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# STRATEGY FOR ENHANCING KAI ARGO PAHRAYANGAN CUSTOMERS' LOYALTY

Agustinus Trinarso\*

## ABSTRACT

This study aims to know about things that needed to be done to build customer loyalty. Customer loyalty is believed could give a view on the decision to enhance satisfaction and loyalty thus it can be used to make a business strategy. The focus of the study is on the customers of PT. Kereta Api Indonesia (Indonesia Train Company) especially the passenger of Argo Pahrayaran with Jakarta – Bandung route through Gambir Station. Price fairness and service quality become the variable of the study. The methodology used is descriptive qualitative with a library-based approach to analyze customer's loyalty. The result showed that the higher the level of price fairness, the higher the customer's satisfaction. It's possible to observe that service quality can also affect the customer's satisfaction. Therefore, in conclusion, both price fairness and service quality are having a significant relationship with customer satisfaction.

**KEY WORDS:** *Price fairness, Service quality, Satisfaction, Loyalty*

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## 1. INTRODUCTION

Residents' mobility has strong relationship with the level of society's socio-economic within a region. This lead to discussion related to residents' mobility and transportation used. In its development, nowadays, residents' mobility refers to the utilization of mass transportation.

Mass transportation is becoming an option by society as a means of transportation since it is able to give efficiency in time and price. There are many

choices of mass transportation in DKI Jakarta that can be used to move from Jakarta to other countries, such as train, plane, bus and travelling service.

Jakarta – Bandung is one of the favorite travel routes which can be reached through air and land transportation, such as using plane from Halim Perdanakusuma airport to Husein Sastranegara airport, using private transportation, bus or travelling service through Jakarta – Cikampek tolls, and using train.

Agro Pahrayangan is executive and premium economy train that serve trip from Jakarta to Bandung. In relation with marketing strategy, the passenger of Argo Pahrayangan train is becoming the object of this study due to know the strategic steps of a company in keeping the customer's loyalty by defending and enhancing the customer's satisfaction.

Continuous improvement for service quality becomes something must to do in order to survive and win the competition among transportations. Besides, price determination also become a sensitive thing if it does not implement well. The customer can move to other transportation if he does not satisfied with the price and service (Peng & Wang, 2006).

The average volume of Agro Pahrayangan's passengers in January and February 2020 started to decrease since the reopening of Jakarta – Cikampek tolls (Firmansyah, 2019).Yuniar(2019)explained that Jakarta – Cikampek tolls inaugurate on December 12th 2019. In order to win the competition, it needed strategy to keep passenger's loyalty in using train as transportation.

Marketing strategy based on customer's loyalty become a step for company to enhance the financial performance and maintain survival. Another thing that also become consideration related to competition is the higher cost of acquiring new customer. Alfian(2012) stated that customer nowadays is very critical in choosing a product, until he reach for satisfactory to buy the product. Customer's decision in buying thing makes producer become selective to apply the marketing strategy. It is meant to keep getting attention and loyalty from customers.

Loyalty is closed to customer who satisfied with the service given by a company.

Customer's satisfaction will become the basic development of various customer's behavior model after he bought a product or use a service. Customers will evaluate the product or service whether it meets their expectation or not. According to Dwiana and Wardi(2013)the level of satisfaction is a function of the difference between perceived performance and expectation.

The quality of service can affect the customer's loyalty both direct and indirect through satisfaction (Caruana, 2002). In its development, a study related to the service quality has been done in many. The measurement of service quality in this study followed the measurement by Parasuraman, Zeithaml, and Berry that use five dimension including tangibility, responsiveness, guarantee, reliability and empathy(Parasuraman et al., 1988). Every companies is competing in enhancing the service quality (Bolton et al., 2003). By enhancing the service quality then it will affect the customer's satisfaction (Anderson et al., 1994).

Price is greatly determine the customer's satisfaction in using service because the amount of charge set by Agro Pahrayangan train related to the level of passenger's income. If the price is higher, then customer will think twice in using public transportation. Otherwise, if the price is lower, then customer tends to take advantage of public transportation without any long consideration.

The policy on determining price has strong connection with the decision of service offered. The analysis of price tend to direct on how far price can be valued as fair and based on the advantage. Therefore, this study used price fairness as the variable in analyzing the influence toward dependent variable.

Study on loyalty, satisfaction, price fairness and service quality are not a new thing but the result will be different if applied on case of train transportation.

The originality of this study has been confirmed that this study is done in case that happened in PT. Kereta Api Indonesia (Indonesia Train Company) especially in Agro Pahrayang customers.

Based on the background of the study above, the researcher want to know about the effect of price fairness and service quality in obtaining customer's satisfaction, thus customer can be loyal to PT. Kereta Api Indonesia (Indonesia Train Company) public transportation.

## 2. METHODOLOGY

This study used descriptive qualitative approach using library based research that implemented by noting the previous findings on variables of customer's loyalty, customer's satisfaction, price and service quality. Then combining the existing findings and analyzing those findings in coherent and clear way (Sugiyono, 2009).

Descriptive qualitative is choose to describe the related problems which then reviewed to produce relevant findings to build customer's loyalty. The data source is collected through books and journals, while the secondary data is obtained from some previous literatures.

## 3. RESULTS AND DISCUSSION

This study combines some previous studies' findings with variable of price fairness (X1) and service quality (X2) to analyze its influence toward variable of customer's loyalty (Y) with price satisfaction variable as mediation. The result and discussion is explained as below;

### *The influence of price fairness towards loyalty through customer's satisfaction*

A study from El-Adly(2019)who analyzed on the behavior of hotel customers in United Arab Emirates found that price had positive relationship with customer's satisfaction. Similar result also found in Opata et al., (2019) andHan et al., (2019)study that customer's satisfaction is affected by the price fairness. Moreover, Wantara and Tambrin(2019) done research to batik customer and indicated that price fairness and satisfaction influence the customer's loyalty. Last but not least, Fadhillah, Zimbalis, Setyawati, and Anthony claimed that price fairness had positive influence and significant on loyalty of customer's satisfaction(Fadhillah et al., 2019).

### *The influence of service quality towards loyalty with customer's satisfaction as mediation variable*

In the marketing context, service quality can affect the satisfaction (Kotler Karen, 1995). It is strengthen with some findings, such as Hapsari et al., (2017)in her study about the plane customer's satisfaction found that service quality had positive relationship with customer's satisfactory.

Makanyeza and Chikazhe(2017) and Othman et al., (2019)also supported that service quality influence customer's satisfaction. Furthermore, to know the effect of service quality indirectly on customer's satisfaction, Priyo et al., (2019)done a study on hotel customers and showed that the service quality had positive influence with loyalty through customer's satisfaction.

#### **4. CONCLUSION**

Based on the analysis above, it can be concluded that;

- 1). There is positive influence between price fairness on customer's loyalty. The positive relationship from research variables showed that the higher the level of price fairness, the higher the customer's satisfaction. Therefore, customer's loyalty can be enhanced by keeping the price fairness and customer's satisfaction.
  
- 2). There is positive influence between service quality towards customer's loyalty which showed that the higher the service quality the higher the customer's satisfaction is. Thus, customer's loyalty can be increased by keeping the service quality and customer's satisfaction.

#### **DISCLOSURE OF CONFLICT**

The author declares that he has no conflicts of interest.

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