Perceived Value Mediation Model to Improve Customer Expectation and Loyalty

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Abstract

Consumer loyalty is a determinant of the company's progress. Meanwhile, the number of consumers who come needs to be balanced with full-service provision to increase consumer loyalty. In 2017-2019 Toyota servicing decreased quite drastically. The strategy to maintain loyal customers starts from fulfilling expectations and providing a good value perception to create consumer loyalty to the company. The research technique used in this research is descriptive verification. The sampling technique used is non-probability with the incidental sampling method; the number of samples used is 150 respondents who have used service services at Toyota, Bandung - Indonesia. The descriptive research results show that the respondents' responses to the variable expectations, perceived consumer value, and customer loyalty services in Toyota are included in the Good category. Perception of consumer value. The study's findings show that, through the dimensions used, the reliability, responsiveness, assurance, facilities, and employees influence consumer loyalty. Furthermore, it is found that there is an indirect influence between the perceived value of increasing the relationship between customer expectations and customer loyalty. Examining the problem's phenomenon, the researchers focused on studying the impact of customer expectation, perceived value, and customer loyalty.

Keywords
Perceived Value, Customer Expectation, Loyalty.

1. Introduction
Customer expectations are essential to enable their impact on loyalty (Martínez and Rodríguez del Bosque 2013). Consumer loyalty will be boosted when the actual service level is better than expected, whereas when the service level is lower than expected, the satisfaction will decrease (Saleem et al., 2014). Satisfaction is said to be someone's feeling of pleasure or disappointment resulting from comparing the perceived performance of a product or service concerning consumer expectations (Almsalam 2014; Hikmawati, Alamsyah, and Setiadi 2020). Generally, customer expectations are estimates or customer beliefs about what they will receive (Ratna 2011). Every customer must have expectations in making a purchase decision, be it a product or service; this expectation has an essential role as a standard of comparison in evaluating the quality of services provided. Companies can provide more perceived value than the quality of services or products provided to customers. The higher the consumers' positive perception, the higher the

consumer value (Hoq, Amin, and Sultana 2012). In general, loyalty has been widely applied to service companies and manufacturers, especially in Indonesia, such as users of vehicle service services (Ratna 2011; Setiadi et al. 2018). Loyalty programs are profitable for consumers and create effective loyalty because it is cheaper to retain existing customers and create repeat purchases.

The purpose of service is to provide excellent and maximum service according to customer expectations to build customer loyalty so that service providers have a good relationship with customers (Alamsyah et al. 2020; Lee et al. 2012). One of the right strategies to survive in the service business is to provide more perceived value to customers in order to maintain customer loyalty (Alamsyah, Syarifuddin, and Mohammed 2018). Customer loyalty is very important in the era of high business competition because loyalty will provide benefits for the company's long-term development (Tuu, Olsen, and Linh 2011). Loyalty is related to the percentage of people who have bought in a certain time frame and made repeat purchases since the first purchase (Rahmayanty, 2013). Examining the phenomenon of consumer behavior in the service industry, this study focuses on examining customer expectations, customer perceived value, and customer loyalty in the service industry.

2. Literature Review
2.1. Customer Expectation
Generally, hope is a person's estimate or belief about what he will receive. The previous theory stated that "Customer expectations are pretrial beliefs about a product or service" (Almsalam, 2014). Expectations are consumer beliefs before trying or buying a product or service, which is used as a standard or reference in assessing the product's performance or service. It is the same as what previous research said that "Customer expectations are defined as the desires or wants of consumers, i.e., what they feel a service provider should offer rather than would offer" (Gures et al., 2014). Consumer expectations are a product or service that is requested or needed and desired by consumers (Sulastiyono 2016). Adapting from the dimensions of customer expectations associated with customer expectations, customer expectations can be assessed from several things, namely reliability, responsiveness, assurance, facilities and employees (Gures et al. 2014).

2.2. Perceived Value
Perceived value is the customer's result or benefit concerning the total cost, including the price paid, plus costs associated with the purchase (Krisno, Daniel, and Samuel 2013). It can be extracted from the understanding of the perceived value of a product or service in customers' minds (Totenhagen et al. 2019). A person's perceived value determines the price that a person can receive to buy or use goods or services (Totenhagen et al. 2019; Wu and Chen 2014; Yee et al. 2011). The accuracy of determining the value of course requires strategic competence in formulating three things, namely determining who the target customer is, determining what value or value is offered following the expectations of the customers, and the accuracy of how to create and deliver the value that customers expect (Syarifuddin and Alamsyah 2017) From the concept of perceived value, it can be developed comprehensively, that in general, perceived value is a comparison between the benefits felt by customers and what customers pay to get or consume these products (Alamsyah and Syarifuddin 2017). Perceived value is associated with a comprehensive assessment by consumers of all benefits received and what is sacrificed based on a desire for the environment with the hope of sustainability of all needs (Alamsyah et al. 2018). Adapt from the dimensions of perceived value associated with consumers, it is known that it can be assessed in several ways, namely emotional value, social value, performance, and value of money (Nsairi 2012).

2.3. Customer Loyalty
Keeping consumers shopping and not deciding to shop on other sites is the key to success in a competition (Lin and Kuo 2013). Consumer loyalty is said to be a firmly held commitment to repurchasing selected products or services consistently in the future, leading to repeated purchases of products or services with the same brand, even though there are situational influences and marketing efforts that have the potential to cause the behavior to switch to products or services, with other brands (Chang and Tu 2005; Hosseinzadeh and Branch 2013; Lavorata 2014). Customer loyalty "is a commitment to defend in depth to repurchase or re-subscribe to the selected product or service consistently in the future, although the influence of the situation and marketing efforts have the potential to cause a change in behavior" (Utami 2015). The longer the customer's loyalty, the greater the profit the company can get from this one consumer. Loyalty is customer loyalty for a product or service, which is characterized by a deep feeling, commitment, and support for the product or service (Hoq et al. 2012). There are several measurements of loyalty that are commonly used to assess consumers, including repurchase, buying between product lines and service, immunity against competitors, commitment, and recommendation (Utami, 2015).

3. Methods

The research method used is a quantitative method to examine a population sample by collecting data from a questionnaire. This study's population are consumers of service users, which are taken on services at Toyota Auto 2000 Bandung - Indonesia. The number of respondents taken was 150 consumers; data was taken from customer data for three months using non-probability sampling techniques. This research was conducted with path analysis through SmartPLS and the following research hypothesis design in Figure 1.
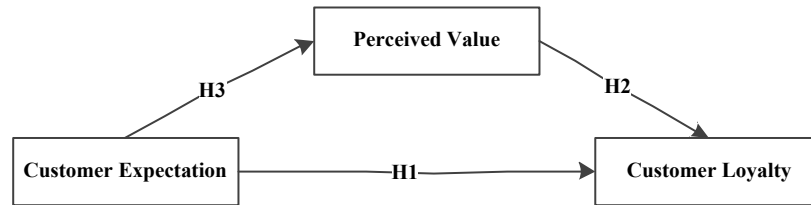

Figure 1. Hypothesis Model

Hypothesis (H1): There is a relationship between customer expectation and customer loyalty in service users.
Hypothesis (H2): There is a relationship between the perceived value and customer loyalty in service users.
Hypothesis (H3): There is a relationship between customer expectation and perceived value in service users.

4. Results and Discussion

The results showed that respondents' characteristics based on gender were different, namely 64% male and 86% female, with dominant ages between 20-30 years and 41-50 years—an average income of more than 10 million per month.

4.1. Validity and Reliability Test

The results explained that all instrument items had an Outer Loading value, all indicators of the research statement had met the valid criteria, namely all Outer Loading values were above 0.5 so that Convergent Validity. Based on the data from Cronbach Alpha's analysis, each research variable has an assessment score with a value above 0.7. Analysis of the research data using path analysis assisted by using SmartPLS 3.2.7 software, where the analysis can be carried out through two models, namely the Outer Model and Inner Model. Outer Model or measurement model has been carried out through Outer Loading analysis, Composite Reliability, Average Variance Extracted (AVE), and Cronbach Alpha. The results show that this study is valid and reliable according to the established criteria. In the outer model, it can be seen that a construct has met the validity and reliability requirements of a latent variable with the indicators used. Outer model testing displays outer loading, composite reliability, average variance extracted (AVE), and Cronbach alpha.
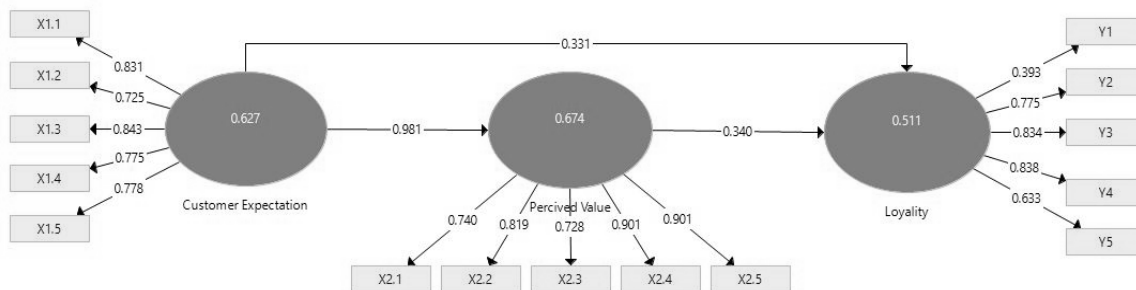

Figure 2. Research Model

4.2. Path Coefficients Result

Based on the Path Coefficient test results, Table 1 shows that the correlation between the variable expectations on loyalty has a significant effect with a T-statistic value of 3.507, then the correlation between the variable. The

expectation variable on the perception value variable also has a significant effect with a T-Statistical score of 2.003, so it can be concluded that all of the research hypotheses can be accepted.

Table 1. Path Coefficients

Variables	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Customer Expectation => Loyalty	0.981	0.981	0.030	3.507	0.000
Customer Perceived Value => Loyalty	0.331	0.342	0.147	1.952	0.011
Customer Expectation => Customer Perceived Value	0.340	0.334	0.139	2.003	0.016

Table 2. R Square Result

Variables	R Square	R Square Adjusted
Customer Perceived Value	0.963	0.962
Loyalty	0.446	0.438

Based on the R Square test results in the table above, the consumer loyalty variable's ability is 44.6%, with the rest explained by other variables. Furthermore, the perception value variable's ability has a value of 96.3%, with the rest explained by other variables. Based on the results of the R square test, it can be stated that the structural model of this study is in a good category. This study examines the influence between research variables through research hypothesis testing, previously carried out validity tests, and reliability tests, with the results of all research instruments being reliable and reliable. Furthermore, through statistical tools (SmartPLS), it was found the results of the analysis of the relationship and influence between variables in the research model and the results of hypothesis testing (Table 2).

Table 2. Hypothesis Result

Variables	t	df	Sig.
Customer Expectation => Loyalty	1.952	1.65	0.011
Customer Perceived Value => Loyalty	2.003	1.65	0.016
Customer Expectation => Customer Perceived Value	3.507	1.65	0.016

4.3. Relationship of Customer Expectation to Customer Loyalty

The next analysis is the correlation between the customer expectation variable and the customer loyalty variable. The data from statistical analysis in Figure 1 shows that the customer expectation variable is positively related to the loyalty variable, which appears to have a very strong relationship with a value of 0.331. This indicates that the increasing expectations given by service companies will increase the loyalty of consumers. This information is of course, very important for the marketing division before making and formulating a marketing strategy, where the things that are included in the expectations are reliability, responsiveness, assurance, facilities and employees. It should be noted because it can impact customer loyalty to service users, the magnitude of the influence of expectations on increased loyalty can be measured at 10.9%, this is possible because of the effects that are not examined in this study.

Hypothesis testing was carried out to determine whether the hypothesis of this study, namely the effect of customer expectations on customer loyalty, is acceptable or not, the results of the Hypothesis test are presented in Table 2. In the table, it is clear that the t_{count} value of the research results for the relationship of expectations to loyalty is 1.952 while the t_{table} for the number of respondents 150 is 1.65 (5% error rate) So it can be analyzed that $t_{count} > t_{table}$, namely 1.952 > 1.65, this indicates that H_a is accepted and H_0 is rejected. So it is emphasized that the influence of the variable expectations on consumer loyalty has a significant effect.

4.4. Relationship of Perceived Value to Customer Loyalty

The data from statistical analysis in Figure 1 shows that the correlation between the variable perception value and the consumer loyalty variable has a relationship of 0.340, so that an increase will not always follow an increase in the loyalty given in consumer loyalty. The magnitude of the correlation between the value of consumer perceptions and the loyalty variable is 11.5%, the percentage value is still below, therefore in an effort to increase loyalty, other variables are needed that are able to provide a positive relationship with the consumer loyalty variable to be able to

reach a value of 100%. Next is the research hypothesis test of the effect of perceived value on loyalty, where the test results can be seen in Table 2. In the table, it is clear that the t_{count} value of the research results for the relationship of customer perceived value is 2.003. while the t table for the number of respondents 150 is 1.65 (5% error rate) So it can be analyzed that $t_{count} > t_{table}$, which is 2.003> 1.65, this indicates that H_a is accepted and H_0 is rejected. So it is emphasized that the influence of the perceived value of the customer on customer loyalty has a significant effect.

4.5. Relationship of Customer Expectation to Variabel Perceived Value
Based on the data from the statistical analysis in the Figure above, the correlation between the variable expectations and the perceived value variable has a relationship of 0.981, so that the increase in both has a positive impact. The magnitude of the correlation between expectations and the customer value perception variable is 96.2%, the percentage value is very good, therefore in an effort to increase loyalty, it takes the expectations desired by consumers and can provide a good view or perception of consumers and be able to provide a relationship. Positive with the loyalty variable to be able to reach a value of 100%. Next is the research hypothesis test of the effect of expectations on loyalty, where the test results can be seen in Table 2. It is clear that the t_{count} value of the research results for the relationship of the perceived value is 3.507. while the t_{table} for the number of respondents 150 is 1.65 (5% error rate) So it can be analyzed that $t_{count} > t_{table}$, namely 3.507> 1.65, this indicates that H_a is accepted and H_0 is rejected. So it is emphasized that the influence of customer expectation on perceived value has a significant effect.

6. Conclusions
Based on the research and discussion results, the conclusion of this study is that customer expectations affect customer loyalty. The higher the level of expectations met by the service management, the higher the customer loyalty. Based on research conducted that Toyota services meet expectations, which can affect customer loyalty for the better. The perceived value affects customer loyalty in service consumers. This means that the perceived value received by consumers can increase consumer loyalty for the better. Customer Expectation on Perceived Value has a fairly large and significant value. The higher the consumer's expectations, the higher the consumer's perceived value. This study has limitations, which do not discuss the consumer's character, which has an impact on consumer loyalty behavior. So that it becomes a suggestion for further research to discuss the character of consumers.

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