

THE EFFECT OF PERCEIVED PRICE AND SERVICE QUALITY ON CUSTOMER SATISFACTION OF GARUDA INDONESIA AIRLINE DURING PANDEMIC

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Abstract: Covid-19 has caused chaos in various sectors, including aviation industry. With the decline in public interest in using air transportation, Garuda Indonesia has also been affected. Garuda Indonesia is one of the airlines with competitive prices that offers the best service quality. Garuda Indonesia Airlines has lowered prices to attract people's buying interest. The purpose of this study is to determine the perceived acceptance and service quality that affect customer satisfaction. This study used a quantitative method that took 210 respondents with the PLS-SEM technique. The result shows that there is a positive and significant effect between perceived price and service quality on customer satisfaction.

Keywords: Perceived Price, Service Quality, Customer Satisfaction, Airlines, Pandemic

Introduction

At the end of 2019, the world was shocked by the Corona Virus disease, which is abbreviated as COVID-19. The existence of positive cases of COVID-19 prompted the Indonesian government to set a policy of Large-Scale Social Restrictions (PSBB) in several regions. This has affected mass transportation activities such as buses, trains, shipping, and airlines. (Dera Kristianti, 2021).

COVID-19 has caused unprecedented chaos in the aviation industry. The aviation industry in Indonesia experienced a decline of 60-70 million people who carry out air transportation activities. This also disrupted by Garuda Indonesia Airlines flight services. Garuda Indonesia Airline's operating income decreased due to a 90% decline in passengers compared to the normal period before covid-19.

Garuda Indonesia Airlines is one of the airlines that offers quality services with prioritizing aviation safety and security aspects with competitive ticket prices. To attract people's buying interest, Garuda Indonesia Airlines decreased ticket price. The price offered by Garuda Indonesia Airlines corresponds to the quality of service provided. Providing good service to consumers is a strategy that must be owned by the company. Garuda Indonesia Airlines implements health protocols under government policy as a service to passengers to support customer satisfaction. Customer satisfaction is the goal of the aviation services business so that customers who use flight services get satisfaction in doing flights. This study was conducted to determine the effect of perceived price and service quality on *customer satisfaction* in the airline Garuda Indonesia.

Perceived Price

The decision to use an airline customer can be seen from the prices offered. Customers always crave the shopping experience and obtain a superior service at a more rational price (Cakici et al., 2019). According to Shirai and Brettman (Et. al., 2021), Perceived price is the cost that the customer agrees to get the type of product selected. Zeithaml (Ha-Brookshire & Yoon, 2012) also suggests that perceived price can also be interpreted as what consumers give and sacrifice for a product. Ailawadi states that customers can get the costs they sacrifice to get products at lower prices. (Ramadhan & Muthohar, 2019). Customer reactions to the price offered may vary, depending on the ability of the customer itself. The indicators used for this study refers to Kim et al. In (Et. al., 2021) i.e. saving money, discounts, and higher prices.

Service Quality

Service quality is one of the important factors in fulfilling customer satisfaction. Service quality is shown in the performance displayed and centered on the service (Park et al., 2020). According to Parasuraman et al in (Farooq et al., 2018) Service quality refers to the gap between the desired service and the customer's impression of the actual service provided. Service quality also determines customer decisions in re-electing the services of a company. This was also stated by Chow (Lainamngern & Sawmong, 2019), customers tend to re-order services when they are satisfied, which not only leads to an increase in the company's brand loyalty but also a decrease in the number of complaints. It is important to provide high-quality services to customers, so companies must understand what customers want (Singaravelu & Amuthanayaki, 2017). Therefore, the company can improve customer satisfaction and minimize customer complaints. The measurement in this study used the SERVQUAL dimension which refers to Gilbert and Wong in (E. B. Setiawan et al., 2020) i.e. reliability, assurance, facilities, employees, flight patterns, customization, and responsiveness.

Customer Satisfaction

According to Kotler and Caslione (Farooq et al., 2018), satisfaction refers to the view of a person when comparing expectations with its performance. Customer satisfaction from a service is important for companies to get customer loyalty. This is an attempt to create a competitive market so that the company can still compete (Hussain, 2016). Once the customer uses the product or service, it will form expectations and perceptions that lead to satisfaction or dissatisfaction with the service, depending on the customer's perspective (Sezgen et al., 2019). If the

company provides services that meet the expected standards, customers will reuse the service/goods (Park et al., 2020). Customer expectation about the company's services is a standard for assessing the company's performance, by comparing the expected performance and the services provided (Lainamngern & Sawmong, 2019). In this study, the measurements refer to Taylor and Baker in (E. B. Setiawan et al., 2020) i.e. pleased with the service, expectation satisfied, satisfying experience.

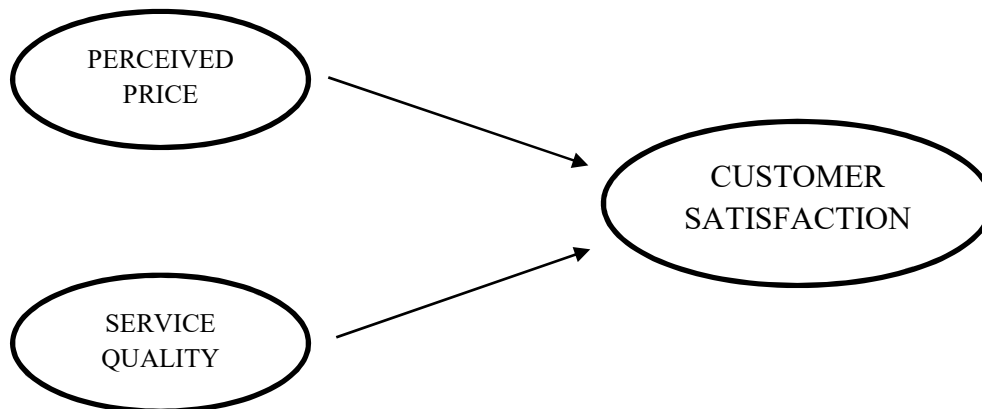
The connection Between Perceived Price and Customer Satisfaction

Price is an important factor for consumers, so it has a great impact on consumers' evaluation of a company (Et. al., 2021). Price affects consumer satisfaction. If the price is proportional to the quality, it will affect customer satisfaction. In line with the research conducted by (D. Setiawan et al., 2014), price has a positive effect on customer satisfaction, the higher the value received by customers on the price of food, the higher the level of customer satisfaction.

H1: Perceived Price has a positive effect on Customer Satisfaction

The connection Between Service Quality and Customer Satisfaction

Service quality is measured by assessing whether a product has good or bad service quality. The better the service quality, the more consumers satisfy with the product, and vice versa. It is expected that the company will improve the quality of its services in order to increase customer satisfaction with its products (Naufal & Yoestini, 2019). (Adnyana & Suprapti, 2018) argues that service quality affects customer satisfaction, this means that if the quality of service at the company is improved it will affect customer satisfaction. Moreover, Mamud et al. (2013) and Rahman et al. (2012) state that customer satisfaction has a positive and significant effect on satisfaction.

H2: Service Quality has a positive effect on Customer Satisfaction**Figure 1. Conceptual Framework****Research Methods**

This study used quantitative method. The data was obtained by distributing Google Form questionnaires to 210 Garuda Indonesia airline passengers. For the Validity and Reliability test and Regression test using SEM PLS. It is stated by Hair; J.F.; Black; W.C.; Babin; B.J.; & Anderson; R. E, (2013) that the number of samples must be at least 5 times the number of constructs or parameters used in the study. According to Sugiyono (Yustia Putri, 2017), purposive sampling is a sampling technique of data sources with certain considerations to obtain a sampling unit that has the desired characteristics. According to Hair et al (Pranata et al, 2013), the calculation will be even better if it reaches several 5-10 times the number of model coefficients that will be estimated. In this study, 21 indicators were multiplied by 10, so that it made a total of 210 respondents. The Likert scale was used to measure attitudes, opinions, and perceptions of a person, or group of people about social phenomena. This Likert measurement scale

measures agreement with a score of 1-5 (Imron, 2019). The indicator used in this research can be seen in Table 1,:

Table 1. Measurement Indicators

Variable/Dimension	Indicator	
Perceived Price	X1	Garuda Indonesia airlines offer affordable prices
	X2	The price reduction offered provides relief
	X3	Garuda Indonesia airlines provide discounts during the pandemic
Service Quality		
Reliability	X1.1	On time flight schedule
	X2.2	The service provided to every passenger is consistent
Assurance	X2.3	Garuda Indonesia provides guaranteed security
	X2.4	The services provided make passengers feel comfortable
Facilities	X2.5	The facilities provided meet the standards of eligibility and cleanliness
	X2.6	Garuda Indonesia airlines are quite good at providing entertainment
Employee	X2.7	Staff behave politely when serving passengers
	X2.8	Friendly staff when serving passengers
Flight Pattern	X2.9	Garuda Indonesia Airline offers a variety of flight destinations
	X2.10	Garuda Indonesia Airlines flight frequency is high
	X2.11	Garuda Indonesia Airlines provides regular flight schedules
Customization	X2.12	Garuda Indonesia airline understands what passengers need
	X2.13	Garuda Indonesia pays personal attention to passengers
Responsiveness	X2.14	Garuda Indonesia pays personal attention to passengers
	X2.15	Officers are always ready to help passengers
Customer Satisfaction	Y1	Customers are happy with Garuda Indonesia's services
	Y2	Customer expectations are met for Garuda Indonesia's services
	Y3	Customers get a satisfying experience

Discussion and Result

Table 2. Convergent Validity and Average Variance Extracted (AVE)

CONSTRUCT	ITEM	OUTER LOADING	SAMPLE MEAN	T STATISTIK	AVE	RESULT
Perceived Price	X1.1	0.735	0.723	11.740	0.655	VALID
	X1.2	0.865	0.859	30.481		VALID
	X1.3	0.823	0.818	22.815		VALID
Service Quality	X2.1	0.656	0.642	9.464	0.628	VALID
	X2.2	0.767	0.757	15.994		VALID
	X2.3	0.811	0.803	19.306		VALID
	X2.4	0.802	0.792	16.487		VALID
	X2.5	0.802	0.788	15.636		VALID
	X2.6	0.801	0.797	21.942		VALID
	X2.7	0.856	0.848	26.908		VALID
	X2.8	0.862	0.851	24.886		VALID
	X2.9	0.807	0.796	17.169		VALID
	X2.10	0.769	0.761	16.990		VALID
	X2.11	0.782	0.773	17.985		VALID
	X2.12	0.803	0.795	18.994		VALID
	X2.13	0.754	0.750	19.414		VALID
	X2.14	0.754	0.745	15.583		VALID
	X2.15	0.845	0.839	27.280		VALID
Customer Satisfaction	Y1	0.909	0.904	35.537	0.817	VALID
	Y2	0.913	0.909	46.329		VALID
	Y3	0.889	0.881	28.325		VALID

According to Hair Jr.; M; Hult; Ringle; Marko; S, in the journal (Susanti et al., 2020) the loading factor is valid if less than 0.050. In Table 2, it can be seen that all the outer loading has a value above 0.50. It is concluded that the indicators were valid.

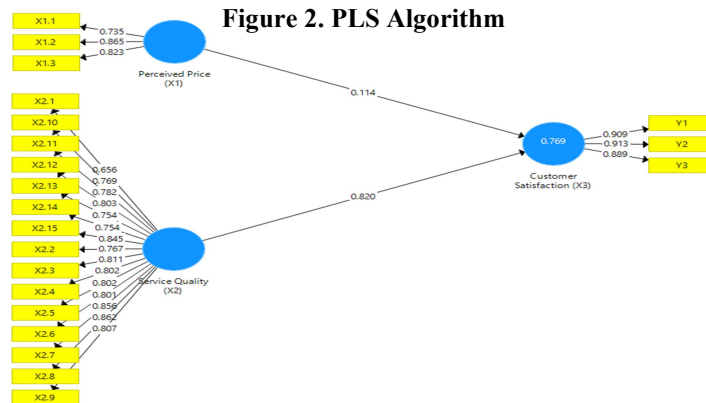


Table 3. Discriminant Validity

ITEM	PERCEIVED PRICE	SERVICE QUALITY	CUSTOMER SATISFACTION
X1.1	0.735	0.297	0.331
X1.2	0.865	0.388	0.432
X1.3	0.823	0.389	0.393
X2.1	0.301	0.656	0.595
X2.2	0.296	0.767	0.675
X2.3	0.404	0.811	0.720
X2.4	0.290	0.802	0.711
X2.5	0.335	0.802	0.705
X2.6	0.363	0.801	0.683
X2.7	0.317	0.856	0.699
X2.8	0.390	0.862	0.752
X2.9	0.339	0.807	0.682
X2.10	0.369	0.769	0.619
X2.11	0.357	0.782	0.645
X2.12	0.343	0.803	0.702
X2.13	0.430	0.754	0.666
X2.14	0.367	0.754	0.658
X2.15	0.387	0.845	0.808
Y1	0.436	0.766	0.909
Y2	0.466	0.811	0.913
Y3	0.396	0.783	0.889

It is seen in Table 3 that all indicators in each construct have a higher correlation than the results of other loading constructs, so it is concluded that the variable construct already has good discriminant validity.

Reliability Test

This reliability test used the Composite Reliability (CR) method and the Alpha-Cronbach method. The research instrument is said to be reliable if the *Cronbach Alpha* value is > from 0.6. (Susanti et al. (Susanti et al., 2020)

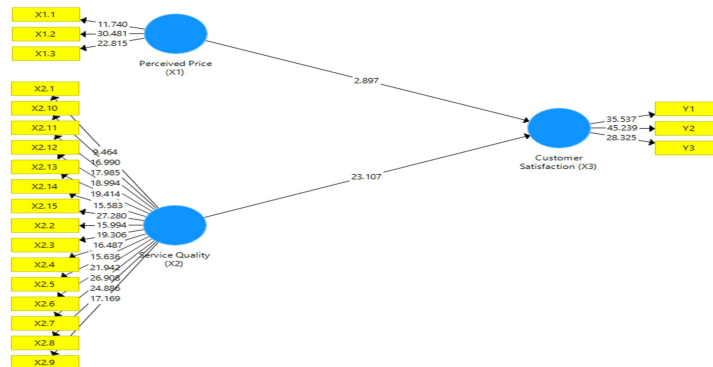
Table 4. Reliability Test

CONSTRUCT	COMPOSITE RELIABILITY	CRONBACH'S ALPHA	DECISION
PERCEIVED PRICE	0.850	0.736	GOOD
SERVICE QUALITY	0.962	0.957	GOOD
CUSTOMER SATISFACTION	0.930	0.888	GOOD

Inner Model Testing

Inner Model testing was conducted to test the correlation between exogenous and endogenous constructs that have been described in the conceptual framework. To generate values, the Inner Model test was carried out using the bootstrapping method shown in Figure 3 below.

Figure 3. Structural Model Full Bootstrapping



This evaluation was carried out with a structural model in SEM with PLS by performing the R-squared test and the estimated path coefficient significance test.

Table 5. R-square and Hypothesis Testing

MODEL	PATH	PATH COEFFICIENT (STANDARDIZED)	T STATISTIC	P VALUES	DECISION	R SQUARE
First	X1 - Y	0.039	2.897	0.004	Support (+)	0.769
	X2 - Y	0.035	23.107	0.000	Support (+)	

As shown in Table 5, the first model has an R^2 value of 0.769. This means that the construct variability of Perceived Price and Service Quality of 76.9% can explain the variability of Customer Satisfaction.

Conclusion

Based on the results of the analysis that has been done, the researchers can draw the following conclusions:

Perceived Price has positive and significant effect on customer satisfaction, and customers felt happy to use Garuda Indonesia Airlines. Although the ticket prices offered are more expensive than other airlines, the price reductions made by Garuda Indonesia during the pandemic can still be accepted by passengers.

The service quality perceived by passengers has a positive and significant impact on customer satisfaction. Passengers realized that the price offered is proportional to the services provided, thus making passengers who used the services of Garuda Indonesia Airlines felt satisfied. Customer satisfaction comes from the match of the price offered and the good quality of service. The customer satisfaction obtained is a pleasant experience for the passengers

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