

THE EFFECT OF PRICE FAIRNESS AND SERVICE QUALITY THROUGH REPURCHASE INTENTION MEDIATED OF CUSTOMER SATISFACTION

Sidiq Fajar Cahyanto¹, M. Akbar Maulana², Sandriana Marina³,
Aisyah Rahmawati⁴

^{1,2,3,4} Institut Transportasi dan Logistik Trisakti, Jakarta, Indonesia

✉ corresponding author: sidiqfajarcahyanto@gmail.com

Abstract: Price fairness and service quality can affect customer satisfaction and customer satisfaction can create passengers repurchase intention. This study discusses price fairness, service quality, customer satisfaction, and repurchase intention by taking questionnaires from 175 respondents as data used. SmartPLS was the technical analysis used in this study. The results of this study show a positive effect on customer satisfaction and repurchase intention in which customers will have an interest in making repurchases if they feel satisfied with what they got previously. This research has a limit in taking samples which is only passengers who use low-cost carriers at Soekarno-Hatta International airport in 2021

Keywords: Price Fairness, Service Quality, Customer Satisfaction, Repurchase Intention, Low-Cost Carrier

Introduction

The aviation industry is slowly returning. This can be seen from new data from the International Air Transport Association (IATA). According to the Director General of IATA, Willie Walsh, the number of flight passengers is increasing against the background of increasing economic uncertainty in 2022. (Quoted from CNBC Indonesia). Domestic flights operating at Soekarno-Hatta Airport began to bounce back. According to statistics data from the Ministry of Transportation, in 2020, domestic flights amounted to 14,857,428 passengers, and an increase in 2021 amounted to 16,184,128 passengers. This increase in domestic flights continues to occur even though in 2021 there was an increase in Avtur prices which affected the ticket prices

offered by airlines to customers. However, as in October 2021, passengers experienced an increase of almost 40%, while on the other hand, the ticket prices offered increased by approximately 3%. Meanwhile, at the moment of Eid al-Fitr in 2022, there was a rapid increase in aviation service users in Indonesia. In addition to the high interest in purchases occurred, the ticket prices offered by the airline to the public also increased. It happened because Eid is part of peak season. However, this has an impact on the level of service provided, Due to the high interest in consumer purchases caused several flight routes to be delayed. Delays occur due to checking the aircraft or due to weather constraints. Passengers who used aviation services before the pandemic must have an interest in repurchasing the same aviation services. Adjusted expectations can mediate the impact of immediate repurchase intention (Lin & Lekhawipat, 2014). Repurchase intention is influenced by prices, including the company's image (Graciola et al. 2018).

The prices provided by the airline can affect customers satisfaction determined by price fairness (Gumussoy and Koseoglu 2016; Herawaty, Tresna, and Wisudastuti 2016). According to the results of the study, Hanaysha (2016) reveals that price fairness positively and significantly affects customers satisfaction. (Samosir et al. 2021)

Providing superior service quality is a strategic tool for creating customers satisfaction (Hussain, Al Nasser, and Hussain 2015). Path analysis result by (Wu et al. 2011) shows that the quality of service affects customer satisfaction, and customer satisfaction in turn affects the customer's perception of service quality. An analysis by Singh (2015), proves that the Service Quality dimension is a significant direct driver of perceived value, while customer service with an empathy dimension has no positive effect.

Customer interest is based on customer satisfaction C. C. Wu et al. (2011). Customer satisfaction is an important driver of adjusted expectations and repurchase intention (Yunanto and Astini 2020).

The price is a reflection of the value that the consumer pays (Martín-Consuegra, Molina, and Esteban 2007). Price fairness is defined as a subjective evaluation of the price paid to acquire the product (Jin, Line, and Merkebu 2016). Fairness of prices used by Gumussoy & Koseoglu (2016) and Herawaty et al. (2016), i.e. fair prices, accurate prices, fair pricing policies, ethical price changes, and prices acceptable to customers.

Service quality is an important part of transportation services and is a consideration for people when choosing the services provided by service providers. Service quality is a cognitive assessment of service in every transportation service situation (Saha & Theingi, 2009). Service quality is an advantage that a company has (Carvalho, Saldanha, and Amaral 2020). v: "Tangibles, Empathy, Reliability, Responsiveness, Assurance".

Customer satisfaction is a combination of individual judgments in forming a "pleasing fulfillment" assessment (Kaura 2015). Customer satisfaction is defined as all attitudes regarding goods or services after they have been received and used. In other words, satisfaction is an option after evaluating the assessment of a particular transaction (Kotler and Keller 2012).

The definition of repurchase intention is the possibility of the consumer buying a product or service in the future (Wu et al. 2014). Repurchase intention is the intention to buy based on past purchase experience (Yunanto & Astini, 2020).

*Hypotheses and conceptual models**The effect of price fairness and customer satisfaction*

Price Fairness, (Jin et al. 2016) states that price fairness is a subjective evaluation of what is paid or sacrificed to obtain a product. According to Gumussoy and Koseoglu (2016), satisfaction is influenced by price fairness. According to the results of the study, Hanaysha (2016) reveals that price fairness positively affects customer satisfaction.

H1: price fairness has a positive effect on customer satisfaction.

The effect of service quality and customer satisfaction

According to Hussain et al. (2015), providing superior service quality is a strategic tool for customer satisfaction. Visitors need a good quality of service, and with a good quality of service, visitors will feel satisfied. So, the quality of service affects customer satisfaction.

H2: the quality of service has a positive effect on customer satisfaction

The effect of customer satisfaction and repurchase intentions

Customer satisfaction with reputation, customer satisfaction and purchase intention has a positive effect (Wu et al. 2011) and research by (Yunanto and Astini 2020) Customer satisfaction is an important driver of adjusted expectations and repurchase intention. Adjusted expectations can mediate the impact of an immediate repurchase intention.

H3: price fairness has a positive effect on repurchase intentions

The effect of price fairness and repurchase intentions

The intention of the repurchase is influenced by the sense of the price that is considered in reusing the service (Graciola et al. 2018). While Jin et al. (2016) said that the fairness of the price is not positive, it does not affect the buying interests of consumers.

H4: Price fairness has a positive effect on repurchase intentions

The effect of service quality and repurchase intentions

Based on the results of the research conducted (Yunanto & Astini, 2020) the quality of service can affect the repurchase intention and according to research by (Hadani 2009), the quality of service has a positive influence on the intention of repurchase.

H5: the quality of service has a positive effect on repurchase intentions

The conceptual model in the study:

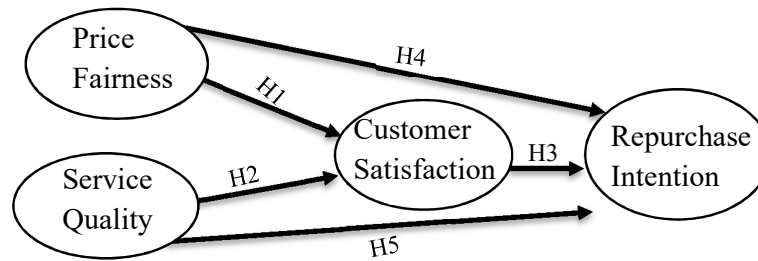


Figure 1. The Conceptual Model

Method

This research used quantitative research methods that discussed the fairness of prices, service quality, customer satisfaction, and repurchase interest. The population in this study was Low-Cost Carrier passengers flying domestically from Soekarno-Hatta Airport in 2021. The sampling technique used was random; the number of respondents in this study was 175 people. The data collection technique used was a questionnaire using the Likert scale 1-5 and processed using the SmartPLS 3.0 application. The indicators used in this study refer to the study by (Azmi et al. 2010; Dhasan and Aryupong 2019; Singh 2015).

Discussions and Results

Characteristics of respondents

The respondents of this study have criteria for the use of LCC aircraft in 2021, either men or women aged between 17 to 60 years old. Their educational levels are starting from high school to doctoral degree with professional backgrounds ranging from college/ student, TNI / Polri and State Civil Apparatus, entrepreneurs, etc., who have ever flown from Soekarno-Hatta Airport. Based on the respondents responses, the most used airlines are Lion Air 37.9%, Citilink 33.9%, Airasia 16.9%, and super air jet 11.3%.

Outer Model Evaluation

In the evaluation of the outer model, there are 3 criteria, namely convergent validity, and discriminant validity. All indicators in this study have a loading factor value greater than 0.70 and a p-value of less than 0.05, which indicates that the convergent validity requirement is met. The composite reliability and Cronbach Alpha value of each construct are greater than 0.70, which means that the good reliability conditions have been met.

Reliability dan validity test

Table 1. Cronbach Alfa, Composite Reliability, and AVE

variable	Cronbach alfa	Rho-A	Composite reliability	Average Variable Extracted (AVE)
Customer Satisfaction	0.933	0.934	0.949	0.789
Price Fairness	0.882	0.891	0.916	0.687
Repurchase Intention	0.881	0.894	0.919	0.740
Service Quality	0.967	0.968	0.970	0.607

Source: Processed data, 2022 (SmartPLS 3.0)

Based on the result of validation and reliability tests, all indicators used in this study were declared valid, with the results of the loading factor > 0.5 . All variables in this study were declared reliable by obtaining Cronbach alpha results > 0.70 and ave > 0.5 .

Inner model testing

R Square

Table 2. R Square latent variable

Variable	R square	R square adjusted
Customer satisfaction	0.686	0.682
Repurchase intention	0.765	0.761

Source: Processed data, 2022 (SmartPLS 3.0)

Table 2 shows the effect of price fairness and service quality on customer satisfaction of 0.679 or 68.6%, which means that 31.4% is found in variables that are not discussed in this study. It is concluded that this table shows the effect of price fairness and service quality on repurchase intention. 0.765 or 76.5% of which 23.5% were found in other variables outside this study.

Hypothesis test

Data results processed with SmartPLS 3.0 as follows:

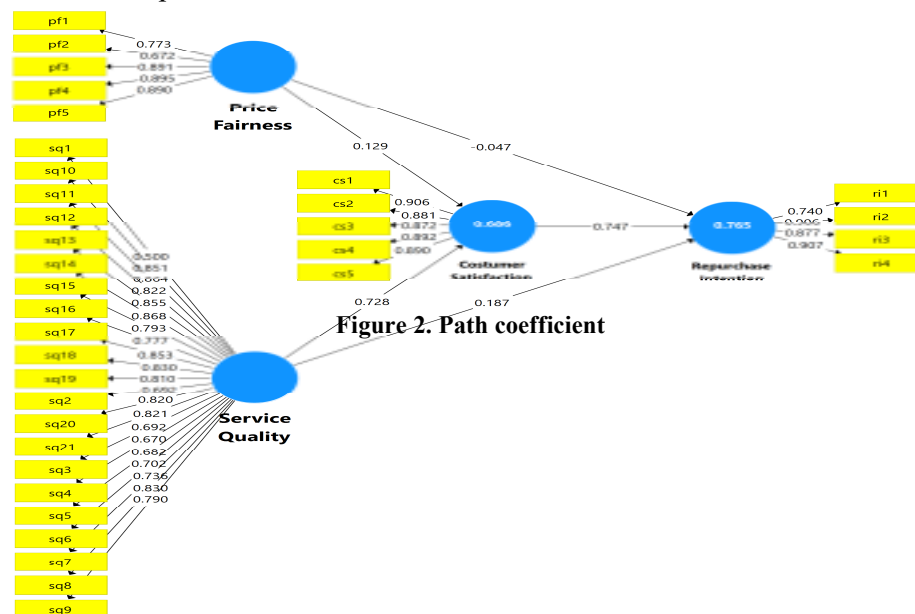


Figure 2 shows that the reasonableness of the price has a direct effect on the repurchase interest with a value of -0.047, and the quality of service directly

influences the repurchase interest with a value of 0.187. Price fairness has a direct influence on customer satisfaction of 0.129. sService quality has a direct effect on customer satisfaction of 0.728 and customer satisfaction affects re-purchase interest with a value of 0.747. Details of the influence of these variables are described in the table below:

Table 5. Direct Influence Table

Variable	Path coefficient	T-statistics	Standard dev.	P-value	Remarks
Customer Satisfaction -> Repurchase Intention	0.747	10.037	0.071	0.000	Significant
Price Fairness -> Customer Satisfaction	0.129	1.384	0.108	0.179	Not significant
Price Fairness -> Repurchase Intention	-0.047	0.663	0.072	0.508	Not significant
Service Quality -> Customer Satisfaction	0.728	9.926	0.074	0.000	Significant
Service Quality -> Repurchase Intention	0.187	2.082	0.083	0.039	significant

Source: Processed data,2022(SmartPLS3.0)

The effect of Price Fairness on customer satisfaction

This study produced a p-value of $0.179 > 0.05$, meaning that the direct influence that occurs between price fairness on customer satisfaction has no effect, It can be said that the fairness of the price received by LCC passengers is not a component of the satisfaction factor felt by passengers, so H1 is rejected. tThis study is not following the research by Gumussoy and Koseoglu (2016) which states satisfaction is influenced by price fairness.

The effect of service quality on customer satisfaction

This study produced a p-value of $0.000 < 0.05$, meaning that in this study the quality of services provided affects customer satisfaction if good service quality can increase customer satisfaction. Then H2 is acceptable and

the study agrees with the opinion of Hussain et al. (2015) that Visitors need a good quality of service, and with a good quality of service, visitors will feel satisfied.

The effect of customer satisfaction on repurchases intentions

The results of this study showed p-value data of $0.000 < 0.05$, which means that the direct effect of customer satisfaction on repurchase intentions is acceptable or significant. It means that LCC customer satisfaction with what they get will also increase their repurchase interest by passengers. So that this study agrees with the results of the study by (C. C. Wu et al., 2011) which states that Customer satisfaction with reputation, customer satisfaction, and purchase intention have a positive effect so that the hypothesis is accepted.

The Effect of Price Fairness on Repurchase Intention

This study produced p-value data of $0.508 > 0.05$. Based on these results, the reasonableness of the price does not affect the repurchase intention. It means that the passengers of LCC aircrafts are not interested in repurchasing even though the price they get is reasonable, so the H4 is rejected. This research does not match the opinion of Graciola et al. (2018) which stated that the intention of the repurchase is influenced by the reasonableness of the price that is considered in using the service again.

The effect of service quality on repurchases intentions

The results of data produced in this study is a p-value of $0.039 < 0.05$. Based on these results, it can be stated that H5 is accepted because the quality of service has a positive and significant influence on the repurchase intention. It means that a good quality of service can increase people repurchase interest

in the same air ticket. This study has the same opinion as the study by (Hadani 2009) that states the quality of service has a significant influence on the intention of repurchasing.

Mediation test

Table 6 Indirect Influence Table

variable	Path coefficient	T-statistics	Standard dev.	P-value	Remarks
Price Fairness->Customer Satisfaction->Repurchase Intention	0.096	1.273	0.076	0.205	Not significant
Service Quality->Customer Satisfaction->Repurchase Intention	0.544	5.816	0.086	0.000	Significant

Source: Processed data, 2022(SmartPLS3.0)

The effect of price fairness on repurchase intentions is mediated by customer satisfaction

The results of data resulted in this study is a p-value of $0.0205 > 0.05$, which means that price fairness cannot affect the repurchase intention mediated by customer satisfaction. It can be interpreted that the reasonableness of the price cannot ensure that passengers are interested in repurchasing airline tickets even though they are satisfied with the services that have been provided. (Rizki et al. 2021)

The effect of service quality on repurchase intentions is mediated by customer satisfaction

This study produced a p-value of $0.000 > 0.05$, it means that the quality of service affects the repurchase intention through customers satisfaction with the service they get. The quality of service provided by the airline will increase customer satisfaction so that they are interested in buying back.

Conclusion

This study aims to help airlines determine what factors can increase interest in repurchasing air tickets after the post-covid-19 pandemic. The variables used are price fairness, service quality, and customer satisfaction to determine the influence on repurchase intention.

From the results of the research, it is proved that the quality of service and customer satisfaction are variables that affect customer repurchase interest and are the same as in previous studies. In contrast, the fairness of the price does not affect the interest in the repurchase. The quality of service mediated by customer satisfaction indicates the influence of the repurchase intention. Price fairness mediated by customer satisfaction does not affect repurchase intentions. In this study, we found that Low-Cost Carrier passengers will repurchase airfare if they are satisfied with the services provided. Although the price provided is cheap, if the service provided is not good, then passengers will choose an airline that is a little more expensive but provides good service to passengers.

Reference

- Azmi, Ahmad, M. Ariffin, Aliah Hanim, M. Salleh, Norzalita A. Aziz, and Astuti Agustina Asbudin. 2010. "Service Quality and Satisfaction for Low Cost Carriers." *International Review of Business Research Papers* 6(1):47–56.
- Carvalho, Hermenegildo De Fatima, Estanislau De Sousa Saldanha, and Alvaro Menezes Amaral. 2020. "The Mediation Effects of Customer Satisfaction on the Relations Between Product Price, Service Quality and Purchasing Decision." *Timor Leste Journal of Business and Management* 2(1):14–26. doi: 10.51703/bm.v2i2.18.
- Dhasan, Darwin, and Mayuree Aryupong. 2019. "Effects of Product Quality, Service Quality and Price Fairness on Customer Engagement and Customer Loyalty." *ABAC Journal* 39(2):82–102.
- Graciola, Ana Paula, Deonir De Toni, Vinicius Zanchet de Lima, and Gabriel

- Sperandio Milan. 2018. "Does Price Sensitivity and Price Level Influence Store Price Image and Repurchase Intention in Retail Markets?" *Journal of Retailing and Consumer Services* 44(June):201–13. doi: 10.1016/j.jretconser.2018.06.014.
- Gumussoy, Cigdem Altin, and Berkehan Koseoglu. 2016. "The Effects of Service Quality, Perceived Value and Price Fairness on Hotel Customers' Satisfaction and Loyalty." *Journal of Economics, Business and Management* 4(9):9. doi: 10.18178/joebm.2016.4.9.446.
- Hadani, Aditya Lazuardi. 2009. "ANALISIS PENGARUH KUALITAS LAYANAN TERHADAP MINAT BELI ULANG (Studi Empiris Pada PT. Sriwijaya Air Distrik Semarang)." *Jurnal Sains Pemasaran Indonesia* XI(3):283–300.
- Hanaysha, Jalal. 2016. "Testing the Effects of Food Quality, Price Fairness, and Physical Environment on Customer Satisfaction in Fast Food Restaurant Industry." *Journal of Asian Business Strategy* 6(2):31–40. doi: 10.18488/journal.1006/2016.6.2/1006.2.31.40.
- Herawaty, Tetty, Pratami Wulan Tresna, and Fildy Eka Wisudastuti. 2016. "Effect of Price and ` Service Fairness on Customer Satisfaction in Go-Jek Pengaruh Price Fairness Dan Service Fairness Terhadap Customer Satisfaction Pada Go-Jek Abstrak." *AdBispreneur* 1(3):231–41.
- Hussain, Rahim, Amjad Al Nasser, and Yomna K. Hussain. 2015. "Service Quality and Customer Satisfaction of a UAE-Based Airline: An Empirical Investigation." *Journal of Air Transport Management* 42:167–75. doi: 10.1016/j.jairtraman.2014.10.001.
- Jin, Naehyun (Paul), Nathaniel Discepoli Line, and Jerusalem Merkebu. 2016. "The Effects of Image and Price Fairness: A Consideration of Delight and Loyalty in the Waterpark Industry." *International Journal of Contemporary Hospitality Management* 28(9):1895–1914. doi: 10.1108/IJCHM-03-2015-0094.
- Kaura, Vinita Ch. S. Durga Prasad Sourabh Sharma. 2015. "International Journal of Bank Marketing." *International Journal of Bank Marketing* 12(7):1–32. doi: 10.1108/02652323199400002.
- Kotler, Philip, and Kevin Lane Keller. 2012. *Marketing Management*.
- Lin, Chinho, and Watcharee Lekhawipat. 2014. "Factors Affecting Online Repurchase Intention." *Industrial Management and Data Systems* 114(4):597–611. doi: 10.1108/IMDS-10-2013-0432.
- Martín-Consuegra, David, Arturo Molina, and Águeda Esteban. 2007. "An Integrated Model of Price, Satisfaction and Loyalty: An Empirical Analysis in the Service Sector." *Journal of Product and Brand Management* 16(7):459–68. doi: 10.1108/10610420710834913.

- Rizki, Aldino Noer, Aulia Puspaningtyas Putri Prabowo, Edhie Budi Setiawan, and Chaidir Tasran. 2021. "Comparison of the Role of Digital E-Ticketing in Improving the Quality of Service and Customer Satisfaction." *Global Research on Sustainable Transport and Logistic* 5778:259–69.
- Saha, Gour C., and Theingi. 2009. "Service Quality, Satisfaction, and Behavioural Intentions: A Study of Low-Cost Airline Carriers in Thailand." *Managing Service Quality* 19(3):350–72. doi: 10.1108/09604520910955348.
- Samosir, Johar, Okin Purba, YJohny Natu Prihanto, Trisna Hutahaen, and Itl Trisakti. 2021. "Analysis of Brand Equity towards the Decision of Air Transport Passenger Service Users at Lion Airlines." *Nveo.Org* 8(5):7830–41.
- Singh, Alok Kumar. 2015. "Modeling Passengers' Future Behavioral Intentions in Airline Industry Using SEM." *Management Decision* 12(8):1755–70.
- Wu, Chi Chuan, Shu Hsien Liao, Yin Ju Chen, and Wei Lun Hsu. 2011. "Service Quality, Brand Image and Price Fairness Impact on the Customer Satisfaction and Loyalty." *IEEE International Conference on Industrial Engineering and Engineering Management* 1160–64. doi: 10.1109/IEEM.2011.6118097.
- Wu, Lei Yu, Kuan Yang Chen, Po Yuan Chen, and Shu Ling Cheng. 2014. "Perceived Value, Transaction Cost, and Repurchase-Intention in Online Shopping: A Relational Exchange Perspective." *Journal of Business Research* 67(1):2768–76. doi: 10.1016/j.jbusres.2012.09.007.
- Yunanto, T. K., and R. Astini. 2020. "The Effect of Service Quality and Ticket Rates for Customer Satisfaction and the Implication of Repurchase Intention of Sriwijaya Air Joint Operation with Garuda Indonesia." *International Journal of Innovative Science and Research Technology* 5(5):251–63.