



Quality Perception's Effect on Customer Satisfaction and Loyalty

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The purpose of this study was to analyze the direct effect of service quality perception on customer satisfaction and indirect effect through the mediation of functional value, emotional value, and social value. This study also analyzed the direct effect of customer satisfaction on customer loyalty. The study used explanatory research with quantitative approach. Total sample in this research was 116 users of Honda who served their motorcycles in Astra Honda Authorized Service Station (AHASS) in Makassar, Indonesia. Sampling technique used was an accidental sampling method while data collection method used questionnaire. Descriptive statistical analysis and Structural Equation Modeling (SEM) were used to analyze the data. The results showed that there was a significant effect of service quality perception (X) on customer satisfaction (Y4) both directly and indirectly through the mediation of functional value (Y1), emotional value (Y2), and social value (Y3). Similarly, there was a significant effect of customer satisfaction (Y4) on customer loyalty (Y5).

Keywords: Service quality perception, customer satisfaction, customer loyalty, Honda, AHASS.

INTRODUCTION

The highly competition intensity level and the increasingly selective customers in choosing suitable products or services brought companies to be more concerned with customer needs. Marketers in any business are demanded to be more sensitive to customers. According to Kotler and Keller (2009), marketing is the process of value creating for customers and build strong customer relationships in order to gain benefit. Marketers have a very important role in winning the business

competition by building good relationships with customers in order to achieve the sales target set by the company.

Although the sales of motor vehicles tend to decrease in the last 5 years in Indonesia (as shown in Table 1), most community believe that this kind of vehicle is a basic need. Dense urban highways characteristics become the main reason for community in Indonesia prefer to buy motor

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vehicles in order to avoid traffic jams. Various brands of motor vehicle producers massively sale their products in Indonesia, such as Honda, Yamaha, Suzuki, Kawasaki, and TVS. Manufacturers with similar product type certainly will offer different values in marketing strategy, like Honda that prioritizes price consideration in order to win the competition.

In the last 5 years, Honda motorbike has the best selling rate in Indonesia with its market share was 0.57 to 0.75. Table 1 shows that Honda manufacturer is able to sell its products more than 4 million units annually in the last 5 years. It was the highest selling rate compared to other motorcycle brand such as Yamaha, Suzuki, Kawasaki, and TVS.

TABEL 1 HERE

Table 1 shows that Honda motorbike brand was the highest selling rate in Indonesia in the last 5 years. In 2016, there were 1,1 million unit of motorbike in Makassar, the capital of South Sulawesi Indonesia, where this research took place. This number is predicted increase 13-14% annually (<http://hubdat.dephub.go.id>). This condition motivates some businessman to establish automotive service center. For this reason Astra Honda Authorized Service Station (AHASS) have been established 20 centers in this city. Besides AHASS, there are many others authorized motorbike service centers such as Yamaha service center, Suzuki service center, Kawasaki service center, and TVS service center, and hundreds of unauthorized motorbike service centers.

The number of motorbike service center in Makassar increased rapidly as a result of the increased of the number of motorbike. Consequently, the competition level among motorbike service centers was very high and the management of motorbike service centers are encouraged to apply marketing strategy in order to have competitive advantage and in turn to win the competition. Kotler and Armstrong (2001:16) revealed that marketing strategy is the analysis, planning, implementation and control of the program designed to create, build and maintain a

favorable exchange with target buyers to achieve organizational goals.

Marketers in a fierce competition require innovation to create competitive advantage. Innovation can shape new interesting things like held a discount for certain product items. However, it is necessary that innovation should be liked by customers. The product will be preferred by the customers if it offers an impression and the customers perceive high quality of both product and service offered. The concept of perceived service quality has become the center of many researchers' attention. The realization of the service quality perception is a long-term process, but to achieve it in some cases is not easy for the company. A success is determined by a service quality, which serves as a guideline for organizations to solve and satisfy every customer's needs and expectations. Most researchers believe that having quality service is a major achievement, and therefore its position is very important in achieving customer satisfaction (Jayachandran et al., 2004). According to Sweeney & Soutar in Tjiptono (2011:376), the value dimension consists of four aspects: functional value, emotional value, social value and value of price.

Companies will optimize the value of each product, such as product quality (product can be consumed or utilized easily and its durability against damage). Ignoring functional value may cause the product no longer exist, because customers will be disappointed and shift to other products. Each product has different durability due to usage factors by the customers, but customers believe on product quality is the main factor to be strived for, as with the existence of a service center to serve customer complaints. According to Kotler and Armstrong (2001:790), companies should realize that loss a customer means more than loss just a single sale. It means loss of customers not only from ignoring the customer itself but also potential purchase opportunity (re-purchase) will be lost.

Value can be perceived by customers if they have consumed the products because value is a perceived experience by customers. The emotional impression felt by customers is the obligation for producers to create a positive psychological impression, especially for customers who use

intensive products such as motorcycle taxi drivers to support their job. In this example, emotional impact will be greatly attended by customers. According to Hurriyarti (2008:111), it is crucial for producers to deliver customer value, because the basic mission of business are no longer for the profits rather creating and adding value to customers, and the profit is merely a consequence of giving of customer value.

The product is a reflection of the owner, therefore consideration of social impact is a factor that is noticed by any customers, because every customer wants to show a positive impression of others towards themselves, like the use of a motorcycle will has a more effective impression than usage bicycle, because it does not use much time if used, other than that of social impression is a perceived value by others. For product user impression social will appear from the perspective of people's impression. Another expected by the owner is the positive impression, resulting in a social impression for every customer must be considered good by the manufacturer. Social impression is often banged with the selling price of product. The product with expensive price will be impressive with a luxurious look, while for products with a lower price will be displayed with that impression as well. According to Wisnalmawati (2005) service quality perceptions of physical appearance, reliability, responsiveness, assurance and empathy effect on customer satisfaction. Kotler and Keller (2009:138) argue that satisfaction is the customers' feeling happy or disappointed because of comparing between the perceived real performance of the product and the customer expectations before using product. Primary key in the creation of satisfaction cannot be separated from customers expectation and their impression on products or services used, so that the manufacturers who understand the customer satisfaction will work hard in creating customers positive impressions on certain product, by integrating customer value as key factors in offering products or services. The higher quality perception the higher satisfaction level perceived by customers will be.

Similarly, price is a fascinating attraction that is very important for every customer. The price

will be a comparison between the nominal obtained and the nominal expended by customers. For high price, the customers will expect a high level of experience in using certain product, whereas for products with lower price, customers will perceive the product quality is less than the more expensive one. Therefore, the price factor is the important reason for customers in selecting certain product according to their expectations and financial capabilities. Tight competition creates strong competitiveness among producers with similar products. Price is an inherent factor in advantages and disadvantages of products (Kotler & Keller, 2009). Every producers take advantage of it as a price creation strategy with product superiority composition. Take an example, Honda Beat with 110cc has a cheaper price than Honda Vario with 150 cc due to the difference of engine capacity superiority. Honda Vario has a capacity of 150 CC engine, while Honda Beat has a capacity of 110 CC.

Research conducted by Mardikawati (2013) found a positive effect of quality perception on customer satisfaction. In addition, Tjiptono (2008:24) believed that customer satisfaction can provide several benefits such as the relationship between the company and customers becomes more harmonious, becomes the basis for repurchase, creates customer loyalty and word of mouth recommendations. Strategy and steps to create quality perception and customer satisfaction is an effort to create customer loyalty on producer. According to Griffin in Hurriyati (2009:128), loyalty is a behavior for re-use the same product or service which is based on decision making. Customers trend to stay on a particular brand is an indication that the they are loyal, but under certain conditions, such as the absence of other product choices then persist on a product does not include loyalty. Characteristics of loyal customers according to Griffin (2005:31), are customers who repurchase products, refer to others and create 'self-immunity' from other manufacturers to be faithful to a certain brand.

A loyal customer is an advantage long term owned by a manufacturer. Customer loyalty will have a positive impact for producers, such as customer willingness to promote certain products/services to others who are going to select

product. Loyal customer should be pursued continually with providing positive quality perception and creating satisfied customer. As revealed by Wungow (2013) that there is a positive relationship of quality perception and customer satisfaction against customer loyalty.

Based on the above background, this study was conducted under the title of "Quality Perception's Effect on Customer Satisfaction and Loyalty". The research object is focused on Honda Users who serve their motorbike in AHASS in Makassar, Indonesia. The purpose of this study was to analyze the effect of quality perception on customer satisfaction both direct and indirect effect through functional value, emotional value, and social value. The study also aims to analyze the effect of customer satisfaction on customer loyalty.

LITERATURE REVIEW

Service Quality Perception

Kotler and Keller (2009) stated that the company should satisfy customers to encourage them to repurchase and stay consume similar product brand. Product and service quality, customer satisfaction, and profitability are closely related, where the higher the quality, the higher the customer satisfaction and will lead to higher sales which in turn can lead to greater profitability.

The concept of perceived service quality has become the center of many researchers' concern. The realization of the quality of service perception is a long-term process, but to achieve it needed hard efforts. A success is determined by a quality of service, which serves as a guideline for organizations to solve and satisfy every customer's needs and expectations. Most researchers believe that having quality service is a major achievement, and therefore it's position is crucial to achieve customer satisfaction (Jayachandran et al., 2004).

According to Sweeney and Soutar in Tjiptono (2011), customer value consists of three values where each value has a role in creating customer satisfaction. Those values are functional value, emotional value and social value. Functional

value is the value perceived by customers based on the function or benefit of goods purchased. Functional value contributes greatly to customer satisfaction, where the higher benefits of the product, the higher level of customer satisfaction (Sweeney and Soutar in Tjiptono, 2011). Emotional value, on the other hand, comes from a positive feeling arising from consuming product. If customer's experiences positive feeling at the time of purchase or consume a product, then the product provides the emotional value (Tjiptono, 2008). Under these conditions, customers are satisfied with a product. In addition, social value is the value derived from the product's ability to improve the customer social status. The social values are shared by a customer associated with what is considered good and what is considered bad by the customers (Tjiptono, 2008).

The aim of value creation is to create customer satisfaction. According to Kotler and Keller (2009:138), customer satisfaction is a happy or disappointed feeling arises due to comparing between customer feeling on product benefit after consuming it and customer expectation prior to the product usage. The primary key in the creation of customer satisfaction cannot be separated from customer expectations and the impression perceived by customer, hence the producers who understand the customer satisfaction will seek to create offers that can provide expectations and positive image by combining quality perception as a major factor in business transaction. The higher the customer quality perception, the higher the customer satisfaction will be (Af Hami, Suharyono, and Hidayat, 2016).

Customer satisfaction

According to Jayachandran et al. (2004), customer satisfaction is the basic concept in understanding the relationship between company and its customers. Customer satisfaction is highly correlates with internal factors for each individual in organization. Fulfilling customer satisfaction indirectly represents the short-term sacrifices to achieve long-term gains. The ability to understand customer behavior and provide value in accordance with their expectations will create satisfaction and in turn will have an impact on customer loyalty.

Loyalty emerges due to a sense of trust from customers after using a product (Omsa et al., 2015). Customer satisfaction occurs when customer expectations suit with or exceeded what is experienced and felt by customer (Westbrook, 1987). According to Tjiptono (2008:170), customer satisfaction is a level where their desires and expectations can be achieved, so that they feel what is obtained is equal to what is expected. Juwandi (2004:37) believed that there are 5 factors that must be considered to create customer satisfaction, namely product quality, price, services quality, emotions, cost, and convenience.

Customer Loyalty

Chiu, et al. (2009) stated that loyal customers tend to repurchase more often and spend more money from time to time. They demonstrate their loyalty through repurchase behavior and attitude to recommend other consumers to buy similar product brand. Customer loyalty and positive word-of-mouth (WOM) are two goals to be achieved by managers (Hellier, et al., 2003). In addition, Hellier, et al., (2003) also believed that repurchase intention is affected by several important factors, namely: perceived quality, service quality, customer value, customer satisfaction, and the expected switching.

In general, the company expects to gain consistent profits with customers who have not only do once a purchase, but consistently repurchase. Repurchase made by customers is the goal of any business to create a sustainable profit. Thus the measurement of customer satisfaction and repurchase intention becomes critical for managers and researchers (Chandon et al., (2004). Repurchase intention will occur if customers are satisfied. Griffin (2005) described that a satisfied customer will be interested to repurchase in the next time. Giffin (1995) also stated that satisfaction and repurchasing have been used to understand and predict how customers will behave in the future.

Repurchase intention is an individual assessment on repurchase of a product or service from the same company by taking into account the current situation and circumstance (Hellier, et al., 2003). By repurchasing process, customers continue

to buy from the same company and with positive word of mouth, hence new customers will be attracted to a company promoted by loyal customers. In this process, behavioral intention is the customers' assessment performed after using the product or obtaining services (Mittal and Wagner, 2001). Repurchase intentions, along with loyalty, willingness to pay a premium price, word-of-mouth, and complaining are the five factors of behavioral intention described by Zeithaml, et al., (2002). According to Zboja et al., (2006), loyalty and repurchase intention have the same taxonomic aspects.

There are many studies linking customer satisfaction and intention to repurchase such as customer retention (Mittal and Kamakura 2001), customer amount decreasing (Anderson, 1996), complaints level reducing (Fornell, 1992), and word-of-mouth (Anderson, 1996). Griffin (2005:31) argued that loyal customers have 4 main characteristics, namely customers purchase product or service regularly, customers buy products and services from the same producer, customers recommend others to buy product or service from similar producer, and customers consistent to stay consuming a product by avoiding other producers.

CONCEPTUAL MODEL

As indicated across the paper, the purpose of this study is to investigate the effect of service quality perception on customer satisfaction either directly and indirectly through functional, emotional, and social value. The study also aims to analyze the effect of customer satisfaction on customer loyalty. The conceptual model of this study is presented in figure 1.

FIGURE 1 HERE

H1: Service quality perception affects significantly customer satisfaction

H2: Service quality perception affects significantly functional value

H3: Service quality perception affects significantly emotional value

H4: Service quality perception affects significantly social value

H5: Functional value affects significantly customer satisfaction

H6: Emotional value affects significantly customer satisfaction

H7: Social value affects significantly customer satisfaction

H8: Service quality perception affects significantly customer satisfaction through functional value

H9: Service quality perception affects significantly customer satisfaction through emotional value

H10: Service quality perception affects significantly customer satisfaction through social value

H11: Customer satisfaction affects significantly customer loyalty

RESEARCH METHODOLOGY

This study explained the causality of a phenomenon and is cross-sectional because the constructed models were not designed to capture the change of time. The type of this study is an explanatory research using a quantitative approach in the form of a questionnaire survey. The population of this research is users of Honda motorbikes who have served their motorbikes in AHASS in Makassar. Accidental sampling technique has been used in this study. The sample amount has been determined using Slovin formula which comes up with 116 respondents. SPSS 21 has been used to measure the validity and the reliability of the collected data. In order to examine the validity of the questionnaire, face validity was focused. For this purpose, the questionnaire was reviewed and modified by the general director of Astra International Company, Makassar branch. Furthermore, the reliability of the questionnaire was examined using Cronbach's Alpha Coefficient. The coefficients were 0.875. In order to analyze the research data and test the hypotheses, descriptive

and inferential statistics were employed. For this purpose, Pearson correlation coefficient was used in SPSS 18 and structural equation modeling (SEM) was used in Amos 22.

RESULTS AND DISCUSSIONS

Hypothesis Testing Results (Direct Effect)

Causality analysis was conducted to determine the relationship among variables. By testing the causality it can be known the effect of the exogenous on endogenous variables. The study results from each relationship is shown in Table 2.

TABLE 2 HERE

Figure 2 shows the results of structural model testing, using the conceptual framework that has been shown in the figure 1.

FIGURE 2 HERE

The results of the hypothesis testing are described as the following:

H1: Service quality perception affects significantly customer satisfaction

Testing results on the effect of service quality perception on customer satisfaction is proved by the value of path coefficient estimates at 0.888 with positive direction. Positive coefficient means that the higher the service quality perception, the higher the customer satisfaction, and vice versa. Positive and significant effect is proved by p-value at $0.025 < 0.05$, thus, the hypothesis 1 is accepted.

Thus, the better perception of service quality that customers have the higher tendency of customer satisfaction. Conversely, the worse the quality of the service perceived by customers, the lower their satisfaction level. These findings are consistent with research conducted by Santouridis and Trivellas (2010), who measured the quality perception of the service performance, the speed of delivery service, responsiveness of employees, consumer confidence in the company and the understanding level of the company on customer

needs to satisfy customer. These results also support the research by Nikzad & Mahdi (2011) who stated that customer value has a positive and significant effect on customer satisfaction, and research by George and Kostantinos' (2006) that indicates that service quality factors such as physical appearance, reliability, responsiveness, assurance and empathy significantly affect customer satisfaction.

H2: Service quality perception affects significantly functional value

H3: Service quality perception affects significantly emotional value

H4: Service quality perception affects significantly social value

Testing results on the effect of service quality perception on functional value is proved by the value of path coefficient estimates at 0.875. Testing results on the effect of service quality perception on emotional value is also proved by the value of path coefficient estimates at 0.533, and testing results on the effect of service quality perception on the social value is proved by the value of path coefficient estimates at 0.667. Path coefficient is positive implies that the higher the service quality perception, the higher the functional value, emotional value, and social value, and vice versa. The p-value at 0.025, 0.030, 0.024 respectively means smaller than 0.05, hence, the second hypothesis (H2), the third hypothesis (H3), and the fourth hypothesis (H4) are accepted. These results explain that the better the perceived quality of service by the customers, the higher functional value, emotional value, and social value. Conversely, the lower the perceived quality of service by the customers, the lower functional value, emotional value and social value perceived by the customers.

The findings of this study consistent with the research results by Choi and Kim (2013) which states that the service quality perception affects functional value, emotional value and social value of the customers. The service quality perception affects functional value of the customers because they perceive the benefits of consumed product. Similarly, the effect of service quality perception on

emotional value is positive and significant because customers have positive emotions after consuming the purchased products. Furthermore, the effect of service quality perception on social value is positive and significant, because through good quality services, customers perceive social values, such as the increase of their social status due to the safety and the comfort of their motor vehicles after service.

H5: Functional value affects significantly customer satisfaction

H6: Emotional value affects significantly customer satisfaction

H7: Social value affects significantly customer satisfaction

Testing result of the functional value, emotional value and social value effect on customer satisfaction have value of path coefficient estimates at 0.778, 0.536, and 0.645 respectively. The positive of path coefficient implies that the effect of functional value, emotional value and social value on customer satisfaction are unidirectional. In addition, the p-value at 0.022, 0.026, and 0.024 respectively, which are lower than 0.05 explain that the exogenous variables (Functional, emotional, and social value) have significant effect on endogenous variable (customer satisfaction). Therefore, the fifth hypothesis (H5), the sixth hypothesis (H6), and the seventh hypothesis (H7) are accepted.

This implies that if the functional value, emotional value and social value perceived by customers are high, then the customers will be satisfied. In terms of functional value, customers feel satisfy because the purchased product is able to provide a satisfactory benefits. Furthermore, in terms of emotional value, customers perceive satisfy because the purchased product is able to give positive emotions, such as prestige raised due to the purchased products. The perceived customer satisfaction due to the social value, means that by having a product, customers feel elevated their social status amongst the public. Therefore it can be concluded that the higher benefits gained by customers from the products purchased, the higher the level of customer satisfaction. Conversely, the lower benefits gained by customers from the

products purchased, the lower the level of customers satisfaction.

The findings of this study are consistent with research conducted by Wang et al. (2004), Choi and Kim (2013), and Nikzad & Mahdi (2011). The researchers have revealed that consumers view on social value, functional value and emotional value had a positive effect on customer satisfaction and customer loyalty, where in the future might be through the quality products or services as mediating variable.

Hypothesis Testing Results (Indirect Effect)

Hypothesis testing of the indirect effect in this research using the Sobel test with two stages of analysis. The first phase is testing the service quality perception (X) on customer satisfaction (Y4) without involving the mediation variables (functional value, emotional value and social value). The second phase, testing the service quality perception (X) on customer satisfaction (Y4) with the mediating variables. The hypotheses of indirect effect of service quality perception on customer satisfaction are as follows:

H8: Service quality perception affects significantly customer satisfaction through functional value

H9: Service quality perception affects significantly customer satisfaction through emotional value

H10: Service quality perception affects significantly customer satisfaction through social value

The test results using Sobel test are shown in the following table (Table 3).

TABLE 3 HERE

Table 3 shows that the testing of service quality perception (X) on customer satisfaction (Y4) has a value of 0.888, with p-value of 0.025. Because p-value less than 0.05, then there is a significant effect of service quality perception (X) on customer satisfaction (Y4). This states that the higher the service quality perception the higher the customer satisfaction.

Hypothesis testing of the effect of quality of service perception (X) on customer satisfaction (Y4) mediated by functional value (Y1), emotional value (Y2) and social value (Y3) has coefficient values of the indirect effect at 0.680 (0.875×0.778), 0.285 (0.533×0.536), and 0.430 (0.667×0.645) respectively, with p-value of 0.047, 0.052 and 0.048 respectively. Because its p-values are less than 0.10, then can be stated that there is a significant effect of perceived service quality (X) on consumer satisfaction (Y4) mediated by functional value (Y1), emotional value (Y2) and value social (Y3). Therefore, the hypothesis 8 (H8), hypothesis 9 (H9), and hypothesis 10 (H10) are accepted. This indicates that the service quality perception (X) significantly affects customer satisfaction (Y4) through the mediation of the functional value (Y1), emotional value (Y2) and social value (Y3). The results of the hypothesis testing of the indirect effect are shown in the Figure 3.

FIGURE 3 HERE

From Figure 3 can also be explained that the direct connection between service quality perception (X) and customer satisfaction has path coefficient at 0.888, while the indirect effect of service quality (X) on customer satisfaction (Y4) mediated by functional value (Y1) obtained a value of 0.680. Thus, it can be concluded that the direct effect of service quality (X) on consumer satisfaction (Y4) is higher value than the indirect effect that uses functional value (Y1) as mediation variable.

Furthermore, the indirect effect of service quality (X) on consumer satisfaction (Y4) mediated by emotional value (Y2) has score 0.285. Thus, it can be concluded that the direct effect of service quality (X) on consumer satisfaction (Y4) is higher than the indirect effect that uses emotional value (Y2) as mediation variable. Lastly, the indirect effect of service quality (X) on consumer satisfaction (Y4) mediated by social value (Y3) obtained a value of 0.430. Thus, it can be concluded that the direct effect of service quality (X) on consumer satisfaction (Y4) has a higher value than the indirect effect through the mediation of social value (Y3). Of the three mediation variables, functional value has the highest indirect effect, followed by social value and emotional value.

These findings show that the role of mediation variables tend to decrease the direct effect of service quality perception (X) on customer satisfaction (Y4). This implies that there are other mediation variables that might be have much more significant effect compare to functional, emotional, and social value. In the future, price value can be tested as moderating variable between service quality perception and customer satisfaction to see the effect of this variable as Kotler & Keller (2009) believe that in tight competition price is an important strategy that can be used by companies to gain competitive advantage in order to win the competition.

H11: Customer satisfaction affects significantly customer loyalty

Testing result of the effect of customer satisfaction (Y4) on customer loyalty (Y5) has path coefficient value of estimates at 0.158. The positive of path coefficient implies that the effect of customer satisfaction on customer loyalty is unidirectional. With the p-value of $0.021 < 0.05$, it can be concluded that the eleventh hypothesis (H11) is accepted.

The result of this study supports previous research conducted by Law et al. (2004), who revealed that customer loyalty was affected by their experience in the previous purchase process. The comparison between the actual performance and the expected performance of products is a factor that may affect the customer loyalty. If the customer perceives the product's actual performance equal to or better than the expectation, the customer will be satisfied and in turn will be loyal. Meanwhile, when the actual performance of products is below the expectation, customers will feel dissatisfied and in turn will not be loyal.

The results of this study also support the previous research by Rizan (2008), Mardikawati (2013), Tjiptono (2008:24), Wang et al. (2004), Choi & Kim (2013), Nikzad & Barzkar (2011), George & Kostantinos (2006), and Sai & Sirion (2014), that customer satisfaction has a significant effect on customer loyalty. According to those previous researches, customer satisfaction can provide benefits and improve the good relationship between customers and producers, where this condition can create customer loyalty.

In summary, customer loyalty on Honda motorbike was created from a sense of satisfaction. Satisfaction was the achievement of customer expectations on certain product, while loyalty was the impact of the customer satisfaction. The higher the satisfaction levels on Honda motorbike the higher customer loyalty. Conversely, the lower the customer satisfaction the lower the customer loyalty will be.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The results of the analysis show that both direct and indirect effects of the exogenous on endogenous variables are significant. However, the direct effect of service quality perception on customer satisfaction was more significant than the indirect effect mediated by functional value or emotional value or social value. The result also shows that customer satisfaction significantly affects customer loyalty.

Recommendations

Based on the above conclusions, it is recommended to AHASS management in Makassar that in order to increase customer loyalty it is necessary for the management to satisfy their customers by fulfilling their needs and pay more attention on functional, emotional, and social value of the service quality. Sustainable evaluation process on service quality is a must if AHASS in Makassar are going to increase their competitive advantage in order to face up the highly competition intensity level.

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APPENDIX

Table 1: Selling Rate of Motorbikes in Indonesia (2012-2017)

Year	Motorbike Brand					Total
	Honda	Yamaha	Suzuki	Kawasaki	TVS	
2012	4.092.693	2.433.924	461.137	131.657	18.252	7.137.663
2013	4.696.999	2.492.596	393.803	151.703	8.778	7.743.879
2014	5.051.100	2.371.082	275.067	165.371	9.575	7.872.195
2015	4.453.888	1.798.630	109.882	115.008	2.747	6.480.155
2016	4.380.888	1.394.078	56.824	97.622	1.873	5.931.285
2017*)	1.742.090	509.762	32.420	36.186	621	2.321.079

*)Per May

Source: triatmono.info/ data, access online at 17 August 2017

Table 2: Structural Model of the SEM

No	Relationship Among Variables	Coefficient	P-Value	Remark
1.	Customer Loyalty ← Customer Satisfaction	0.158	0.021	Significant
2.	Customer Satisfaction ← Service Quality Perception	0.888	0.025	Significant
3.	Customer Satisfaction ← Functional Value	0.778	0.022	Significant
4.	Customer Satisfaction ← Emotional Value	0.536	0.026	Significant
5.	Customer Satisfaction ← Social Value	0.645	0.024	Significant
6.	Functional Value ← Service Quality Perception	0.875	0.025	Significant
7.	Emotional Value ← Service Quality Perception	0.533	0.030	Significant
8.	Social Value ← Service Quality Perception	0.667	0.024	Significant

Table 3: Analysis Result Using Mediation Variables

Relationship Among Variables	Coefficient	P-Value	Remarks
Service Quality Perception → Functional Value → Customer Satisfaction	0.680	0.047	Significant
Service Quality Perception → Emotional Value → Customer Satisfaction	0.285	0.052	Significant
Service Quality Perception → Social Value → Customer Satisfaction	0.430	0.048	Significant

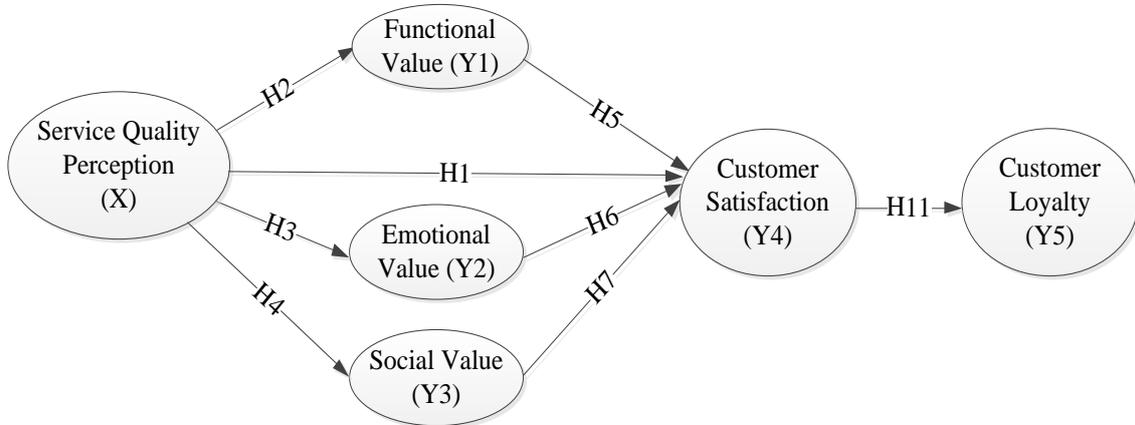


Figure 1: Conceptual Framework

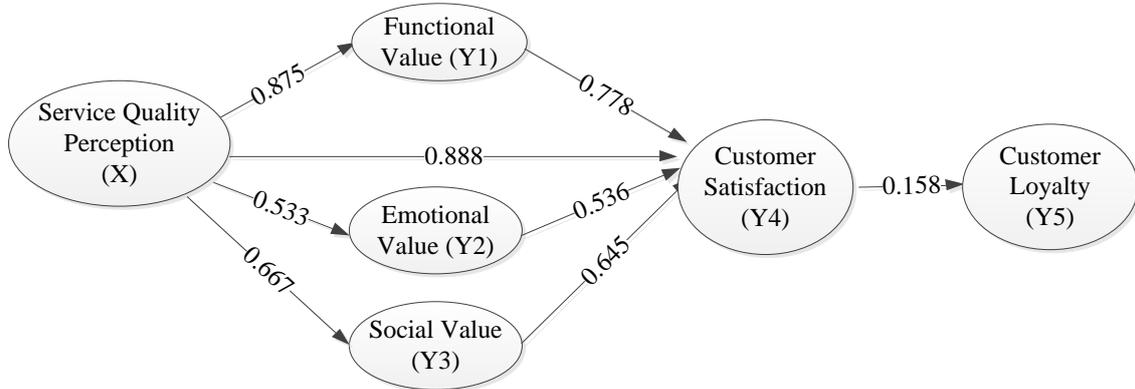


Figure 2: Result of the Research

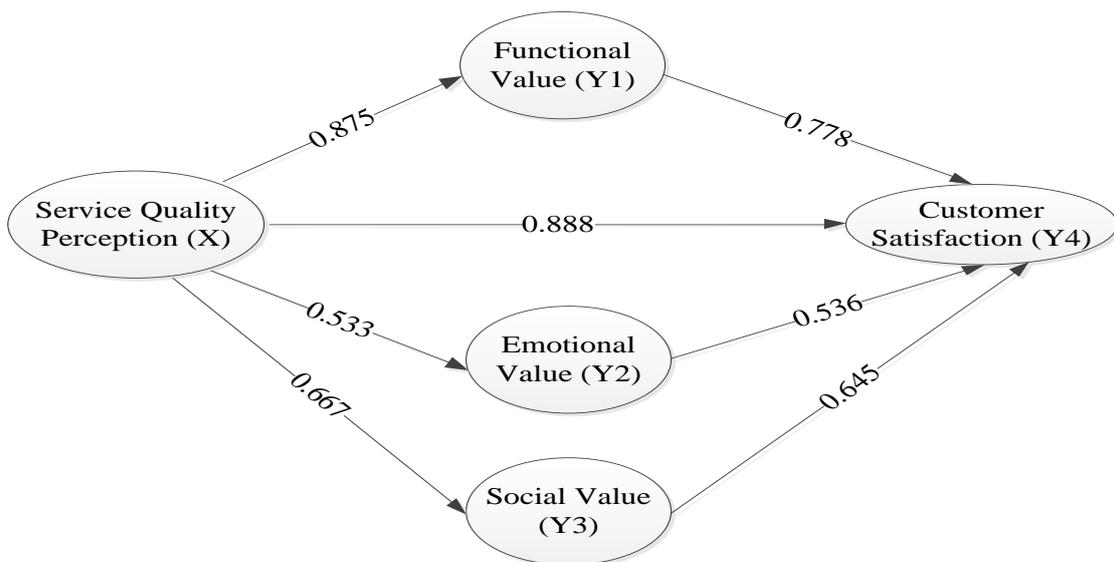


Figure 3: The Effect of Service Quality Perception on Customer Satisfaction