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THE INFLUENCE OF LOCATION AND PRICE FAIRNESS TOWARD PURCHASE INTENTION MEDIATED BY THE CONVENIENCE ON SOEKARNO - HATTA AIRPORT TRAIN

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Abstract. Train is one of the public transportation modes in Jakarta, Indonesia. This study focuses on the Soekarno-Hatta Airport Train whose purpose is to minimize and avoid congestion from and to Soekarno-Hatta Airport. The aim of this study is to determine the influence of location and price fairness toward purchase intention mediated by the convenience of Soekarno-Hatta Airport Train. This research used quantitative method, which was then analyzed by SEM PLS technique. The result shows that the convenience as an intervening variable is able to significantly mediate the relation between location and price fairness toward purchase intention.

Keywords: **location, price fairness, convenience, purchase intention**

1. Introduction

The role of land transportation, especially the train service, must be balanced with the level of needs and the availability of being convenient, safe, fast, orderly, and efficient service. One of the solutions to avoid congestion from and to Soekarno-Hatta Airport is by airport train.

PT. Railink, is a subsidiary of PT. Kereta Api Indonesia and PT. Angkasa Pura II. It is present in a railway-based public transportation service called airport train. Soekarno-Hatta airport train serves the Manggarai route by passing Sudirman Station, Duri Station, and Batuceper Station. KRL passengers from Bogor and Bekasi can switch to airport train at the Manggarai station to Soekarno Hatta Airport, and vice versa. Sudirman is also an office area where the traffic is quite dense. This situation allows the segmentation of the airport train market among the workers in the Sudirman area.

According to the acting president director of Railink, Mukti Jauhari, there is a change in the number of passengers in 2019. The number of passengers using the airport train has grown to 2,000,000 compared to in 2018 which was only 800,000 passengers. Although it has increased every year, the daily capacity is not always full. Most passengers prefer to take the KRL because the price given is cheaper than the airport train. In fact, the price offered is in accordance with its facilities and services, compared to KRL or other land transportation modes.

Therefore, the objective of this study is to recognize the influence of location and price fairness toward purchase intention mediated by the convenience on Soekarno - Hatta Airport Train.

2. Literature Review

2.1 Location

Determining location is very vital because choosing wrong location can cause failure to the company. Swastha (2000), stated that location (place) shows the various activities undertaken by the company to make its products obtainable and available to consumers. According to John Wiley & Sons (2006), choosing potential alternatives for the train station site, as well as selecting the related main criteria and sub criteria, are made using the results of transport and urban, rail-related, environmental, and economic studies. In addition, choosing the location are also considered. The concept of location is important for service organizations because the inseparability of production and consumption of

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service often requires direct contact between customers and service providers. Location which is related to the business operation environment, the proximity with customers, accessible transportation, and the presence of competitors is the most dominant consideration for customers (Loekito et al, 2014).

2.2 Price Fairness

Price is an important factor influencing the airport train's customers' choice (Huangfu & Zhu, 2010). Price fairness is decided by consumers, whether the price offered by the seller is reasonable, acceptable, and fair (Rothenberger, 2015). In many cases, the customers think that the price is fair if it is lower than the real price (Darke & Dahl, 2003). This condition is what customers like because it fulfills their personal expectations, so the customers are interested in using the airport train service. According to Khairunnisa et al. (2019), price is important in selling both products and services because it directly influences the results of services.

2.3 Convenience

The convenience is very important for service providers. Giving greater convenience to the customers will increase profit and corporate image (Pina et al, 2006). Moreover, train schedules must be kept relatively stable to consider the convenience of train officers and passengers. Only a certain range of schedule changes is permitted (Zhang et al, 2019). PT. KA has promised the convenience for the passengers in order to improve its business performance. The train is more comfortable. For example, train capacity is also greater than other land transportation modes (Lestari D & Hudrasyah, 2012). According to Gounaris et al. (2010), the quality of service is the expected level of excellence as well as the control of fulfilling customer desires. In this case, the convenience will affect the airport train customers to be interested in using the transportation and believe that the services provided are based on what customers expect.

2.4 Purchase Intention

Based on the Theory of Planned Behavior (TPB), individual performance of certain behavior is determined by the purchase intention behavior. The intention itself is characterized by attitudes toward behavior, subjective norms about engaging in behavior, and perceptions about whether individuals will be able to successfully engage in target behavior (George, 2004). It is likely that customers will buy certain products or services with short-term decision making (Chrisnawan et al., 2019). According to Wu et al. (2011), purchase intention represents the possibility that customers will plan or are ready to buy certain products or services in the future. When customers have positive purchase intention, it forms a positive brand commitment that encourages the customers to take actual purchase actions (Schiffman & Kanuk, 2007). From the explanation, it can be concluded that the purchase intention is influenced by the value of the customers' assessment toward the product.

2.5 Location Influence toward Convenience

According to John Wiley & Sons (2006), choosing potential alternatives for the train station site and selecting the related main criteria and sub criteria are made using the results of transport and urban, rail-related, environmental, and economic studies. In addition, choosing the location are also considered. Thus, the location creates convenience for customers of the Soekarno-Hatta Airport Train. Besides, giving greater choices and convenience to customers will increase profits and company image (Pina et al., 2006). Therefore, the research hypothesis is proposed:

H1: Location influences convenience.

2.6 Price Fairness Influence toward Convenience

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The price offered by the company to passengers is in accordance to the services provided by PT.Railink (Srikanjanarak, Omar, & Ramayah, 2009). The convenience is a fundamental element when we talk about airport train services. Passengers need cleanliness and comfortable seat both on train and at station when they travel by airport trains (de Oña et al, 2016). According to Nusair et al (2010), there is a positive relation between prices and convenience in service as perceived by customers. Therefore, the research hypothesis is proposed:
H2: Price fairness influences convenience.

2.7 Convenience Influence toward Purchase Intention

The previous research showed that decision convenience is positively related to consumers' purchase intention (Seiders et al., 2007). Decision convenience is an important aspect of customers' satisfaction with the service provider and its offerings (Colwell et al., 2008). According to Jeng (2016), decision convenience to use the airport train service can enhance customers' purchase intention. Therefore, the research hypothesis is proposed:
H3: Convenience influences purchase intention

2.8 Location Influence toward Purchase Intention

Locations related to the environment around business operations, proximity to consumers, easy access to transportation, and the presence of competitors are the most dominant considerations for customers (Loekito et al., 2014). According to Mowen et al. (2002), one of the factors influencing the purchase intention of train customers is their own physical environment, such as the location of the train service and its atmosphere. According to Wu et al. (2011), purchase intention represents the possibility that the customers will plan or are ready to buy certain products or services in the future. Therefore, the research hypothesis is proposed:
H4: Location influences purchase intention.

2.9 Price Fairness Influence toward Purchase Intention

The previous research showed that price fairness has positive influence toward purchase intention (Homburg et al., 2014);(Kukar-Kinney., 2007). This influence makes customers interested in price fairness offered by airport train. Price fairness is identified as a strong predictor of purchase intention (Lee, Illia, & Lawson-Body, 2011). Previous research showed that perception of price fairness directly influences customers' purchase intention (Herrmann et al., 2007). Therefore, the research hypothesis is proposed:
H5: Price fairness influences purchase intention

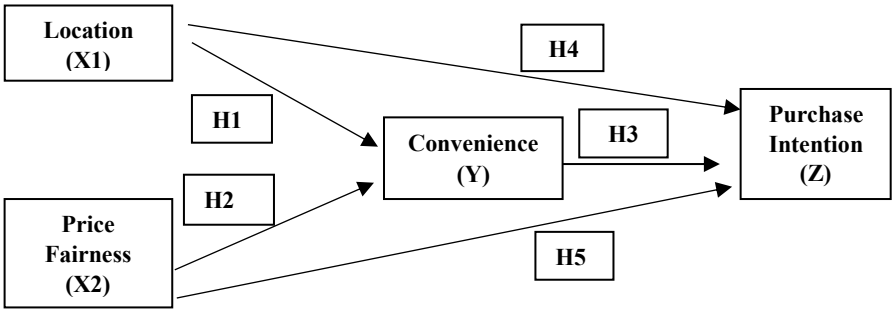

Figure 1. Conceptual framework

3. Research Methodology

This research used quantitative methods. The population in this research was the Soekarno-Hatta airport train customers. According to Hair, Anderson, Tatham, & Black (2010), the sum of parameter is multiplied 5 – 10. In this study, there were 12 indicators so that the respondents

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were 10x12 = 120. The technique used was a non probability sampling called purposive sampling with certain techniques or consideration. The criteria used in this study were: (1) the respondents are less than 20 years; (2) the respondents have income, and (3) the respondents use the Soekarno-Hatta airport train. Data were analyzed using SEM PLS.

Table 1. List of indicators

Variable	Indicator		Source
Location		Possibility of most favorable access to the city transport systems	(Mohajeri & Amin, 2010)
	X1.2	Reduction in journey time	
Price Fairness	X2.1	Prices affordable to all	(Setiawan, Wati, Wardana, & Ikhsan, 2020)
	X2.2	Prices fair relative to other	
	X2.3	Prices meeting expectations	
	X2.4	Prices appropriate for services	
Convenience	Y1	Passenger's toilet at train	(Lestari D & Hudrasyah, 2012)
	Y2	Availability on seating at reservation	
	Y3	Traveling time on train	
	Y4	Smoothness rides on	
Purchase Intention	Z1	Consider buying	(Teng & Laroche, 2007)
	Z2	Expect to buy	

4. Results and Discussion

4.1 Validity and Reliability Testing

From the SmartPLS-assisted calculation, the following results were obtained:

Table 2. Square Root of AVE and Correlation Between Variable

Variable	AVE	Root of AVE
Location	0,898	0,948
Price Fairness	0,664	0,815
Convenience	0,729	0,854
Purchase Intention	0,784	0,885

Based on Table 2, AVE square root of each variable is higher than its coefficient correlation with other variables. This measurement will be accepted if each variable has a good validity determinant. From the determinant validity tests, all location variables, price fairness, convenience, and purchase intention were valid because each AVE value exceedeed 0.50 (J. Noor, 2014).

4.1.1 Reliability Testing

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The construct will be considered reliable if the composite reliability value exceeds 0.60 (Sekaran, 2003). The results of the reliability testing in this research can be seen in Table 3.

Table 3. Reliability Indicator

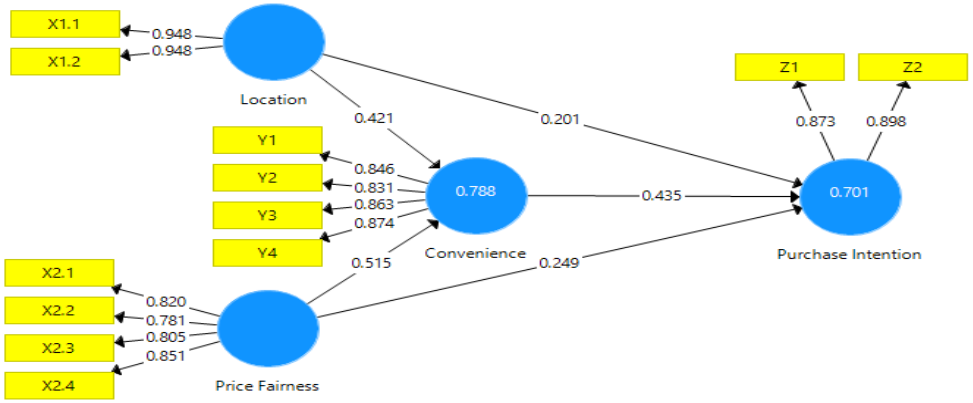
Variable	Composite Reliability	Cronbach's Alpha	Result
Location	0,947	0,887	Reliable
Price Fairness	0,887	0,831	Reliable
Convenience	0,915	0,876	Reliable
Purchase Intention	0,879	0,725	Reliable

It can be concluded then that the construct had good reliability as the value obtained was > 0.60.

4.1.2 Validity Testing

Based on the convergent validity testing results as presented in Figure 2, all of the indicators measuring the construct were declared valid for having outer loading factor of > 0.60 (Sekaran, 2003)

Figure 2. PLS Algorithm



4.2 Direct Effect

Figure 2 shows that the direct relation among variables. Hypothesis testing was done at the 5% significance level, and it would be accepted if T count > 1.79 (T table) and p < 0.5. Hypothesis testing results obtained by bootstrapping smartpls are presented in Table 4.

Table 4. Path Coefficients and T-values

Path	Original Sample (O)	T Statistics	P Values	Result
Location → Convenience	0,421	6,435	0,000	Accepted
Price Fairness → Convenience	0,515	7,925	0,000	Accepted
Convenience →Purchase Intention	0,435	4,242	0,000	Accepted
Location → Purchase Intention	0,201	2,130	0,034	Accepted
Price Fairness → Purchase	0,249	2,619	0,009	Accepted

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Intention

Based on table 4, location influenced convenience with T count of 6.435 > 1.79. It also shows that location had a direct influence on convenience at 0.421. Price fairness influenced on convenience with T count of 7.925 > 1.79. The price fairness also had a direct influence toward convenience at 0.515. The convenience influenced purchase intention with T count of 4.242 > 1.79. It shows that the convenience had a direct influence on purchase intention at 0.435. Location also influenced purchase intention with T count of 2.130 > 1.79. Location had a direct influence on purchase intention at 0.201. Lastly, price fairness also influenced purchase intention, shown by T count of 2.619 > 1.79. The price fairness had a direct influence on purchase intention at 0.249. It can be concluded that the five hypotheses are accepted.

4.3 Indirect effect

Table 5 shows that there was an indirect relation between location and price fairness toward purchase intention through convenience as an intervention variable.

Table 5. Indirect Effect

Effect	Original Sample (O)	T Statistics	P Values	Result
Location → Convenience → Purchase Intention	0,183	3,241	0,001	Significant
Price Fairness → Convenience → Purchase Intention	0,224	3,958	0,000	Significant

First, convenience indirectly influenced the location toward purchase intention with T count of 3.241 > 1.79, which was found from the sobel test at a level of significance of 5% and P-Values 0.001. Then, convenience also indirectly influenced the price fairness toward purchase intention with T count of 3.958 > 1.79, which was found from the sobel test at the 5% significance level and P-Values 0,000. It can be concluded that although location directly influenced purchase intention and the price fairness directly affected purchase intention, convenience was also able to mediate between the first and the last.

4.4 Goodness of Fit Test

Table 6 shows the criteria for R-squared values, with 0.75 being strong, 0.50 moderate, and 0.25 weak.

Table 6. R Square

Variables	R2	Result
Convenience	0,788	Strong
Purchase Intention	0,701	Moderate

The structural model fit can be seen from the Q-squared as follows:

$$Q2 = 1 - (1 - 0{,}788) (1 - 0{,}701) = 0, 94$$

The Q-squared obtained was 0.94. Because Q-squared was higher than 0, the model was proven to have predictive relevance with strong value.

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5. Conclusions and Suggestions

5.1 Conclusions

The results showeds that the location and price fairness had positive influence toward convenience. This study is the same with the research conducted by Pina et al. (2006) and Nusair et al. (2010). This means that the location that was easily accessible and the price fairness offered was a major consideration for customers when they feel comfortable using the Soekarno-Hatta Airport Train. Convenience had a positive influence on purchase intention. This research is the same with the research conducted by Jeng (2016). This means that convenience could increase purchase intention. The convenience provided in accordance with what the customers expect would increase customers purchase intention of the Soekarno-Hatta Airport Train. Convenience as an intervening variable was able to significantly mediate the relationship between location and price fairness toward purchase intention. Location and price fairness also had a positive influence on purchase intention. This study is the same with the research conducted by Mowen et al. (2002) and Homburg et al. (2014). This finding showed that location and price fairness can increase purchase intention. The fact that the location was easy to reach and the price offered is suitable for custmers' purchasing power would increase purchase intention of the Soekarno-Hatta Airport Train service.

5.2. Managerial Implications

In general, The Soekarno-Hatta Airport Train has succeeded in applying its strategy by utilizing its location, price fairness and convenience to increase the purchase intention of train customers. Soekarno-Hatta Airport Train has provided the convenience for its passengers. However, it is better if the quality should be still improved so the passengers do not feel disappointed because they have spent enough money for a single trip, and passengers' loyalty appears. Suggestions for further research is to carry out the topic in other service industries or other research objects. The research should not only focus on one train route, but also any train route.

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