



Satisfaction and Loyalty of Honda Motorcycle Consumers in Jember

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ABSTRAK

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This research aims to analyze the effect of price and product quality on satisfaction and loyalty of Honda motorcycle customers in Jember. The research design is confirmatory research. The research population is all customers of Honda motorcycles in Jember, and then researcher take 114 sample. Researcher take respondents used non-probability sampling techniques with purposive sampling approach. Analysis tool used Structural Equation Modeling (SEM). The results of this research prove that product quality has a significant effect on customer loyalty. Product quality also has a significant effect on customer loyalty. Price does not effect on customer satisfaction, but price has a significant effect on customer loyalty. Customer satisfaction has a significant effect on customer loyalty.

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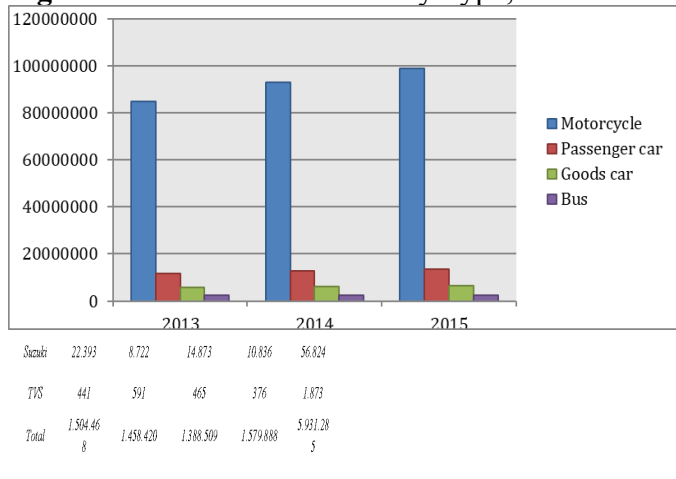
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INTRODUCTION

The development of motorcycle industry in Indonesia is growing along with technological development and sophistication of the production system. The need for motorcycle in Indonesia until now has always increased. Motorbikes have a function to accelerate the mobility of users. People can ride motorcycle to locations that are difficult to reach by car.

Figure 1. Number of Vehicles by Type, 2013-2015



Source: Asosiasi Industri Sepeda Motor Indonesia (AISI)

Motorcycle are the most widely used vehicles by the public. It can be seen from the proportion of motorcycles for 81.45%, larger than other vehicles. The next sequence of passenger cars (11.11%) and freight cars (5.45%). Vehicles that have the smallest proportion is bus (1.99%). It shows the attention and interest of Indonesian people is greater on motorcycle than other vehicles. Motorbikes are easier to drive and practical than other transportation to support all activities.

Total motorcycle sales in Indonesia in 2016 amounted to 5.931.285 units. Honda motorcycle get the biggest sales, with total sales 4.380.888 units. based on this data, we can see that the Honda brand is a market leader. Although in the last quarter, Honda motorcycle sales decreased 31.21% compared to the previous month.

Companies must be able to maintain customer loyalty in competition. Honda has proven that it can maintain customer loyalty. Research finding showed that customer loyalty has an important role

in the company or organization, keep customers the same as maintain the survival of the company.

Honda is a market leader and that is no doubt. But in 2016, Honda reportedly carried out a cartel action with one of its toughest competitors, Yamaha. Business Competition Supervisor Commission (KPPU) explained that the cartel is an enemy of the state, because it can harm consumers. Based on witness statements, evidence, and analysis of the investigator team, KPPU concluded that honda was proven do cartel action. It will have a bad impact on Honda, especially on consumer loyalty. The purpose of this research is: (1) Analyze the effect of product quality on customer satisfaction of Honda motorcycles in Jember; (2) Analyze the effect of price on customer satisfaction of Honda motorcycles in Jember; (3) Analyze the effect of product quality on customer loyalty of Honda motorcycles in Jember; (4) Analyze the effect of price on customer.

LITERATURE REVIEW

Theoretical Basis

Product Quality.

Lupiyoadi (2006, p.144) explains that the quality problem in the business world becomes the "price to be paid" by the company in order to stay in business. Lupiyoadi (2006, p.158) explains that consumers will feel satisfied if the results of their evaluation indicate that they use quality products.

Price.

Kotler and Armstrong (2008, p.439) explain price is the amount of money charged for a product or service, or value exchanged by consumers for benefits, because they use the product or service. Research finding showed that the price is money needed to get a number of combinations of goods and services.

Customer Satisfaction.

The company will carry out various activities and get value from customers about perceived satisfaction. Research finding showed that satisfaction is the level of feeling when someone compares the performance of the product received and expected.

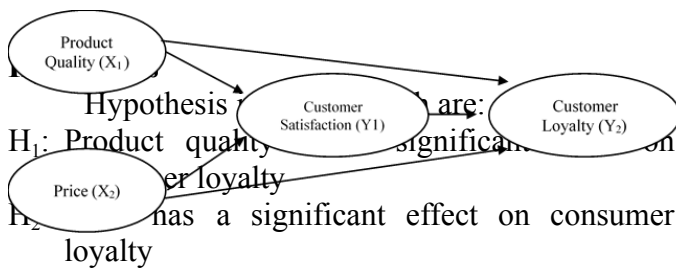
Customer Loyalty.

Rangkuti (2002, p.60) explains consumer loyalty is consumer loyalty to companies, brands and products. Sutisna (2003, p.41) explains loyalty is a good attitude toward a brand that is presented in a consistent purchase of the brand.

Conceptual Framework

Based on theoretical basis, the conceptual framework in this research can be seen in figure2.

Figure 2. Conceptual Framework



- H₃: Product quality has a significant effect on consumer satisfaction
- H₄: Price has a significant effect on consumer satisfaction
- H₅: Consumer satisfaction has a significant effect on consumer loyalty

METHOD

The research design uses confirmatory research. The population of this research is all customers of Honda motorcycles in Jember, and then researcher take 114 sample. Researcher take respondents used non-probability sampling techniques with purposive sampling approach. Analysis tool used Structural Equation Modeling (SEM). Indicators of variables are explained in table 2.

Tabel 2. Indicators of Variables

Variable	Indicators
Product Quality (X ₁)	Usage convenience Additional features The product works well for a long time Compliance with specifications The spare time period must be replaced Official service in various regions Attractive design
Price (X ₂)	Impression of perceived product quality affordable prices Price compatibility with product quality Price competitiveness Price compatibility with production benefits
Customer satisfaction (Y ₁)	Customer satisfaction on the product Conformity with customer expectations Good experience when using products
Customer Loyalty (Y ₂)	Make repeat purchases Buy a product line Give references to others immunity to other competitors

Validity Test

Table 3. Product Quality Validity Test Results

No	Indicator	Sig.	<i>a</i>	Result
1	X _{1,1}	0.002	< 0.05	Valid
2	X _{1,2}	0.000	< 0.05	Valid
3	X _{1,3}	0.000	< 0.05	Valid
4	X _{1,4}	0.000	< 0.05	Valid
5	X _{1,5}	0.001	< 0.05	Valid
6	X _{1,6}	0.016	< 0.05	Valid
7	X _{1,7}	0.000	< 0.05	Valid

RESULT AND DISCUSSION

8	X _{1,8}	0.001	<	0.05	Valid
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All significant values are less than 0.05, so the indicator of product quality variable is valid.

Table 4. Price Validity Test Results

No	Indicator	Sig.		α	Result
1	X _{2,1}	0.000	<	0.05	Valid
2	X _{2,2}	0.000	<	0.05	Valid
3	X _{2,3}	0.000	<	0.05	Valid
4	X _{2,4}	0.000	<	0.05	Valid

All significant values are less than 0.05, so the indicator of price variable is valid.

Table 5. Customer Satisfaction

Validity Test Results

No	Indicator	Sig.		α	Result
1	Y _{1,1}	0.000	<	0.05	Valid
2	Y _{1,2}	0.000	<	0.05	Valid
3	Y _{1,3}	0.000	<	0.05	Valid

All significant values are less than 0.05, so the indicator of customer satisfaction variable is valid.

Table 6. Customer Loyalty

Validity Test Results

No	Indicator	Sig.		α	Result
1	Y _{2,1}	0.000	<	0.05	Valid
2	Y _{2,2}	0.000	<	0.05	Valid
3	Y _{2,3}	0.000	<	0.05	Valid
4	Y _{2,4}	0.000	<	0.05	Valid

All significant values are less than 0.05, so the indicator of customer loyalty variable is valid.

Reliability Test

Table 7. Reliability Test Result

Variable	Cronbach's Alpha		Cutt Point	Result
X ₁	0,798	>	0.7	Reliabel
X ₂	0,789	>	0.7	Reliabel
Y ₁	0,707	>	0.7	Reliabel
Y ₂	0,833	>	0.7	Reliabel

All variables have a value of cronbach's alpha above 0.7, so the questionnaire is declared reliable.

SEM Assumption Test

Important assumptions tested in SEM analysis are normality, outliers and multicollinearity.

Normality.

Univariate normality shows that all critical ratio skewness and critical ratio kurtosis values are less than ± 2.58 and multivariate normality also shows values less than ± 2.58 , then all indicators are normally distributed.

Outlier.

The highest Mahalanobis is smaller than the value of $\chi^2_{0,05:113}$ ($47.407 < 138.811$), so it can be concluded that all Mahalanobis values are smaller than chi-square values, meaning that there is no violation of outlier assumptions.

Multicollinearity.

The matrix determinant value in this study is 1221. The matrix determinant value is far from zero, so there is no violation of the assumption of multicollinearity.

Model Feasibility Test

Suitability test model aims to test the proposed model (fit) or not.

Table 8. Model Feasibility Test Result

Model Feasibility	Value	Criteria	Result
Chi-square	135.078	≤ 138.811	Goodness Fit
Probability	0.097	≥ 0.05	Goodness Fit
RMSEA	0.039	≤ 0.08	Goodness Fit
GFI	0.903	≥ 0.90	Goodness Fit

AGFI	0.840	≥ 0.90	<i>Marginal Fit</i>
CMIN/DF	1.175	≤ 2.00	<i>Goodness Fit</i>
TLI	0.970	≥ 0.95	<i>Goodness Fit</i>
CFI	0.980	≥ 0.95	<i>Goodness Fit</i>

AGFI test results model is not good, while the model feasibility test on 7 other measurements shows that the model is good. These results prove the overall model is quite good.

Hypothesis Test

Table 8. Hypothesis Test Result

Hypothesis	Coeff	Prob	Result
H1	0.670	0.000	H1 accepted
H2	0.209	0.215	H2 rejected
H3	0.608	0.002	H3 accepted
H4	0.262	0.163	H4 rejected
H5	0.210	0.238	H5 rejected

Product quality (H_1) has a positive coefficient value, meaning if the quality of Honda motorcycle gets better, customer satisfaction will also increase. The probability value is smaller than 0.05, so the first hypothesis is accepted and the product quality has significant effect on customer satisfaction.

The probability value of price (H_2) variable is greater than 0.05, so the second hypothesis is rejected and the price has no significant effect on customer satisfaction. Product quality (H_3) has a positive coefficient value, meaning if the quality of Honda motorcycle gets better, customer loyalty will also increase. The probability value is smaller than 0.05, so the third hypothesis is accepted and the product quality has significant effect on customer loyalty.

The probability value of price (H_4) is greater than 0.05, so the fourth hypothesis is rejected and the price has no significant effect on customer loyalty. The probability value of customer satisfaction (H_5) is greater than 0.05, so the fifth hypothesis is rejected and the customer satisfaction has no significant effect on customer loyalty.

Effect of Product Quality on Customer Satisfaction

Product quality has a positive and significant impact on customer satisfaction, it shows that the

quality of Honda motorcycles is getting better, so customer satisfaction will increase. When consumers decide to buy a product, they will choose a quality product and are to fulfill their wants and needs. The role of the quality of a product has many functions, because products can provide satisfaction to customers in able many ways. Honda motorbikes are products whose product quality can be seen from several things. In general, the most important quality seen from a vehicle is the comfort when driving a vehicle, therefore consumers will assess the quality of Honda motorbikes from the comfort of driving. Besides being comfortable to drive, Honda also provides a variety of additional features, such as helmet hooks, LED lights, disc keys and others. Trivial matters but are things that are needed by motorcycle riders. Consumers will feel disappointed if Honda ignores this, because additional features also provide added value and can meet the needs of consumers when riding a motorcycle.

The quality of the motorcycle is seen from the economic life of the bicycle parts. Honda motorcycle parts can be said not to be damaged quickly, so that it takes a long time until the parts must be replaced new. This causes cost efficiency that is beneficial for consumers, so consumers feel happy to have bought a Honda motorcycle. Although at one time the Honda motorcycle was damaged or had entered a service period, consumers were not worried because it was not difficult to get genuine Honda parts. Honda's official service is in various areas of Jember Regency. Good quality and ease of service make Honda motorcycles a product that has a lasting impression and makes consumers satisfied with Honda motorbikes.

The results of this study are in accordance with the statement of Lupiyoadi (2006, p.144) that the quality problem in the business world now seems to have become the "price to be paid" by the company in order to remain in business. According to the American Society for Quality Control, quality is the overall characteristics and characteristics of a product or service in its ability to meet the needs that have been determined or are latent. Lupiyoadi (2006, p.158) explains that consumers will feel satisfied when the results of their evaluation show that the products they use are of high quality. This statement is supported by Kotler (2009, p.49) which states that product

quality is the overall characteristic and of a product or service in the ability to satisfy the implicit needs.

The results of this study are in line with Sembiring et al. (2014) which proves that product quality has a significant positive effect on customer satisfaction. In different research objects Iriyanti et al (2016) also proves that product quality has a significant positive effect on customer satisfaction. The results of this study also denied the research of Runtunuwu et al. (2014) which proves that product quality has a positive influence but has no significant effect on customer satisfaction.

Effect of Price on Customer Satisfaction

Prices have no significant effect on customer satisfaction, meaning that changes in Honda motorcycle prices do not change customer satisfaction. So if one day Honda sets out a policy to make prices more affordable, then the policy is not significant in increasing customer satisfaction. This is because the price of Honda motorcycles can be dealt with by consumers with installment programs, so that payments become lighter and affordable by consumers. Consumers who cannot afford to buy a motorcycle in cash can buy a motorcycle on credit.

The case of the cartel carried out by Honda proves that prices are really insignificant in influencing customer satisfaction. Honda was proven to carry out cartel actions along with one of its toughest competitors. One of the cartel practices carried out by Honda was an agreement on pricing and profit management. Although Honda did this practice, Honda's unique sales were still the highest. The case experienced by Honda proves that prices are not significant in influencing customer satisfaction so that customers continue to re-purchase Honda motorcycles.

This finding is in accordance with the statement of Kotler and Keller (2007, p.177) that customer satisfaction is a feeling of pleasure or disappointment of someone who appears after comparing the performance (results) of the product that is thought about the expected performance. Yulisetiari (2013), Runtunuwu et al. (2014), Suwandi et al. (2015) and Iriyanti et al. (2016) which proves that prices have a significant positive effect on customer satisfaction. Whereas research finding showed that in line with the results of this study, because he also proved that prices have no significant effect on customer satisfaction.

Effect of Product Quality on Customer Loyalty

Product quality has a significant positive effect on customer loyalty. Motorbikes that have good quality are the expectations of every consumer. A consumer when deciding to buy a motorcycle, will choose a motorcycle that has quality that is able to meet the wants and needs. Honda in the eyes of consumers already have the impression as a motorcycle brand that has good quality, so when they will buy a bicycle again they will still buy a Honda motorcycle. This impression has been embedded in the minds of consumers with Honda's consistency in producing motorbikes of good quality and continuing to innovate, so that Honda motorcycles are not only comfortable to drive but also make consumers interested in repurchasing. One of the things that also makes consumers difficult to move is the additional features. This additional feature makes Honda different and more attractive than other brand motorbikes. The features of Honda motorcycles include enhanced smart power (eSP), programmed fuel injection (PGM-FI), combi brake system (CBS), idling stop system (ISS) and various other features. An attractive and up-to-date motorcycle design also keeps consumers loyal to using and buying Honda brand motorbikes.

The results of this study are in accordance with the statements of Mulyo and Ukudi (2007) that the concept of product quality has become a very dominant factor in the success of organizations, both profit and non-profit organizations, because if consumers feel that the quality of the product they receive is good or as expected, then will feel satisfied, believe and have a commitment to be loyal customers. This statement is supported by Lupiyoadi (2006, p.192) which states that the determinants of customer satisfaction are consumers' perceptions of the quality of a product / service. Product quality is something that must be maintained by a company, because good product quality can shape customer satisfaction and loyalty. Tjiptono (2002, p.68) also explained that quality provides an encouragement to consumers to establish strong ties with the company.

The results of this study are in line with Pongoh (2013) research which proves that product quality has a significant positive effect on customer loyalty. In different research objects Saraswati et al. (2014) also proves that product quality has a significant positive effect on customer loyalty. The results of this study also denied Sembiring et al.

(2014) which proves that product quality has a positive influence but has no significant effect on customer loyalty.

Effect of Price on Customer Loyalty

Prices do not have a significant effect on customer loyalty. The increase in the price of Honda motorcycles has no effect on customer loyalty. This was evidenced by the case of cartels carried out by Honda. Honda was proven to carry out cartel actions along with one of its toughest competitors. One of the cartel practices carried out by Honda was an agreement on pricing and profit management. Although Honda did this practice, Honda's unique sales were still the highest. The case experienced by Honda proves that prices have no effect on customer loyalty so customers continue to re-purchase Honda motorcycles.

Customers remain loyal to using and buying Honda motorbikes even though the price is getting higher. This shows a high commitment from customers to continue using Honda brand motorcycles. This loyalty occurs because customers feel that Honda brand motorbikes are the best motorbikes, so no matter what price they will not turn to other brands. Customers are also not too bothered by the price of the product because there is a credit payment system that makes it easier for customers to buy back Honda motorbikes.

This result contradicts Dharmmesta (1999) statement that the loyalty of a brand that is susceptible to price differences or to an out-of-stock condition requires greater attention to competitive pricing. The pricing policy of a product is one of the problems for each company because prices can change at any time. Price changes are very influential on customer loyalty. Customer loyalty can be formed if customers are satisfied with the level of service received and customers tend to choose products that have advantages at relatively cheap prices.

The results of this study are not in line with the research of Suwandi et al. (2015) which proves that prices have a significant positive effect on customer loyalty. Other research that is also not in line is the research of Iriyanti et al. (2016) which proves that prices have a significant negative effect on customer loyalty. The results of this study are in line with the research of Saraswati et al. (2014) which proves that prices have no significant effect on customer loyalty, but the price coefficient value

in the study is negative, so the results of this study are renewal.

Effect of Customer Satisfaction on Customer Loyalty

Customer satisfaction has no significant effect on customer loyalty. These results show that increasing or decreasing customer satisfaction does not affect customer loyalty to Honda motorcycles. That's because Honda already has a good impression in the eyes of customers. This good impression is evidenced by the frequency of respondents' answers to indicator X1.8, none of the respondents who answered disagreed with the statement item, meaning that the majority of respondents had the impression that Honda motorcycles had good quality compared to other brands. This makes customers satisfied or dissatisfied with staying loyal to Honda. Customers assume that Honda motorbikes are the best brands. Before making a purchase, customers will find out about the specifications of the motorcycle to be purchased. Honda motorcycle specifications are always in accordance with what is published, so the quality of motorbikes imagined by customers when they know the specifications must be in accordance with their expectations. Honda's ability to meet customer expectations makes customers loyal to Honda. Although there are some specifications that are not in accordance with customer expectations, it does not make them discourage from buying a Honda motorcycle.

This finding contradicts the statement of Kotler and Keller (2007, p.177) that customer satisfaction is a feeling of pleasure or disappointment that appears after comparing the performance (results) of the product that is considered to the expected performance. The statement was supported by Tjiptono (2002, p.24) who explained that customer satisfaction would be able to establish harmonious relationships between producers and consumers. Creating a good foundation for repurchasing and creating customer loyalty and forming word of mouth recommendations that will benefit a company. Kotler (2007, p.140) also emphasizes that the relationship between satisfaction and loyalty is a time when consumers reach the highest level of satisfaction which results in strong emotional bonds and long-term commitment to the company's brand.

This finding disproves Sembiring et al. (2014), Suwandi et al. (2015) and Iriyanti et al.

(2016) which proves that customer satisfaction has a significant positive influence on customer loyalty. It shows that customer loyalty will experience a significant increase if customer satisfaction has increased. This finding reinforces the empirical study of Saraswati et al. (2014) which also proves that customer satisfaction has no significant effect on customer loyalty.

CONCLUSION

Product quality has an effect on customer satisfaction. If the quality of products is getting better, customer satisfaction with Honda motorcycles will also increase, so the first hypothesis is proven. Prices has no effect on customer satisfaction. The increase or decrease in the price of Honda motorcycles will not affect customer satisfaction on Honda motorcycles, so the second hypothesis is not proven. Product quality has an effect on customer loyalty. Product quality is getting better, so customer loyalty to Honda motorcycles will also increase, so the third hypothesis is proven. Prices has no effect on customer loyalty. The increase or decrease in the price of Honda motorcycles has no effect on customer loyalty on Honda motorcycles, so the fourth hypothesis was not proven. Customer satisfaction has no effect on customer loyalty. An increase or decrease in customer satisfaction will not affect customer loyalty, so the fifth hypothesis is not proven.

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