

The Effect of Service Quality, Website Quality, Price, and Brand Image on Consumer Satisfaction Impact on Consumer Loyalty in OLX Online Stores

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Abstract

The purpose of this study is to 1) Analyze the relationship of service quality to customer satisfaction in OLX stores, 2) Analyze the influence of site quality on consumer satisfaction in OLX stores, 3) Analyze the effect of prices on consumer satisfaction in OLX stores, 4) analyze the influence of brand image to consumer satisfaction at OLX stores, 5) Analyzing the effect of service quality on consumer loyalty at OLX stores, 6) Analyzing the influence of website quality on consumer loyalty at OLX stores, 7) Analyzing prices on consumer loyalty at OLX stores, 8) analyzing the influence of brand image to consumer loyalty to OLX stores, 9) analyze consumer satisfaction with consumer loyalty to OLX stores. The population in this study is the city people who buy at OLX online stores with a sample of 100 respondents. The data analyzed were obtained using structural Equation modeling (SEM) with smart PLS 3.0. The results showed that 1) the quality of service had a significant effect on customer satisfaction at OLX stores, 2) the quality of service was convincingly significant on consumer loyalty at OLX stores, 3) the quality of the website had a significant effect on customer satisfaction at the OLX store, 4) the quality of the website had a significant effect to consumer loyalty at OLX stores, 5) price significantly influences customer satisfaction at OLX stores, 6) price significantly influences customer loyalty at OLX stores, 7) brand image has a significant effect on customer satisfaction at OLX stores, 8) brand image has a significant effect on consumer loyalty in OLX stores, 9) significant customer satisfaction on consumer loyalty in OLX online stores.

Keywords: *service quality, website quality, price, brand image, consumer satisfaction, consumer loyalty*

Introduction

In this era of globalization the need for information becomes important. As technology develops, internet-based information systems are widely used today. The internet is also the most economical medium to be used as a basis for information systems. In Indonesia, the internet is well known and used by various groups of people

The development of the internet in Indonesia over the past few years has experienced a huge increase. According to data released by the Ministry of Communication and Information the number of Internet users in Indonesia in 2016 has reached 93.4 million people with 7.4 million online consumers and with transaction value reaching US \$ 3.65 Billion. In 2017, there were 8.7 million online shop consumers with a transaction value of US \$ 4.89 billion and is expected to continue to increase significantly in the coming year (<https://kominform.go.id/>).

The development of e-commerce business in Indonesia has changed several consumer behaviors, one of which is the habit of shopping in shopping centers or stores now starting to switch to using online media. As long as it is connected to the internet, consumers do not have to go to shops or shopping places to get the goods or services they want. Many e-commerce companies in Indonesia, one of which is OLX.

Table 1. Percentage of Sales Data from 2014-2017 E-commerce Website in Indonesia

Online store	Annual Sales (%)			
	2014	2015	2016	2017
Lazada	18.9	43.3	42.7	52
OLX	8.8	13.5	10.3	7.8
Berniaga	66.5	11.7	1.2	0.4
Bukalapak	1	4.3	5.1	5.6
Tokopedia	1.8	7.1	7.2	7.1
Others	3	20.1	33.5	27.1

source: <https://trends.google.co.id> (2017)

From Table 1.above OLX is still in second place after being used as a percentage of interest in shopping on E-commerce websites in Indonesia. In 2014 OLX got 8.8% of sales and in 2015 got sales of 13.5%. From 2014 to 2015 purchases in OLX stores increased by 4.7%, but in 2016 and 2017 there was a decline in OLX purchases from 2015 to 2017 decreased in OLX stores by 5.7%.

Research conducted by FibriaAnggraini on the influence of e-commerce web, product quality and service quality on consumer satisfaction. In every service business engaged in services, especially online e-commerce, it is very important to pay attention to product quality because this will be directly related to customer satisfaction so that it continues to the loyalty of consumers who use the service, this is also seen in the results of research that states the quality of the product effect on customer satisfaction and loyalty.

Promotion is a special ingredient of personal advertising, sales promotion and public relations that companies use to achieve advertising and marketing goals (Kotler& Keller, 2009: 263). Babin (2011: 27) Promotion is a communication function of the company responsible for informing and persuading / inviting buyers. Brand image is an impression obtained in accordance with one's knowledge and understanding of something (Alma, 2004: 375). A strong brand image can provide several key advantages for a company one of which will create a competitive advantage. Products that have a good brand image tend to be more easily accepted by consumers. The image is the overall perception of the product or brand that is formed from information and past experience of the product or brand. For the above description, further research is conducted on the Effect of Service Quality, Website Quality, Price and Brand Image on Consumer Satisfaction Impacting Consumer Loyalty in OLX Online Stores.

Quality of service is how appropriate or how well the service provided by the company is in accordance with customer expectations. What if this has been felt by consumers, consumers will be satisfied with what has been provided by the company and if consumers feel good service repeatedly and the company is consistent in serving, customer loyalty will arise. For service companies, especially online services in addition to other services desired by consumers is how the quality of the website website. Website quality evaluates the quality of the content contained on the website in a number of ways such as navigation, beauty, functionality and so on so what if it is fulfilled then from the user will certainly be interested in using it repeatedly it can be to fulfill what you want from the website user.

Along with the increasing use of the internet and technology, several electronic media have emerged that use it for business activities, which became known as Electronic Commerce or e-commerce. E-commerce business in Indonesia has changed several consumer behaviors, one of which is the habit of shopping in shopping centers or stores now starting to switch to using online media. That is certainly consumers see from the comparison of prices in stores and media through online. Haga is everything given by customers to get the advantage offered by the company's marketing mix according to Kotler and Armstrong (2008: 345). Consumers assume that the more complex the price offered by consumers for a product, it will affect

customer satisfaction on a particular product. Then this makes consumers will be loyal to the price given to them

Loyalty arises because of the experience of past consumers. This will certainly foster consumer confidence in the brand, what if the brand image of a company is formed from how the company carries out an operational activity that has a major foundation in terms of service, website quality and price is certainly the key to creating satisfaction for consumers that impact on loyalty consumer.

Conceptual Framework

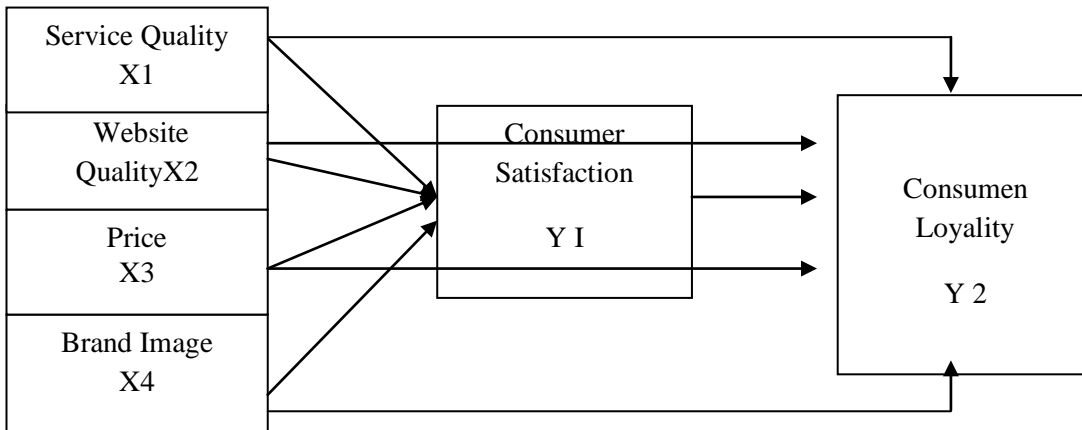


Figure 1 Conceptual Framework

Methods

The type of research that researchers use in this study is causative research. Causative research is a type of research with the characteristics of problems in the form of a causal relationship between two or more variables. According to Indrianto and Supomo (2002: 45), "Causative research is a type of research to analyze the effect of several variables on other variables. According to Sugiyono (2009: 80) Population is a generalization area consisting of objects / subjects that have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions. The population in this study are all OLX consumers in Padang who have made an e-commerce shopping process whose population number is unknown. To determine the sample size of an unknown population the Chocron formula approach (Syofian, 2010: 149), with the following formula :

For the benefit of researchers, the number of samples was set to be 100 respondents. Non-probability sampling is a sampling technique that does not provide the same opportunity or opportunity for each member of the population to be selected as a sample (Sarjono&Julianita, 2011: 22). because the total population is unknown, in this study non sampling probability sampling techniques are used, namely purposive sampling or choosing samples subjectively.

Purposive sampling is the determination of the sample based on respondents who meet the criteria of those who have been able to use OLX media in the buying process and people who have often shopped at OLX.

Results and Discussion

Research result

This study aims to analyze how much influence the quality of service, website quality, price and brand image on consumer satisfaction that has an impact on customer loyalty in OLX online stores, below there are data processing results using structural Equation modeling (SEM) with smart PLS 3.0. as follows:

Table 2. Average Variance Extracted (AVE)

Variable	Average Variance Extracted (AVE)
Service Quality	0,750
WebsiteQualiy	0,644
Price	0,581
Brand Image	0,549
Consumen Satisfaction	0,602
Consumer Loyalty	0,580

Table 2 above can be seen the AVE value on all variables, has met the rule of thumb required, with the AVE value must be greater than 0.50 ($AVE > 0.50$). The service quality variable (X1) reaches a value of 0.750, the website quality variable (X2) reaches a value of 0.644, the price variable (X3) reaches a value of 0.581, the brand image variable (X4) reaches a value of 0.549, the consumer satisfaction variable (Y1) reaches a value of 0.602, the loyalty variable (Y2) reaches a value of 0.580. So based on the explanation above, it can be concluded that the indicators in this study have met the convergent validity test criteria.

Table 3. Akar Average Variance Extracted (AVE)

Variabel	(X1)	(X2)	(X3)	(X4)	(Y1)	(Y2)
Service Quality	0,866					
Website Qualiy	0,621	0,803				
Price	0,512	0,639	0,762			
Brand Image	0,738	0,527	0,471	0,741		
Consumen Satisfaction	0,386	0,801	0,600	0,313	0,776	
Consumer Loyalty	0,146	0,109	0,326	0,100	0,116	0,761

Table 3, the output results shown on the diagonal are the values of the square root AVE and the value below it is the correlation between constructs. So the AVE square value is higher than the correlation value. Through this, it can be concluded that the estimated model is valid because it meets the discriminant validity criteria.

Table 4. Cronbach's Alpha dan Composite Reliability

Variable	Cronbach's Alpha	Composite Reliability
Service Quality	0,980	0,982
Website Qualiy	0,944	0,952
Price	0,754	0,846
Brand Image	0,720	0,826
Consumen Satisfaction	0,832	0,882
Consumer Loyalty	0,781	0,846

Based on the results of data processing, it can be seen that the composite reliability and Cronbach's alpha values of each construct exceeds 0.7. When referring to the rule of thumb the composite reliability and Cronbach's alpha values, each of which must be greater than 0.7 (> 0.7), the data in Table 4 is declared to be reliable.

Table 5. R-Square

Variable	R Square
Consumen Satisfaction	0,687
Consumer Loyalty	0,127

The coefficient of determination using R-square which shows some percentage variation in the independent or dependent variable can be explained by the variable that is hypothesized to influence it. The higher the R-square of a variable, the better the model. For your information, R-square is only found in endogenous constructs.

Table 5 can be seen that the R-Square value of the customer satisfaction variable (Y1) shows a figure of 0.687. This shows that the quality of service (X1) website quality (X2), price (X3), brand image (X4) contributed to customer satisfaction (Y1) as much as 68.7%. The rest is influenced by other variables outside the research model. Then the consumer loyalty variable (Y2) from table 5 can be seen the R-Square value of 0.127. This illustrates that the variable service quality (X1) website quality (X2), price (X3), brand image (X4) contributed to consumer loyalty (Y2) by 12.7%. The rest is influenced by other variables outside the research model.

Direct Influence

Table 6. Path Coefficient

Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Service Quality (X1) -> Consumer Satisfaction (Y1)	0,392	0,395	0,064	6,161	0,000
Service Quality(X1) -> Consumer Loyalty (Y2)	0,347	0,346	0,050	5,654	0,000
Website Quality (X2) -> Consumer Satisfaction (Y1)	0,820	0,838	0,069	11,932	0,000
Website Quality (X2) -> Consumer Loyalty (Y2)	0,172	0,175	0,070	2,166	0,020
Price (X3) -> Consumer Quality (Y1)	0,201	0,199	0,098	2,353	0,006
Price (X3) -> Consumer Loyalty (Y2)	0,436	0,443	0,138	3,173	0,002
Brand Image (X4) -> Consumer Satisfaction (Y1)	0,458	0,453	0,051	7,510	0,000
Brand Image (X4) -> Consumer Loyalty (Y2)	0,279	0,344	0,210	2,533	0,005
Consumer Satisfactin (Y1) -> Consumer Loyalty (Y2)	0,164	0,162	0,080	2,030	0,017

The table above is the result of the relationship between constructs which states that service quality, website quality, price and brand image have a significant effect on customer satisfaction that has an impact on customer loyalty, with the result of a large parameter coefficient from t table and significant at 0.05 (PValues,) more small. The results of this study can be concluded from the 9 hypotheses tested tested.

Discussion

The results showed that testing the hypothesis found that there was a significant effect of service quality on consumer satisfaction in the olx online store. These results indicate that the higher the quality of services provided by olx online stores such as goods sent according to order, the products provided are always varied,

and guaranteeing the safety of consumers when shopping will certainly have an impact on the satisfaction of consumers who shop at olx online stores.

The second hypothesis is found that there is a significant influence of service quality on consumer loyalty. This research proves that the ability to provide high quality service will increase consumer loyalty in the olx shop. That is, by providing high quality service for customers, such as what they want, for example, always offering products that are varied, easy and fast what if there are constraints for consumers who shop, when there are problems quickly settle it. Kuliatas provides a plus in the form of special motivation for customers to forge long-term mutually beneficial relations with the company. The customer's emotional ties enable the company to understand customer expectations and needs.

The 3 hypothesis is found that there is a significant effect of website quality on consumer satisfaction in OLX online stores. This research proves that by providing quality websites that will eat will increase consumer satisfaction. That is, with quality websites such as providing trustworthy information, images and features that are clear and attractive to the user will make these consumers happy and satisfied with what they get from the quality of the website that has been given by the olx online store. The fourth hypothesis, it was found that there is a significant influence of website quality on consumer loyalty in OLX online stores. This research proves that by providing quality websites that will eat will increase consumer satisfaction. That is, by providing a high-quality website it will make the user happy to open it so that it will certainly make them re-use the site repeatedly.

The 4 hypothesis testing found that there is a significant effect of price on consumer satisfaction in the OLX online store. These results prove that the price given by the olx online store is in accordance with customer needs. This shows the significant price effect on customer satisfaction. The sixth hypothesis is found that there is a significant effect of price on consumer satisfaction in the OLX online store. These results prove that the price given by the olx online store is in accordance with customer needs. These results indicate that the more appropriate the price with what they pay, it will encourage consumers to be loyal. This means that by providing affordable prices, prices that are in line with quality and cheaper than in other online stores, consumers will certainly continue to repeat and buy and find it difficult to move to other online stores.

Based on the results of the seventh hypothesis testing it was found that there is a significant influence of brand image on consumer satisfaction in the olx online store. These results indicate that the higher the brand image of the online store olx will increase customer satisfaction. This means that the brand is trusted and many people know that eating will encourage satisfaction for consumers.

The eighth hypothesis was found that there is a significant influence of brand image on consumer satisfaction in olx online stores. These results indicate that with a trusted brand image and brand image known as a store that provides professional services will certainly have a high impact on trust in the brand, what if consumers already have high trust then consumers will be loyal and difficult to act on store brands another online.brand image is a collection of brand associations that form a certain perception of the brand. Whereas brand association is everything that is entwined in a brand's memory. Consumers who buy something do not just need the item, but there is something else they expect.

The results show that there is a significant influence of consumer satisfaction on consumer loyalty in the olx online store. These results indicate that the higher the satisfaction felt by consumers, the consumer loyalty will increase. This means that if consumers are satisfied with what is provided by online olx stores and are happy with the services provided, consumers will easily tend to be loyal and difficult to move to other online shops.

Conclusion

Service quality has a significant effect on customer satisfaction. The form of the influence of service quality variables on customer satisfaction is positive. This means that by providing good quality service and always being consistent with what they want, consumers will feel satisfied and can create loyalty to consumers.

Website quality has a significant effect on customer satisfaction. The influence of website quality variables on customer satisfaction is positive. This means that with sites that are attractive, easy and fast to use, consumers are satisfied, this will certainly make consumers will repeatedly use these sites repeatedly so as to create consumer loyalty

Price has a significant effect on customer satisfaction. The form of the influence of price variables on customer satisfaction is positive. This means that by offering affordable prices and easier prices than other places, consumers will feel satisfied because the price offered is according to what they want so that satisfied consumers will be more likely to be loyal

Brand image has a significant effect on customer satisfaction. The form of the influence of brand image variables on customer satisfaction is positive. This means that with online store brands that have been known as brands that are easier and more practical in their use of course consumers will be more trustworthy and will continue to use them they will be satisfied and more able to create loyalty towards consumers.

Consumer satisfaction has a significant effect on consumer loyalty. The form of the influence of consumer satisfaction variables on customer loyalty is positive. This means that by giving satisfaction to the users of the OLX online store it will be more able to create loyalty to consumers.

Suggestion

Based on the conclusions that researchers submit in accordance with the results of the research obtained can be made several important implications that can be beneficial for the company:

For OLX online store companies can improve the quality of reliability services such as the service of goods purchased through OLX stores on time when shipping to consumers, shopping through OLX online stores is very easy and practical to use so that it saves time for consumers. OLX online store companies must improve the quality of interaction services for consumers such as making OLX online store websites more attractive so that when used by consumers interested and also the information on the online store websites must be clear so that it is easier to understand

Products / goods sold at OLX online stores the price offered must be in accordance with the quality of the product so that consumers are not disappointed when buying products / goods in the future. This research is still limited to a small scope of discussion, therefore it is recommended for future researchers to examine the other variables not examined in this study so as to be able to add new knowledge.

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