

The Impact of Customer Trust on Brand Loyalty in Public Transportation

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ABSTRACT: This study aims to discover the impact of Perceived Value, Involvement, Satisfaction, Commitment, and Customer Trust on Brand Loyalty on Go-Ride users. This study used nonprobability sampling with purposive sampling methods with 151 respondents. The theoretical model was tested using structural equation modeling with partial least squares (SEM-PLS). The results showed that Perceived Value, Satisfaction, Commitment, and Customer Trust had an impact on Brand Loyalty in Go-Ride users, whereas Involvement had no impact on Brand Loyalty in Go-Ride users.

Keywords: Perceived value, satisfaction, commitment, customer trust, brand loyalty.

1 INTRODUCTION

The Greater Jakarta's (so-called Jakarta) population has been increasing for years ahead. In 2010, the population was around 9.6 million and increased to 10.1 million in 2015. In the next five years, the number is estimated to reach 13.5 million inhabitants. The rising number of populations in Jakarta is due to continuous infrastructure and economic development done by the Indonesian government and ministries that lead to many people outside Jakarta to work and live in Jakarta.

Furthermore, DKI Jakarta becomes a busy city which is a pressure for its population to be punctual at work and other things (Barrutia & Gilsanz 2013). In this case, they need transportation to commute them to the desired destination. To fulfill it, they buy personal vehicles or go somewhere by public transportation. The more demand for personal or public vehicles, the more traffic jam occurs in Jakarta, which was ranked as 10th most traffic-congested city worldwide in 2018, based on trafficindex.org. One of the stumbling blocks is the uneven distribution of public transportation access that causes the rising numbers of vehicles in recent years (Coombs & Miles 2000).

Besides, technology and accessibility in Jakarta are developed earlier than other cities in Indonesia, especially the internet. Internet users, as well as mobile device owners, will be growing higher in 10 years ahead (APJII, 2017), so that online-based business offers a promising business in this era. This triggers service innovation to develop an online-based service business that is user-friendly, such as ride-hailing service with mobile app-based technology (Delgado-Ballester & Luis Munuera-Alemán 2001). According to the "On-Demand Services Survey in Indonesia 2017" by JakPat in collaboration with dailysocial.id, Go-Jek dominates the on-demand service market for overall service providers that each brand offers. Go-Jek is one of the on-demand service enterprises that use technology and internet connection to deliver service value to customers. Go-Jek features ease customers in making online-service orders at any place and at any time. Go-Jek's core service is Go-Ride, which is the first online motorbike-taxi service in Indonesia.

By referring to previous researches by Leckie et al. (2018) and Jain et al. (2018), which stated that brand loyalty is related to perceived value, involvement, satisfaction, commitment, and customer trust, this research aims to find the impact of Perceived

value, involvement, satisfaction, commitment, and Customer Trust on Brand Loyalty in Go-Ride users.

The impact of perceived value on brand loyalty. Value is defined by Kotler and Keller (2015:33) as the total of tangible and intangible benefits and costs. Value has traditionally been conceptualized as “a trade-off between benefits and sacrifices” (Zeithaml 1988). According to the SDL perspective, customer value is viewed as being “...idiosyncratic, experiential, contextual, and meaning-laden” (Vargo & Lusch 2008). Customer perceived value (CPV) is defined by Kotler and Keller (2015:151) as “the difference between the prospective customer’s evaluation of all the benefits and costs of an offering and the perceived alternatives.” In this study, perceived value is an opinion from the customer about the value of goods or services they have used or experienced that depends on the fulfillment of their requirements and worth of money.

The impact of involvement on customer trust. According to Beatty et al. (1988), “Involvement is considered as a key component facilitating customer relationships.” Involvement is not an active relationship as it usually requires some consumption object (Mollen & Wilson 2010). It is mainly based on affection, motivation, or cognition (Smith & Godbey 1991). In sum, involvement is an element that influences a motivation-based relationship and requires an object that is a cause to do something at an event.

The impact of satisfaction on customer trust. According to Kotler & Keller (2015), satisfaction “reflects a person’s judgment of a product’s perceived performance concerning expectations.” Lovelock & Wirtz (2011) defined satisfaction as “an attitude-like judgment following a consumption experience”. Prior research has supported that customer satisfaction is a precondition and a precursor of behavioral intentions and loyalty (Cooil et al. 2007). In this study, satisfaction is a match between the product’s performance and customer expectation that reflects the success of achieving the company’s targets.

The impact of commitment on customer trust. Commitment has been defined as “an enduring desire to maintain a valued relationship” (Moorman et al. 1992). Based on Morgan & Hunt (1994) study, commitment in a brand relationship is defined as “mutual trust that requires effort to maintain a sustainable relationship, arguing that commitment appears when community members value their relationships with other members.” According to Beatty et al. (1988), brand commitment is defined as “an emotional or psychological attachment of consumers to a specific brand within a product class.” In this study, commitment is a fixed action that the custom-

er will do to the brand and is related to the relationship between the brand and customers.

The impact of customer trust on brand loyalty. According to Kotler & Keller (2015), trust is “a firm’s willingness to rely on a business partner. It depends on some interpersonal and inter-organizational factors, such as the firm’s perceived competence, integrity, honesty, and benevolence.” Trust is defined by Lovelock & Wirtz (2011) as “the degree of goodwill they bear toward the organization.” Customer Trust is defined as “the willingness of the average consumer to rely on the ability of the brand to perform its stated function” (Chaudhuri & Holbrook 2001). In this study, customer trust is the feeling of confidence that customers have into a brand that will sustain a long-term relationship between customers and a brand.

Brand loyalty. According to Lovelock & Wirtz (2011), loyalty is defined as “an old-fashioned word traditionally used to describe fidelity and enthusiastic devotion to a country, a cause, or an individual”. Kotler & Keller (2015) defined loyalty as “a deeply held commitment to rebuy or repatronize a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behavior.” Yang & Peterson (2004) stated that “Loyalty can be identified as relationally beneficial to both company and customer, as loyal consumers need not seek out for new service providers.” In this study, brand loyalty is an intention to repurchase a product regardless of rising price, and customers tend to share positive information about the brand.

Adapting framework and theories from Leckie et al. (2018) and Jain et al. (2018), the following research framework is shown below:

- H1: There is an impact of Perceived Value on Brand Loyalty.
- H2: There is an impact of Involvement on Customer Trust.
- H3: There is an impact of Satisfaction on Customer Trust.
- H4: There is an impact of Commitment on Customer Trust.
- H5: There is an impact of Customer Trust on Brand Loyalty.

2 RESEARCH METHODS

Structural equation modeling was applied to evaluate measurement models and structural models using partial least squares (PLS) analysis. The reason for using PLS was due to it can be effectively used with relatively small sample size and allows potentially

abnormally distributed data (Hair et al. 2017). Next, PLS analysis was chosen because it can assess all paths simultaneously for model predictions (Droege & Heras 2009).

Populations in this research were Go-Ride users in Jakarta. The sample used was 151 respondents. According to Hair et al. (2017), the number of samples qualified to be processed by SEM tools PLS is if it is bigger than the total arrow in the research framework times ten. The sampling technique used was purposive sampling, which is confined to specific types of people who can provide the desired information (Sekaran & Bougie 2016:248). Go-Ride by Go-Jek mobile app was the object for this research, and the respondents were Go-Ride users who fulfilled the following criteria: must be at least undergraduate students pursuing bachelor degree in universities around Jakarta, have at least one mobile device, have Go-Jek mobile app on their mobile device(s), ordered Go-Ride service through Go-Jek mobile app for at least twice in last week, used Go-Pay as a payment method, and were purchase decision-makers.

3 RESULTS AND DISCUSSIONS

From the respondent’s given profiles, the study found that the majority (63%) were female and between 19 and 20 years of age (44%). Most of them admitted to routinely order go-ride more than 3 times (41%) in a week.

According to Hair et al. (2017), in validity testing, the standardized outer loadings should be 0.708 or higher. Mostly, a value of 0.70 is still acceptable since it is close to 0.708. Besides, if one of the indicators is deleted, which leads to increasing composite reliability (AVE), loading value between 0.40 and 0.70 should be considered for removal from the scale (Harris & Goode 2004).

Hair et al. (2017) stated that AVE value should be 0.50 or above. Reliability testing aims to check the data’s consistency within each indicator. Based on Hair et al. (2017), the data is consistent if the composite reliability’s value result is ranged from 0.60 to 0.70. However, it is recommended to have values between 0.70 and 0.90.

Table 1. Summary Results of the Measurement Model and Convergent Validity

	Loading	AVE	α	CR	
Perceived Value	PV1	0.84	0.68	0.77	0.86
	PV2	0.81			
	PV3	0.83			
Involvement	IN1	0.85	0.57	0.77	0.85
	IN2	0.81			
	IN3	0.86			
	IN4	0.84			
	IN5	0.75			
Satisfaction	S1	0.85	0.72	0.81	0.88
	S2	0.86			
	S3	0.87			
Commitment	CM1	0.81	0.61	0.87	0.90
	CM2	0.83			
	CM3	0.65			
	CM4	0.79			
	CM5	0.83			
	CM6	0.73			
Customer Trust	CT1	0.83	0.65	0.82	0.88
	CT2	0.75			
	CT3	0.82			
	CT4	0.81			
Brand Loyalty	BL1	0.82	0.63	0.81	0.87
	BL2	0.84			
	BL3	0.70			
	BL4	0.81			

Table 2. PLS results of path coefficients and hypothesis testing.

Path	Coef	fi-coef	SE	t-value	Decision
H1 PV \rightarrow BL	0.17		0.07	2.34	Yes
H2 IN \rightarrow CT	0.11		0.11	1.06	No
H3 S \rightarrow CT	0.55		0.09	5.77	Yes
H4 CM \rightarrow CT	0.24		0.07	3.12	Yes
H5 CT \rightarrow BL	0.63		0.05	10.94	Yes

4 CONCLUSION

Judging from the data result, satisfaction and involvement have an impact on customer trust, and perceived value and customer trust have an impact on brand loyalty in go-ride users. Unfortunately, involvement had no impact on customer trust in Go-Ride users. Users expect that Go-Ride service offers a more comfortable and safer technology-based service that is more user-friendly without lagging and bug on the app. If the service is poor, they will alternate to other online taxi services.

This research has some limitations of the limited total of respondents of only 151 valid respondents, the research investigated only Go-Ride service instead of all services provided by Go-Jek, and respondents’ criteria was only limited to university students around Jakarta and for those who pay using Go-Pay.

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