The Impact of Service Quality and Price on Purchase Decision: The Case of Ninja Xpress Expedition Service

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ABSTRACT

The purpose of this study is to determine the role of service quality and price on consumer decision to use Ninja Xpress expedition service. This research uses descriptive and verification methods with a quantitative approach. Data collection was carried out by distributing questionnaires to 100 Ninja Xpress users in Bandung. Samples were selected using accidental sampling. The data obtained were analyzed using multiple regression analysis. The results of this study indicate that service quality and price positively influence consumer decision to use Ninja Xpress expedition service. The finding of this study suggest that good service quality followed by affordable price will result in an increase in service use.

Introduction

In the current global era, numerous advances and changes have occurred in modern business, especially those related to transportation. Transportation plays an important part in community activities as well as the economics. The use of transportation as a mean to deliver packages, for instance, has helped people in the mobility of goods. This advancement is apparent following the increase of online trading which has made delivery services as an inseparable link.

Rapid development is apparent in the transportation system in Indonesia. As an archipelagic country, Indonesia relies heavily on transportation to provides link between regions as well as a mean for equitable development. From the SE2016 Listing results, the number of businesses in the transportation sector reached 1.33 million, comprising of 32,123 SMBs and 1,3 million SMEs. Furthermore, this sector absorbs more than 2.4 million workers in the country.

One of the most well-known goods delivery service companies in Indonesia is Ninja Xpress. The service was launched in 2014 by Ninja Van, a technology-enabled express logistics company that provides delivery services across Southeast Asia. The service covers several regions in Indonesia such as Sumatra Island, Java Island, Lombok Island, Bali Island and Sulawesi Island.

The company has collaborated with several e-commerce sites including Bukalapak, Tokopedia, Hijup, MatahariMall, Lazada, SaleStock, and Blibli. Nonetheless, the competition between shipping service companies is getting fierce due to the arrival of large number of new players. Facing this, the company need to have a strategy to ensure more customers use Ninja Xpress services.

Many different factors can influence consumers' purchase decision. Previous research suggested service quality as one of the factors affecting consumers' decision (Pratminingsi et al., 2018; Arianto & Giovanni, 2020). Service quality reflects the level of service excellence offered by the company compared to its competitors. In addition, price is considered to be another factor affecting consumers' decision. Price is often perceived as something that reflects the quality of the goods. Many studies have shown the positive effect of price on purchasing decision (Arianto & Giovanni, 2020; Juhaeri, 2018; Saudi. 2018). Based on the background stated above, the authors are interested in examining the influence of service quality and price in purchase decisions.

Literature Review

Service Quality

Various industries have emphasized the importance of service quality. Indeed, it is an important factor affecting whether the industry is sustainable and is the essence of marketing in service industry. It determines the level of success and the quality of the company (Lupiyoadi; 2001). Tjiptono (2015) defined service quality as the expected level of excellence as well as the control over excellence to meet customer desires. Service quality is the perception and attitude of customers towards company's products.

According to Kotler and Armstrong (2018), service quality is the ability of a service to perform its functions which include reliability, durability, accuracy, convenience, operation and repair as well as other attributes. If a service has been able to carry out its functions, it can be said that it has a good service quality. In order to measure customers perception of service quality, Zeithaml-Parasuraman-Berry in Tjiptono (2015) proposed a model comprising of five dimensions of service quality: 1) Tangible, which refers to the physical evidence of the service such as the appearance and the surrounding environment of the office, infrastructures, etc. 2) Empathy, which refers to the way the employees treat the consumers, including the provision of employees' attention to the customers; 3) Reliability, which refers to the ability to carry out the promised service in an accurate and timely manner, thus meeting consumers' expectations; 4) Responsiveness, which refers to the willingness and ability to provide prompt service as well as in responding consumers' requests; 5) Assurance, which refers to employees' expertise and courtesy as well as their ability to carry out their tasks so as to earn customers trust.

Price

Price can be defined as the amount paid by consumers to get a product or service. Kotler and Keller (2018) defined price as the value that consumers exchange for the number of benefits they get from owning or using a good or service. Price reflects sacrifice, value, and the desire to buy. Price is one of the important factors that determines company success to win the competition in marketing its products. Therefore, companies need to set the right price for their products. The right price reflects the value consumers willing to pay rather than the costs of

making the product or providing the service. Mursid (2014) listed price indicators as follows: a. competitive price, indicating the price should be more competitive than competitors; b. price compatibility with market prices; c. price compatibility with product quality; and d. installments.

Purchase Decision

Purchase decision is a process in which consumers recognize their problem, seek information about a particular product or brand and evaluate how well each of these alternatives can solve the problem, which then leads to a purchase decision (Tjiptono, 2015). The purchase decision-making process includes: recognition of needs, search for information, evaluation of alternatives, purchase decisions and post-purchase behavior (Kotler & Armstrong, 2018).

When a consumer recognizes that there is a need for a product or service, the first thing he does is look for various information regarding the product or service that can fulfill his desire. The consumer will start searching for information about the service quality as well as the price of the product or service. The search for information is what is known as a psychological process in consumer behavior, namely perception. Before deciding to buy a product or service, the consumer will perceive whether the quality of the product or service is better than the ones provided by other companies. In addition, the consumer will also consider the price of the product or service – the consumer will see if the price is affordable or if there is any discount or bonus available (Hidayat et al., 2020, Inneke & Abid, 2020). The consumer will then make a purchase decision for the product or service. Following the purchase, the consumer will then evaluate if the price of the good or service is in accordance with the benefits they get. On this basis, the consumer assesses his satisfaction with a product or service.

Based on the preceding literature review, we proposed hypothesizes as follows:
H1: Service quality positively affect purchase decision
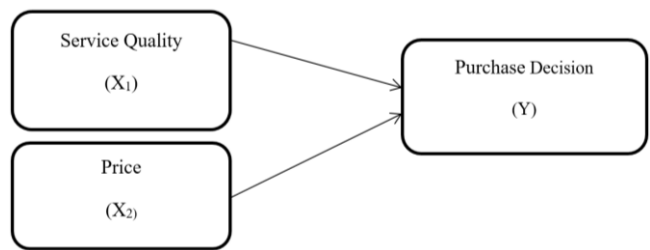H2: Price positively affect purchase decision

Figure 1. Research model

Methodology

The type of research used in this study is explanatory research with a quantitative approach which intends to explain the positions of the variables studied as well as the relationship between them. The research is part of associative research that serves to explain, predict and control a symptom (Sugiyono, 2018). The population in this study is the consumers of Ninja Xpress. 100 consumers of Ninja Xpress were picked as the sample for this research using nonprobability sampling technique through accidental sampling.

This research uses both primary and secondary data to study the effect of service quality and price on purchase decision. Primary data refer to the data obtained by the researchers directly from the source, namely the results of questionnaires and interviews. On the other hand, secondary data refer to the data which has been collected by other researchers.

The research instrument was developed using instruments adopted from previous researchers. The instrument is measured using a Likert scale.

According to Zulganef (2018), the Likert scale is a scale that can be used to measure a person's attitudes, opinions and perceptions about a certain object or phenomenon. The researcher asked several questions to the respondents using a measuring scale with a value of 1 which means strongly disagree to 5 which means strongly agree.

Data Analysis

The data analysis techniques used in this study is multiple linear regression analysis, which is an analysis tool used to forecast the value of the influence of two or more independent variables on the dependent variable to prove whether or not there is a functional or a causal relationship between the variables.

Results and Discussion

Respondent Characteristics

Respondent characteristics are used to determine the diversity of respondents based on gender, age, occupation and income per month. From 100 samples of Ninja Xpress service users, the characteristics that have been studied including gender, age and occupation. As presented in Table 1, there are 42 male and 58 female respondents in this study. Most of the respondents were aged between 15 and 25 (35%). In terms of occupation, the majority of Ninja Xpress users work as entrepreneur (56%).

Table 1. Respondent profile

Variables	Description	Frequency	Percentage
Gender	Male	42	42 %
	Female	58	58 %
Age	15 – 25 years old	35	35 %
	26 – 30 years old	29	29 %
	31 – 40 years old	17	17 %
	< 40 years old	19	19 %
Profession	Student	5	5 %
	College student	6	6 %
	Entrepreneur	56	56 %
	Employees	17	17 %
	etc.	16	16 %

Reliability and Construct Validity

The results of the validity test conducted in this study shows that all the variables have a

correlation coefficient value with the overall score above 0.232. This indicates the validity of the statements in the research instrument. The reliability of the test was examined using Cronbach's Alpha. A Cronbach's alpha above 0.60 was obtained from the reliability test with total of 100 respondents. The results suggest the reliability of the instruments to conduct the research.

Descriptive Analysis

Table 2. Descriptive analysis

Variables	N	Min	Max	Mean	Std. Deviation
X1	100	1.00	5.00	3.7617	.61100
X2	100	1.00	5.00	3.7950	.72158
Y	100	1.00	5.00	3.6067	-69329

Model Fitness

ANOVA test was used to test the hypotheses. The conclusions were drawn based on data or

Table 2 shows the mean score of service quality is 3.7617, meaning that the respondents' response to the decision to use the service can be interpreted properly. In addition, the table shows the mean score of price is 3.7950, indicating good opinions of the respondents. In terms of purchase decision, the mean score also suggest good opinion of the consumers.

inferential statistical group. As presented on Table 3, F count of 56.675 was obtained. The value is greater than the F-table of 3.09 (56.675 > 3.09).

Table 3. ANOVA[a]

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	923.097	2	461.549	56.675	.000[b]
	Residual	789.943	97	8.144		
	Total	1713.040	99			

The results indicate simultaneous and significant influences between service quality and price on purchase decision. Thus, provided support for H1 and rejected H0.

Regression Analysis

An analysis using SPSS resulted in multiple linear regression equation model as follows:

$$Y = 2.763 + 0.466X1 + 0.363X2.$$

The regression equation can be interpreted as follows:

a. The constant value of 2.763 means that without the influence of service quality (x1) and price (x2), the purchase decision (y) still has a value of 2.763. In other words, if the value of product quality (x1) and price (x2) is 0 then the purchase decision value is 2.763.

This means that consumers will still use Ninja Xpress' services even if they're not entirely satisfied with the service quality and price since they basically need the services.

b. Service quality (x1) has a positive effect on purchasing decisions (y) with coefficient value of 0.466. This means that with the assumption that the price is constant, each increase of one unit of service quality score will be followed by an increase in the purchase decision level of 0.466.

c. Price (x2) has a positive effect on purchasing decisions (y) with a coefficient value of 0.363. This means that with the assumption that the service quality is constant, each increase of one unit of price score will be followed by an increase in the purchase decision level of 0.363.

**Table 4.
Coefficients**[a]

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations
		B	Std. Error	Beta			Zero-order
	(Constant)	2.763	1.816		1.521	.131	
1	X1_Kualitas	.466	.107	.418	4.348	.000	.682
	X2_Harga	.363	.092	.378	3.931	.000	.670

Hypothesis Testing

Hypothesis test results on service quality shows that the t value (4,348) > t table (1,290), thus supporting the rejection of Ho. This indicates that service quality (X1) has a significant effect on the purchase decision (Y). Furthermore, the results of the partial test (t test) between price and purchase decision show the value of t count > t table (3.392> 1.290) and the value of sig <0.1 (0.000 <0.1). Thus, supporting Ha regarding the positive influence of price on purchasing decision. Based on these results, it can be concluded that both Hypothesis 1 and Hypotheses 2 are accepted.

Based on the preceded investigation, it is found that service quality has a positive and significant effect on purchase decisions for Ninja Xpress services. Service quality plays an important role as a comparative measure for consumers in selecting available service in their decision-making process. In addition, good service quality will result in comfortable consumers, thus lead to consumers' satisfaction.

Furthermore, the results of this study also validate that price has positive and significant influence on purchase decision. Price has a big influence on the purchase decision. Affordable price will lead to consumers' satisfaction. Therefore, the right pricing strategy needs to be developed in order to increase purchase decision.

Previous research has supported the findings of this study (Yashinta et al., 2020.; Lahinda et al., 2018). Therefore, it can be concluded that providing better service quality and price will increase consumers' desires to purchase the services or products offered by the company.

Conclusion

Based on the preceded analysis, several conclusions can be drawn as follows: a). service quality has a significant effect on purchase decision; b). price has a significant effect on purchase decision.

Based on the results, discussion and conclusions stated above, the authors provide suggestions to improve Ninja Xpress services as follows: a). Ninja Xpress Bandung can improve the quality of their services as better service quality will be followed by the increase consumers' purchase decisions. The improvement, for instance, can be done by creating an application program that make it easier for consumers to use Ninja Xpress' services; b). the results of the study indicate that price positively influence purchase decision. Therefore, developing better pricing strategy is expected to increase consumers' purchase decision.

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