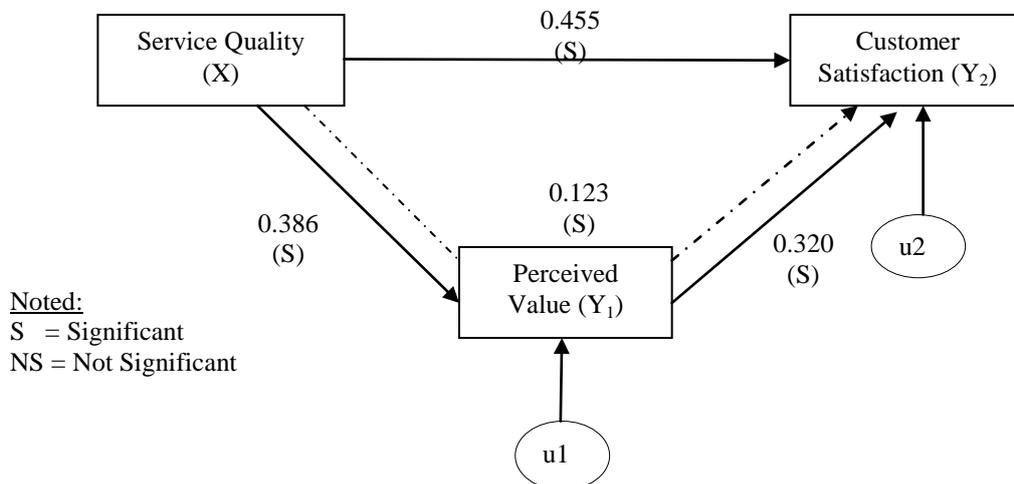


Figure2. The Result of Research Model Test

The results of hypothesis test show that variable of service quality significantly affects to perceived value. It can be seen from the value of path coefficient of 0.386 with a probability value (prob.) of 0.001 which smaller than value of $\alpha = 0.05$ (Hypothesis 1, accepted). It means that better level of service quality could be produced higher level of perceived value of the customer. The results of this study support the theory of perceived value (Zeithaml, 1987) states that perceived value is a comprehensive evaluation by consumers or customers about the usefulness of product or services based on the perception. Therefore, some efforts to improve the quality of products and services was an important thing within organization. These findings were consistent with Kotler (2012) which stated that improving the service quality by company must begin from

evaluating all forms of services provided to the customers. In addition, gradually evaluation can improve marketing strategy of the company. Service quality significantly affects to customer satisfaction. It can be seen from the value of the path coefficient of 0.455 with a probability value (prob) of 0.000 which was smaller than the value $\alpha = 0.05$ (Hypothesis 2, accepted). It means that better level of service quality was produced higher level of customer satisfaction. The results of this study support Oliver (2007), Qin and Prybutok (2009), Munizu and Hamid (2015) that dimensions of tangibles, reliability, responsiveness, assurance, and empathy have a significant effect on customer satisfaction.

Perceived value variabel has a significant effect on customer satisfaction. It can be seen from the value of the path coefficient of 0.320 with a probability value (prob.) of 0.002 which smaller than the value of $\alpha = 0.05$ (Hypothesis 3, accepted). It means that higher level of perceived value can produce higher level of customer satisfaction. Conceptually, companies that able to deliver more value than competitors will win the competition. This was revealed by Mittal and Sheth (2001) through the concept of valuespace. There are three main components in the concept of customer value space, namely: performance, price, and personalization (3P's of Value Space). The results also show that service quality was significantly affects to customer satisfaction through perceived value mediation. The amount of indirect effect of service quality toward customer satisfaction was $0.123 = (0.386 \times 0.320)$, (Hypothesis 4, accepted).

Increased customer satisfaction can be done either directly or indirectly through perceived value variable within organization. Therefore, the improvement of perceived value variables should be a major concern of corporate management. In addition, management of organization can be improved customer satisfaction by service quality dimensions which consisting of tangible, reliability, responsiveness, assurance, and empathy (Lovelock et al., 2005; Kotler and Keller, 2008; Kotler, 2012).

V. Conclusion and Suggestion

Service quality has a direct and significant impact on perceived value. Service quality also has a direct and significant impact on customer satisfaction. These results was an indication that higher level of service quality was provided by the company can increase both perceived value and customer satisfaction. Then, perceived value has a direct and significant impact on customer satisfaction. Service quality can improve customer satisfaction through perceived value indirectly. Every company also increase their customer satisfaction by fixing the elements of perceived value variable.

These finding give some implications to the management. Management should enhance their role in increasing customer satisfaction through improving continuously elements of service quality, perceived value. Management of organization should be able to plan some programs and activities that focus on how to improve service quality and perceived value elements. Besides that, management should increase their knowledge and understanding about the concept and application of service management, especially understanding the concept and application of service quality, perceived value, and customer satisfaction as the basis for strategic decision making, tactics, and operational within the organization. In addition, future research is expected to expand this research by conducting research on broader objects to enrich the generalization of research findings.

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