

The Effect of Service Quality, Promotion Strategy and Company Image on Word of Mouth in Mediation by Online Transport Customer Satisfaction Jakarta Region

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Abstract

Application-based (online) transportation is increasingly being used in the current era in fulfilling consumer needs in transportation. Apart from the convenience aspect, the company's image from online transportation is also a consideration for consumers in using these transportation services. Also, one aspect that has recently become a consideration for consumers in using online transportation is the promotional strategy that the company offers to consumers. These three aspects are important factors that companies need to pay attention to and improve to retain consumers and survive in the competition. This study aims to examine the effect of these three aspects (service quality, promotion strategies, and company image) on word of mouth from online transportation consumers mediated by customer satisfaction. By using the purposive sampling technique, it is obtained that 150 respondents are online transportation users in the Jakarta area. Structural Equation Modeling, namely by using SmartPLS, is used in analyzing the data in this study. The results obtained are that these three aspects are proven to be a determining factor for consumers in disseminating satisfaction using online transportation through word of mouth.

Key-words: Service Quality, Promotion Strategy, Company Image, Consumer Satisfaction, Word of Mouth.

1. Introduction

Along with the times and technology, business opportunities are becoming more extensive. One aspect that is developing quite rapidly is transportation. At a time when the technological era had not developed rapidly, public transport users had to come and look for transportation so that they could travel to their destination. This condition certainly consumes a lot of time and energy for public

transport users, which also makes public transportation less attractive. However, in the current era where technology has developed, ease has arisen, namely the existence of online application-based transportation to overcome these problems.

Online application-based transportation is increasingly being used in meeting the daily needs of consumers. Apart from being easy, online transportation is also able to create large jobs. The high consumer interest in using online-based transportation creates an increasingly competitive situation in the business world. Each of these online transportation service providers is competing with each other to be able to present attractive services to attract consumers and create customer satisfaction. Some examples of online-based transportation service providers include Gojek and Grab. Gojek is a company that has become a pioneer in the company that creates these services. Also, the company has made several breakthroughs in its application to create the uniqueness of its company, including the existence of Go-Send, Go-Food, Go-Mart, Go-Pay services, and so on. This was also followed by its competitor, Grab, where in addition to providing services in various countries (Singapore, Malaysia, Thailand, Vietnam, Philippines), the company also added several features to its application such as Grab Express, Grab Food, and collaborating with OVO. in the payment method. (Febrilia, 2019; SUNENI, 2019; Sudirman et al., 2019; Lusiana et al., 2020).

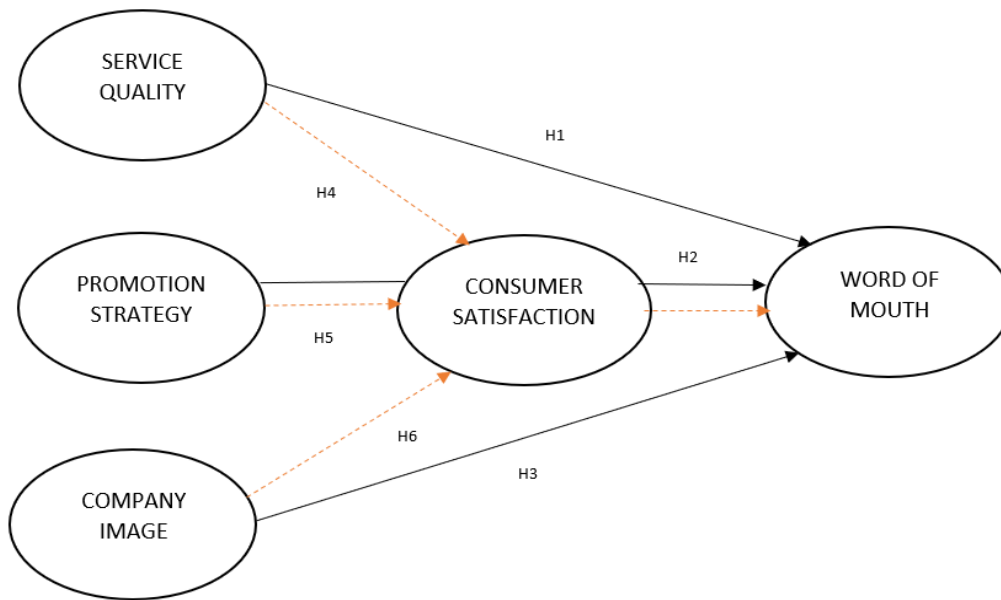
Service quality is something that is expected in meeting the needs and desires of customers. (Caruana et al., 2000; Spreng & Mackoy, 1996). To survive in the competitive world, apart from maintaining the quality of services provided by the company, the company must also be able to plan promotional strategies to attract customers' interest. Promotion is one of the activities carried out by the company to highlight the uniqueness and advantages of the products and services offered and to attract consumers to buy them. The company's promotion strategy is carried out by collaborating advertising, personal selling, sales promotion, and publicity into an integrated program to communicate with potential customers. (Basu & Irawan, 2010). On the other hand, a company's image cannot be created like a product or service. The corporate image is formed through the process of maintaining and improving services to service users and products. Bloemer et al., (1998) and Andreassen & Lindestad, (1998) explained that the image of a product or service is very influential on creating customer satisfaction.

Service quality is an aspect that determines the condition of consumers in shaping their expectations for a service or product that is consumed, where when consumers are satisfied or not with these products or services, these consumers will tend to share their experiences with other parties (word of mouth). Kotler & Armstrong, (2004) Service quality can also be interpreted as

something that meets consumer expectations which in turn becomes a means of retaining consumers. (Wahyoedi et al., 2021; Abolghasemi et al., 2018). A service can be said to have good quality if it can fulfill the five aspects, namely tangibles, empathy, reliability, responsiveness, and assurance where when the company manages to fulfill these five aspects, it can even exceed consumer expectations, it can create satisfaction in consumers where the company can retain consumers customers. (Wahyoedi et al., 2021; Amelia et al., 2021). Perceived service and expected service are two factors that can affect service quality. Nadeem et al., (2006) explains that when the perceived service is smaller than the consumer's expected service, the consumer's tendency will create consumer dissatisfaction and vice versa. The satisfaction experienced by consumers is a crucial aspect for the company because it relates to the word of mouth that consumers (service users) will convey to other parties. This of course will have an impact on the stability of the company going forward. On this basis, this study aims to examine the effect of service quality, promotional strategies, and corporate image on word of mouth mediated by online transportation user satisfaction in the Jakarta area. The formulation of the problem that will be tested further in this study includes:

1. Does the service quality have a direct effect on the word of mouth of online transportation customers in the Jakarta area?
2. Does the promotion strategy directly affect the word of mouth of online transportation customers in the Jakarta area?
3. Does the company image directly affect the word of mouth of online transportation customers in the Jakarta area?
4. Does consumer satisfaction mediate the relationship between service quality and word of mouth for online transportation customers in the Jakarta area?
5. Does consumer satisfaction mediate the relationship between promotion strategy and word of mouth for online transportation customers in the Jakarta area?
6. Does consumer satisfaction mediate the relationship between company image and word of mouth for online transportation customers in the Jakarta area?

Figure 1 - Research Model Framework



H1: Service quality has a direct effect on the word of mouth of online transportation customers in the Jakarta area.

H2: Promotion strategy has a direct effect on the word of mouth of online transportation customers in the Jakarta area.

H3: Company image has a direct effect on the word of mouth of online transportation customers in the Jakarta area.

H4: Consumer satisfaction mediates the relationship between service quality and word of mouth for online transportation customers in the Jakarta area.

H5: Consumer satisfaction mediates the relationship between the promotion strategy and the word of mouth of online transportation customers in the Jakarta area.

H6: Consumer satisfaction mediates the relationship between company image and word of mouth for online transportation customers in the Jakarta area.

2. Research Methodology

In this study, the intended respondents were online transportation customers in the Jakarta area, namely 150 respondents. Sampling using purposive sampling technique using a questionnaire instrument that is distributed directly to respondents. The technique used in analyzing the data in this study is Structural Equation Modeling (SEM) using SmartPLS tools. The steps and analysis

procedures in this study include testing the inner and outer models and ending with hypothesis testing.

3. Results & Discussion

In testing the model in this study, the first step is to test the outer model. This test is intended to determine the specification of the relationship between latent variables and their measuring indicators. This step includes several tests, among others, by testing the validity and reliability.

Table 1 - Validity & Reliability Construct Testing

Construct	Cronbachs' Alpha	Composite Reliability	Average Variance Extracted
Service Quality	0,859	0,897	0,635
Promotion Strategy	0,779	0,797	0,559
Company Image	0,703	0,815	0,591
Consumer Satisfaction	0,801	0,819	0,557
Word of Mouth	0,825	0,879	0,600

Based on the above analysis, it is found that all variables in the research model (service quality, promotion strategy, company image, consumer satisfaction, and word of mouth) have a Cronbach alpha value exceeding 0.70. When viewed from the results of the average variance extracted (AVE) value, all constructs obtain values above 0.50 and have a composite reliability value above 0.70. So it can be concluded that all variables in this research model are valid and reliable.

Table 2 - R-Square Value

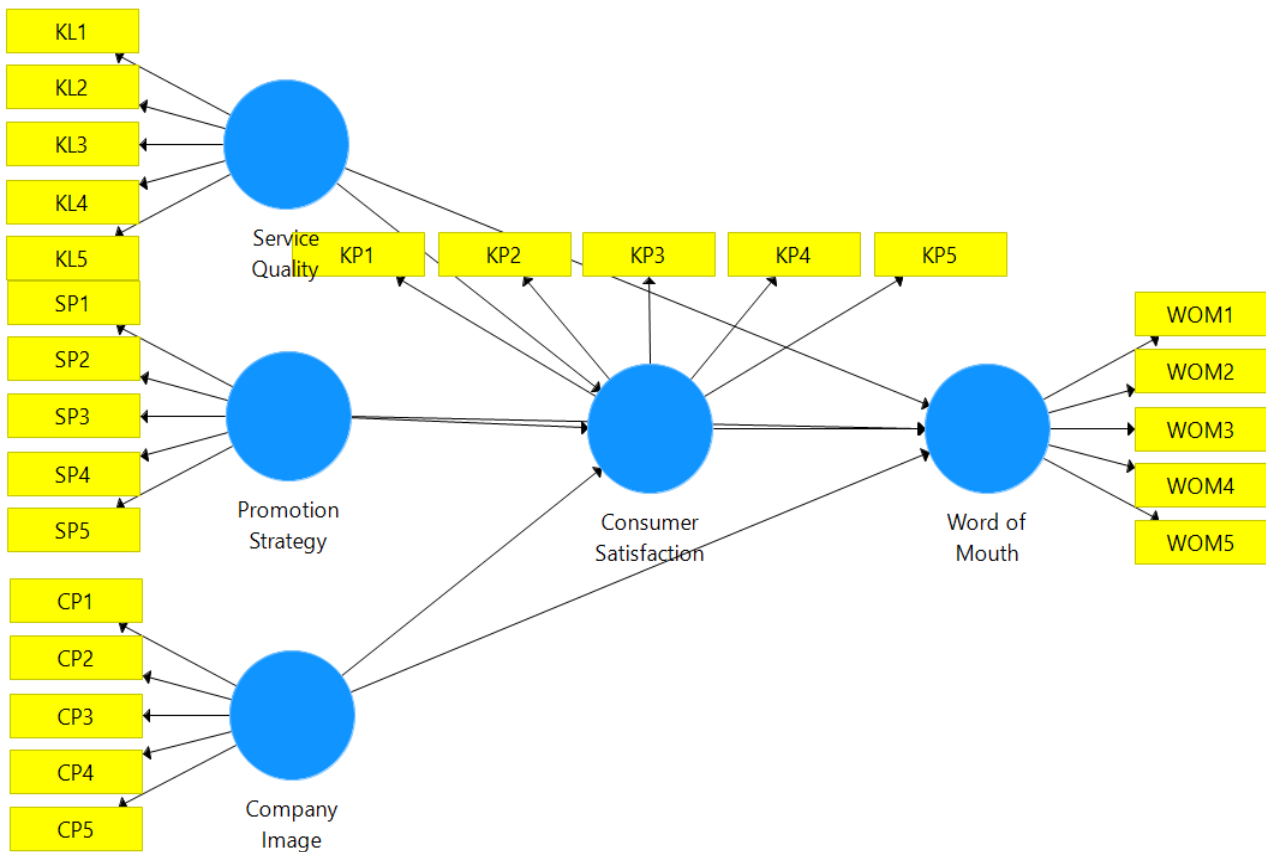
Construct	R-Square
Consumer Satisfaction	0,424
Word of Mouth	0,641

The R-Square test aims to determine the magnitude of the contribution of the influence of the explanatory variable on the dependent variable. The value of the R-square measures the predictive ability of the research model. The results obtained are the variable ability of service quality, company image, and promotion strategy in explaining consumer satisfaction by 42.4%, where the ability of all explanatory variables in explaining the word of mouth construct is 64.1%. Based on the R-Square results obtained, it can be concluded that the predictive power in the research model is quite strong.

Table 3 - Hypothesis Testing Result

Path - Variable	Coeff.	P-Value
Company Image → Consumer Satisfaction	0,371	0,000
Company Image → Word of Mouth	0,308	0,000
Promotion Strategy → Consumer Satisfaction	0,327	0,000
Promotion Strategy → Word of Mouth	0,046	0,712
Service Quality → Consumer Satisfaction	0,078	0,067
Service Quality → Word of Mouth	0,140	0,035
Consumer Satisfaction → Word of Mouth	0,537	0,000

Figure 2 - Research Model



Based on the results of the above analysis, it is found that company image has a significant positive effect (0.371) on consumer satisfaction. Image is an impression obtained by consumers according to their knowledge and experience in using a product from a particular company. (Alma, 2009; Panjaitan & Yuliati, 2016; Heryanto, 2016; Hugar & Manohar, 2018). Of course, when the products offered by the company are of good quality, they will form a good image in the eyes of consumers. This shows that the image built by the company is a sufficient factor for consumers to consider in determining which online transportation to choose, which of course plays a major role in determining customer satisfaction. A good corporate image will tend to satisfy consumers. This is

consistent with the results of research conducted by Aydin & Özer, (2005) and Saktiani, (2015) which state that when the company image is well-formed it will bring trust from consumers and will shape consumer satisfaction. Besides, it can be seen that the company image has a positive direct influence (0.308) also on word of mouth. Of course, when a company has a good image that matches the expectations of its consumers, the consumer's tendency will recommend the products offered by the company to other parties and their relatives.

On the other hand, the promotion strategy has a significant positive effect (0.327) on consumer satisfaction. However, it is not proven to have a direct effect on word of mouth, which is indicated by the insignificant p-value obtained (0.712). These results are consistent with research conducted by several previous researchers which stated that the promotion strategy set by the company plays an important role in determining the target the company wants to achieve, the more attractive the promotional strategy offered by the company to consumers, where the company is successful in attracting consumers' attention through the promotions it offers. it will increase the satisfaction felt by consumers. (Sarjita, 2020; Azhar et al., 2018; Radiman et al., 2018; Farisi & Siregar, 2020; Venkateswarlu, 2019). Besides that, the results obtained explain that without creating customer satisfaction through the promotion offered by the company, the word of mouth that consumers do will not occur.

Online transportation companies offer products in the form of providing online motorcycle taxi services to their consumers, this is of course inseparable from consumer assessments of the quality of services provided by the online transportation company. This is proven by the results obtained that service quality has a significant positive effect on consumer satisfaction (0.067). The better the quality of services provided to consumers, the more satisfied consumers will be with the online transportation service provider company. (SUNENI, 2019). Of course, good service quality is a very important aspect that online transportation companies need to pay attention to and be maintained. Providing good quality service to consumers will make consumers recommend it to other parties to use these online transportation services. This is evidenced by the results where service quality has a significant positive effect directly on word of mouth. Customer satisfaction is a key that must be considered and maintained by the company. Through several key aspects that have been compiled by the company such as promotion strategies, service quality, and corporate image, the three aspects will not be the aspects that bring benefits to the company if they are unable to create satisfaction for its customers. Of course, when consumer satisfaction has been created, the consumer's a tendency to recommend the products and services they use to other parties. (Saktiani, 2015; Wijaya, 2020).

4. Conclusion

This study aims to examine the effect of service quality, promotional strategies, and corporate image on word of mouth mediated by online transportation user satisfaction in the Jakarta area. Based on the six problems that have been formulated previously, the following results were obtained:

1. Service quality is proven to have a direct influence on the word of mouth of online transportation customers in the Jakarta area. Consumers will tend to recommend online transportation services to other parties when these consumers feel the good quality when using online transportation.
2. The promotion strategy is not proven to directly affect the word of mouth of online transportation customers in the Jakarta area. The results obtained explain that without the creation of consumer satisfaction through the promotion offered by the company, word of mouth made by consumers is unlikely to happen. Besides, in the context of online transportation, the promotions offered are not the main aspects that become points for consumers to recommend to other parties.
3. Company image is proven to have a direct effect on the word of mouth of online transportation customers in the Jakarta area. When a company has a good image that matches the expectations of its consumers, the consumer's tendency will recommend the products offered by the company to other parties and their relatives.
4. Consumer satisfaction is proven to mediate the relationship between service quality and word of mouth for online transportation customers in the Jakarta area. The better the quality of services provided to consumers, the more satisfied consumers will be with the online transportation service provider company. Providing good quality service to consumers will make consumers recommend it to other parties to use these online transportation services.
5. Consumer satisfaction is proven to mediate the relationship between the promotion strategy and the word of mouth of online transportation customers in the Jakarta area. The promotion strategy set by the company plays an important role in determining the target the company wants to achieve, the more attractive the promotional strategy offered by the company to consumers, where companies that succeed in attracting consumers' attention through the promotions offered will increase the satisfaction felt by consumers. Of course, when this condition occurs, it will create word-of-mouth from consumers.
6. Consumer satisfaction is proven to mediate the relationship between company image and word of mouth for online transportation customers in the Jakarta area. When the products offered by

the company are of good quality, they will form a good image in the eyes of consumers. This shows that the image built by the company is a sufficient factor for consumers to consider in determining which online transportation to choose, which of course plays a major role in determining customer satisfaction. A good company image will tend to be able to satisfy consumers and lead to word of mouth from consumers.

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