

EXPLORING CUSTOMER LOYALTY IN XANH SM WEST JAKARTA: THE IMPACT OF PRICE PERCEPTION, SERVICE QUALITY, AND CUSTOMER SATISFACTION

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ABSTRACT

The purpose of this study is to analyze the influence of price perception and service quality on customer loyalty of Xanh SM in West Jakarta, with customer satisfaction as a mediating variable. This research uses a quantitative method with a total of 301 respondents. Non-probability sampling with purposive sampling was employed to select participants based on specific criteria, namely respondents from the West Jakarta area who had used Xanh SM taxi services within the past five months. The results of the study show that: (1) price perception has a positive and significant effect on customer satisfaction, (2) price perception has a positive and significant effect on customer loyalty, (3) service quality has a positive and significant effect on customer satisfaction, (4) service quality has a positive and significant effect on customer loyalty, (5) customer satisfaction has a positive and significant effect on customer loyalty, (6) customer satisfaction mediates the effect of service quality on customer loyalty, and (7) customer satisfaction mediates the effect of price perception on customer loyalty.

Key words: Price Perception; Service Quality; Customer Satisfaction; Customer Loyalty

INTRODUCTION

The vast development of digital applications has brought massive changes to various aspects of daily life, especially in commuting. The rapid expansion of smartphone usage and internet penetration has accelerated the growth of online based transportation services in Indonesia. Data from the Indonesian Internet Service Providers Association show that internet users account for 79.5 percent of the total population (APJII, 2024). This widespread digital connectivity has created substantial opportunities for transportation companies to deliver services that are more accessible, efficient, and responsive to consumer needs. One such provider that operates within this digital ecosystem is Xanh SM.



Figure 1. APJII Internet Survey (2024)

Xanh SM, a Vietnam-based online electric taxi company, began operating in Jakarta in December 2024. The company offers an environmentally friendly transportation option through its zero-emission electric vehicle fleet. Xanh SM's key strengths lie not only in its sustainability initiatives but also in its competitive pricing and high service quality. With fares considered more affordable than competitors such as Grab and Bluebird Group, and supported by digital payment discounts, Xanh SM presents an interesting case to examine how price perception and service quality influence customer loyalty.

In service marketing, customer loyalty represents a key indicator of a firm's ability to sustain long term relationships. Loyalty develops from customer satisfaction and from perceptions of fair pricing and high service quality. Accordingly, this study examines the effects of price perception and service quality on customer loyalty, with customer satisfaction as a mediating variable, in the context of Xanh SM's electric taxi services in West Jakarta.

Price perception refers to customers' subjective evaluation of the value they receive relative to the price they pay (Kotler and Keller, 2016). This evaluation typically involves affordability, consistency between price and quality, perceived benefits, and price competitiveness. Service quality reflects the gap between customer expectations and actual service performance (Parasuraman et al., 1998). The SERVQUAL dimensions of tangibles, reliability, responsiveness, assurance, and empathy capture this construct and directly influence satisfaction and loyalty. Customer satisfaction represents the emotional response that arises after customers

compare expectations with actual experiences (Kotler and Keller, 2016), whereas customer loyalty denotes a sustained intention to repurchase and recommend the brand (Tjiptono, 2014). These constructs form a coherent framework in which fair pricing and superior service quality increase satisfaction and subsequently strengthen loyalty.

Price perception and service quality are recognized as key determinants of customer satisfaction and loyalty. When consumers perceive prices as fair and consistent with the quality of a product or service, their satisfaction increases and, in turn, strengthens loyalty (Fatmawati and Soliha, 2017; Prasada and Ekawati, 2018; Kusumaningrum et al., 2022; Septiani and Nurhadi, 2020; Purnama and Aprillia, 2024). Fair pricing reinforces the perception of value, which shapes positive evaluations and encourages continued patronage.

Similarly, high service quality, reflected in reliability, responsiveness, assurance, empathy, and tangibility, enhances satisfaction and promotes loyalty through favorable service experiences (Triannah et al., 2017; Pratopo, 2021; Supriatna, 2024; Arianto and Kurniawan, 2021; Yulian, 2022). Customers who experience consistent and responsive service develop stronger emotional attachment to the provider. Satisfied customers show a greater tendency to repurchase, recommend the service to others, and remain loyal despite alternative offers. This pattern underscores the mediating role of customer satisfaction in linking both price perception and service quality to loyalty (Rafiah, 2019; Putri et al., 2021; Juniantara and Sukawati, 2018; Regata and Wulandari, 2019; Andreas, 2021; Dewi, 2020; Sari and Andjarwati, 2018).

Accordingly, this study formulates seven hypotheses: (H1) price perception positively affects customer satisfaction, (H2) price perception positively affects customer loyalty, (H3) service quality positively affects customer satisfaction, (H4) service quality positively affects customer loyalty, (H5) customer satisfaction positively affects customer loyalty, (H6) customer satisfaction mediates the relationship between service quality and customer loyalty, and (H7) customer satisfaction mediates the relationship between price perception and customer loyalty.

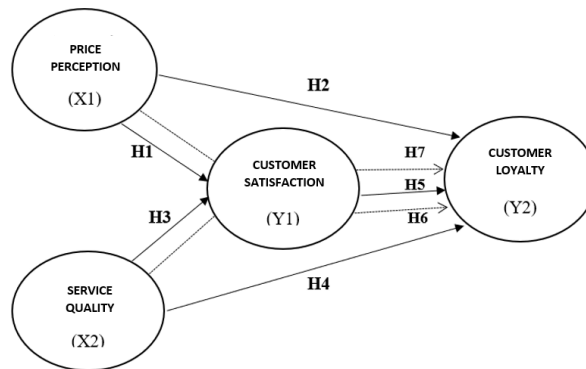


Figure 2. Research Model

METHOD

This study adopts a quantitative design to examine the causal relationships among price perception, service quality, customer satisfaction, and customer loyalty among Xanh SM electric taxi users in West Jakarta. The researchers applied a non probability purposive sampling technique because the population size was unknown. The inclusion criteria required respondents to have used Xanh SM services within the previous five months. Following the guideline proposed by Hair et al. (2010), the minimum sample size required was 160 respondents. The study collected 301 valid responses, which ensured sufficient statistical power and reliability.

The analysis employed SmartPLS 3.0 using the Partial Least Squares Structural Equation Modeling approach. The procedure involved two stages. First, the measurement model evaluation assessed indicator validity and reliability through convergent validity, discriminant validity, and composite reliability. Second, the structural model evaluation examined the relationships among constructs by analyzing path coefficients, significance levels, and R squared values.

RESULTS AND DISCUSSION

Based on the results of a survey of 301 users of Xanh SM electric taxis in West Jakarta, the majority of respondents were female (59.5%) and aged 25 years or younger (46.5%), indicating that most users are from younger age groups. In terms of occupation, most respondents were private employees (43.2%) and students

(34.9%), suggesting that Xanh SM services are widely used by working professionals and students. Regarding education level, respondents were predominantly bachelor’s degree holders (59.8%), followed by high school or vocational school graduates (29.9%). In terms of income, most respondents earned between Rp 1,000,000 and Rp 5,000,000 per month (46.2%), indicating that Xanh SM users generally come from the lower-middle income group.

The outer model analysis was conducted to evaluate the reliability and validity of the measurement indicators used in this study. This evaluation included tests of convergent validity, discriminant validity, and internal consistency reliability.

Convergent validity was assessed using factor loadings, with values greater than 0.60 considered acceptable. The results indicate that all indicators exceed the required threshold, which confirms that each item reliably measures its intended construct. The study further establishes internal consistency reliability through composite reliability and Average Variance Extracted values that surpass the recommended cut off criteria. These findings confirm that the constructs satisfy the standards for reliability and convergent validity. The analysis also assesses discriminant validity using cross loading evaluation. Each indicator loads more strongly on its respective construct than on other constructs, which demonstrates that the latent variables are empirically distinct. This evidence confirms strong discriminant validity across all constructs in the model.

Table 1. Convergent Validity & Internal Reliability Consistency

Variable	Indicator	Convergent Validity	Internal Reliability Consistency	
		Factor Loadings	AVE	Composite Reliability
Customer Satisfaction	KP1	0.763	0.509	0.756
	KP2	0.641		
	KP3	0.731		
Service Quality	KL1	0.722	0.566	0.796
	KL2	0.765		
	KL3	0.769		
Customer Loyalty	LP1	0.857	0.638	0.778
	LP2	0.736		
Price Perception	PH1	0.871	0.714	0.833
	PH2	0.817		

(Source: Processed data by researchers, 2025)

The hypothesis testing results indicate that price perception has a positive and significant effect on customer satisfaction among Xanh SM users in West Jakarta. Customers perceive that the fare offered is proportional to the benefits received, including comfort, safety, punctuality, and environmentally friendly vehicle standards. A fair, affordable, and competitive price increases customer satisfaction and encourages repeat usage of the Xanh SM service. This finding supports previous studies by Marwanto et al. (2022) and Kusumaningrum et al. (2022), which found that price perception significantly influences customer satisfaction. An appropriate pricing strategy not only attracts consumers but also strengthens a company’s market competitiveness.

Table 2. Hypothesis Test Result

Hypothesis	Coefficient	P-Value	Conclusion
Direct Effect			
H ₁			
1 Price Perception → Customer Satisfaction	0.375	0.000**	Supported
H ₂			
2 Price Perception → Customer Loyalty	0.206	0.000**	Supported
H ₃			
3 Service Quality → Customer Satisfaction	0.435	0.000**	Supported
H ₄			
4 Service Quality → Customer Loyalty	0.258	0.000**	Supported
H ₅			
5 Customer Satisfaction → Customer Loyalty	0.269	0.000**	Supported
Indirect Effect			
H ₆			
6 Service Quality → Customer Satisfaction → Customer Loyalty	0.117	0.000**	Supported
H ₇			
7 Price Perception → Customer Satisfaction → Customer Loyalty	0.101	0.003**	Supported

**Significance at 1%

(Source: Processed data by researchers, 2025)

Price perception also has a positive and significant influence on customer loyalty. When customers perceive that the price paid is reasonable relative to the benefits received—such as the comfort of electric vehicles, courteous drivers, and punctual service—they are more likely to continue using the service and recommend it to others. A positive perception of fair and competitive pricing fosters repurchase intention and strengthens long-term customer loyalty. These findings are consistent with previous studies by Septiani &

Nurhadi (2020) and Purnama & Aprillia (2024), which confirmed that price perception has a positive and significant effect on customer loyalty.

Service quality has a positive and significant effect on customer satisfaction. Drivers' professional appearance, vehicle cleanliness, punctuality, responsiveness, and attentiveness enhance comfort and trust, thereby increasing satisfaction. These findings support Fadli and Rubiyanti (2021) and Supriatna (2024) and reflect the relevance of the five SERVQUAL dimensions proposed by Parasuraman (1998). Service quality also positively influences customer loyalty. Timely service, quick responses, and personalized attention strengthen commitment and encourage repeat usage and recommendations. This result aligns with Putri et al. (2021) and Arianto and Kurniawan (2021), highlighting the importance of consistently delivering high service standards to sustain loyalty toward Xanh SM.

Customer satisfaction also demonstrates a positive and significant relationship with customer loyalty. When customers' expectations are met or exceeded—through convenience, punctuality, responsiveness, fair pricing, and user-friendly app features—they are more likely to repurchase and recommend the service to others. This result aligns with Nazma and Aksan (2024), Putri et al. (2021), and Rafiah (2019), who identify customer satisfaction as a primary determinant of loyalty. The findings further demonstrate that customer satisfaction significantly mediates the effects of service quality and price perception on loyalty. Satisfaction therefore operates as a central mechanism that translates positive service experiences and perceived price fairness into loyal behaviors, including repeat usage, favorable word of mouth, and brand preference. These results suggest that high service quality and competitive pricing alone do not automatically generate loyalty. Instead, firms must ensure that these attributes produce genuine satisfaction, as satisfied customers are more likely to develop strong and sustained loyalty toward Xanh SM.

CONCLUSION

The findings of this study confirm that both price perception and service quality are significant and interrelated factors in building customer loyalty toward Xanh SM services in West Jakarta, with customer satisfaction serving as a key mediating variable. Competitive and fair pricing strengthens perceived value, while high service quality builds trust and generates positive service experiences. Together, these factors enhance customer satisfaction and encourage long term loyalty behaviors, including repeat usage and positive word of mouth. The findings confirm the research objectives and hypotheses by demonstrating that loyalty does not arise solely from transactional considerations. Instead, loyalty develops through the psychological process of satisfaction that connects perception with behavioral commitment. Future research should incorporate additional variables such as customer trust, brand reputation, and online engagement strategies to provide a more comprehensive understanding of loyalty formation in the expanding green transportation market.

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