ANALYSIS OF THE INFLUENCE OF PERCEIVED QUALITY AND TRUST ON PERCEIVED VALUE

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Abstract
The objective of this study is to model the influence of consumer perceived quality and trust on consumer perceived value on Internet Service Provider (ISP) industry. Data collection technique deployed was questionnaire. As common in research using questionnaire as instrument, before data collection, questionnaire pre-tested its validity and reliability. Validity test conducted using product moment Pearson correlation whereas reliability test performed using Alpha Cornbach. Valid and reliable questionnaire was distributed to ISP consumer, with screening test to select respondent. Selectivity based on payment of service accepted, whether user is individual subscriber or not. Individual subscriber, who pay for the service accepted by her/his self, asked to become respondent. Having filled out by respondents, the answers on questionnaire coded and proceeded to inputting. Then, data was analyzed using structural equation modeling. However, structural equation modeling was chosen having research variables are latent variables which are measured using manifest variables. Result shows there is evidence in showing the influence of perceived quality and trust on perceived value on ISP subscriber.

Key words : user, consumer, ISP, latent variables, manifest variables

INTRODUCTION

Need for internet raise higher and higher as time goes on. This phenomena is shown by user statistics these years, whether in offices, campuses/schools, or at home. This phenomena also shown by the rapid growth of internet café (which is famous with warnet) in cities (big/small) that showing how important the internet for society. Not to mention the going of internet to villages.

The fast growth of internet user is catched by Internet Provider Service (ISP). As well as the fast growth of internet user, we can also find same phenomena on ISP. ISP more varied and added year by year. The facts bring tight competition among ISPs. Moreover, ISP shall understand customer correctly, so that they can win the competition.

For that purpose, varied researches were done various study of consumer behavior. Good understanding on consumer behavior will result the best strategy to attract consumer. Based on consumer behavior perspective, choosing ISP is a process of decision making. Processes starting by need analyses, then follow by information searching, evaluation and come to final decision. As a decision making process on product consumption, individual determinant can be an important determinant to be studied. Varied factors on determinant individu, such as attitude, intention, habit, quality perceived, price perceived, trust, etc. Plenty researchers showing the interrelationship among quality perceived, trust, and price perceived.

THEORETICAL BACKGROUND

Consumer Perceived Value
Usually consumer seek value from product that they consume. For marketer, how is consumer perceive the value of product consumed is very important information. This information is fruitful for management in defining marketing strategy. However, the concept of perceived value is not just matter to marketer, but it also has become of increasing interest to researchers.

At a general level, perceived value is defined as a judgement or a valuation by the consumer of the comparison between the benefits or utility obtained from a product, service or relationship (Zeithaml, 1988; Monroe, 1990; Lovelock, 1991; Gale, 1994; Teas and Agarwal, 2000), and the perceived sacrifices or costs (Zeithaml, 1988; Monroe, 1990; Lovelock, 1991; Gale, 1994; Teas and Agarwal, 2000; McDougall and Levesque, 2000).

Some researchers have identified conceptualization and dimensionality of perceived value. The first approach defines perceived value as a construct configured by two parts, one of benefits received (economic, social and relational) and another of sacrifices made (price, time, effort, risk and convenience) by the customer (Dodds et al., 1991; Grewal et al., 1998; Cronin et al., 2000). According to the definition by Zeithaml (1988), value for the consumer resulted from the personal comparison of the benefits obtained and the sacrifices made.

The second approach is based on the conception of perceived value as a multidimensional construct (Woodruff, 1997; De Ruyter et al., 1997 and 1998; Sweeney and Soutar, 2001; Sa´nchez et al., 2006). This view of value incorporates, as well as the functional dimension, an affective dimension that captures emotional and social aspects of the individual, examining more closely subjects relating to the consumer’s purchasing behaviour. The functional dimension is defined by the rational and economic valuations of individuals, which is the quality of the product and the quality of service form part of this dimension. The affective dimension is divided into an emotional dimension and a social dimension. In this sense, researchers deal with the multidimensionality of perceived value and capture the cognitive and affective aspects of perceived value (e.g. Mattson, 1991; Sheth et al., 1991a, 1991b).

Emotional value consists of the feelings or the affective states generated by the experience of consumption. Social value is the acceptability or utility at the level of the individual’s relationships with his social environment. Epistemic value for its part is the capacity of the product or service to surprise, arouse curiosity or satisfy the desire for knowledge. Finally, conditional value refers to the conjunctural or situational factors such as illness or specific social situations.

Moreover can be explained, perceived value is made up of three dimensions, i.e. emotional (one), functional (one), and logical (one). The emotional dimension shows the customer’s affective evaluation of the service encounter, the functional dimension reflects practical aspects of the service episode, and finally the logical dimension is made up of the quality of service and the price, the aforementioned value for money. Each phase of the process of performance of the service can be evaluated in terms of these dimensions (De Ruyter et al., 1997).

Sweeney and Soutar (2001) proposed, in the later study, that only three out of five initial dimensions need to be considered, i.e. functional value, social value and emotional value. They designed a scale of measurement of value known as PERVAL. Within the functional dimension of value they include factors like price (value-for-money), quality (perceived quality and expected yield of the product or service), and versatility (adaptability and practicality of the product). The social and emotional dimensions are represented by the set of intangibles that affect the relationship. Sa´nchez et al. (2006) developed a scale of measurement of post-purchase perceived value of 24 items, called GLOVAL.

Zeithaml (1988) suggested that value might be a mediator in perceptions of service quality. In forming an overall perception of that service, customers may use value to evaluate the service compared to alternatives available to them. Patterson and Spreng (1997) explained that “value is considered a cognitive-based construct which captures any benefit-sacrifice
discrepancy in much the same way disconfirmation does for variations between expectation and perceived performance”. Among various indicators defined for perceived value, this research follows indicators which are defined by Chiou (2003) and Lu and Tang (2001). They used 5 indicators.

**Consumer Trust**

Both Doney and Cannon (1997) and Moorman et al. (1992) stress that the notion of trust is only relevant in situations of uncertainty. Specifically, trust reduces the uncertainty in an environment in which consumers feel vulnerable because they know that they can rely on the trusted brand (Chaudhuri and Holbrook, 2001). The development and maintenance of consumer brand trust is at the heart of companies’ marketing plans, especially in the face of highly competitive markets with increasing unpredictability and decreasing product differentiation (Fournier and Yao, 1997). At a basic level, brand trust is simply the trust a consumer has in that specific brand. Brand trust recognizes that brand value can be created and developed with management of some aspects that go beyond consumer’s satisfaction with functional performance of the product and its attributes (Aaker, 1996; Lasser et al., 1995).

Gefen et al. (2003) summarise the conceptualisations of trust from prior research as a set of distinct beliefs consisting of integrity, benevolence, and ability; a general belief or trusting intentions that another party could be trusted, or “the willingness of a party to be vulnerable to the actions of another”; “feelings of confidence and security in the caring response of the other party”; and a combination of these factors.

Trust in Technology Acceptance Model (TAM) is based upon three key positive variables, i.e. perceived usefulness, perceived ease-of-use (Davis, 1989; Davis et al., 1989; Koufaris and Hampton-Sosa, 2004), and enjoyment of technology (Venkatesh and Davis, 2000; van der Heijden et al., 2003). Perceived usefulness refers to the belief that a particular system would enhance job performance and benevolence toward a web site; perceived ease-of-use is the belief that a particular system would be free from effort (van der Heijden et al., 2003); enjoyment of technology is regarded as a factor motivating a consumer’s desire to transact online. Useful and easily understood information on websites reduces asymmetric information, processes information behaviour, lifts the degree of online trust, and positively influences purchase intention (Koufaris and Hampton-Sosa, 2004; Kuo et al., 2004; Cao et al., 2005). Consequently, the perception of usefulness, perception of ease-of-use, and enjoyment of technology positively impact on consumers’ online trust: Among various indicators defined for consumer trust, this research follows indicators which are defined by Chiou (2003) and Lu and Tang (2001). They used 5 indicators.

**Consumer Perceived Quality**

Consumer perceived quality is as important as consumer trust to marketer. The matter is how consumer perceive the service quality. Considerable research has focused on the nature of service quality. Parasuraman et al. (1988) derived five dimensions of service quality. They are responsiveness, assurance, tangibles, empathy and reliability, using the SERVQUAL scale. They asserted that these five dimensions were consistent across a number of independent samples in different service contexts. Consequently, they proposed that the SERVQUAL scale could be used directly in different service industries and contexts.
However, subsequent research consistently confirmed that service quality measurement should be tailored to the context being examined (Asubonteng, McCleary, and Swan, 1996; Babakus and Boller, 1991; Carman, 1990; Cronin and Taylor, 1992; Crompton, MacKay, and Fesenmaier, 1991; Johnson, Tsiros, and Lancioni, 1995). It should be noted that, subsequently, Parasuraman, Berry, and Zeithaml (1993) also acknowledged the need for context-specific tailoring of the SERVQUAL instrument based on the service industry context in which it was to be employed. Numerous studies provide support for the industry-specific dimensional structure of service quality. Gagliano and Hathcote (1994) found that 19 service quality attributes (of the original 22 SERVQUAL attributes) loaded into four dimensions. These were interpreted as reliability, tangibles, personal attention, and convenience. In contrast, Carman (1990), derived nine factors to explain service quality. This variability in dimensional structure is also apparent when sports and leisure services are considered (Chelladurai and Chang, 2000).

Howat et al. (1999), obtained a three-factor solution for 17 service quality attributes, i.e. personnel, core, and peripheral. These three factor solution is consistent with the service quality dimension models that emphasize core and peripheral services proposed by Philip and Hazlett (1997) and Norman (1984). Personnel is loading on staffing functions. Core is loading on principal role functions such as clean facilities. And finally, peripheral is loading on secondary services, such as food and drink facilities.

However, a more global approach was taken by McDougall and Levesque (2000). They proposed that debate on service quality dimensions was largely irrelevant, as service quality could be seen as being composed of two over arching dimensions. The first one is core, which is explained as what is delivered in the service. The second one is relational (how it is delivered) aspects of the service. Among various indicators defined for perceived quality, this research follows indicators which are defined by Chiou (2004). He used 4 indicators.

**RESEARCH METHOD**

This research categorized as survey research based on data collection technique. Research variables consists of 3 factors from individual determinant, i.e. quality perceived, trust, and value perceived. Since all variables are latent variables, measurement has to be build. Then manifest variables define as measurement to latent variable. Questionnaire become research instrument and need to be formulated. So then, research questionnaire was formulated based on Chiou (2004), and Lu and Tang (2001) questionnaire.

The object of this research is ISP, then the respondent are ISP subscriber. Since we can divide ISP user become free and paying users, respondent chosen are them who pay for the service using (ISP subscriber).

Research instrument is self administered questionnaire. Questionnaire distributed to ISP subscriber using internet media, by constructing online questionnaire. Respondent was sent email to publish the questionnaire. Predetermined to questionnaires distribution, it’s tested for validity and reliability.

Validity and reliability tests was performed by distributed questionnaire to 27 respondents. On 5% alpha, with 0.381 critical value, one of perceived quality indicators, i.e. is not valid. The result might be due to ambiguity of sentence as well as that easy of use hasn’t be defined clearly. Exclude of invalid indicator, the rest has high internal consistency on 1%.
of significance. Reliability test was performed using Cornbach’s Alpha, and the result shows that all indicators have high reliability.

Research model demands to check direct causal among latent variables, so that structural equation modeling needed. Lisrel software, which was developed by Karl G. Jöreskog and Dag Sörbom was used.

RESULT AND DISCUSSION

Model Testing

Consumer trust, perceived quality, and perceived value are latent variables which are measured using manifest variables. Eventhough questionnaire was build based on previous research, construct validity test still performed, with consideration of differentiation between Indonesian consumer with other countries.

Confirmatory Analysis of Latent Variables

Perceived quality measured using 4 indicators as used in Chiou (2004e), and Lu and Tang (2001), i.e. access speed (pqual\(_2\)), easy of use (pqual\(_3\)), the completely of facility and features (pqual\(_4\)), and the free toll of connectivity (pqual\(_5\)). Consumer trust is measured using 5 indicators, i.e. trust toward fulfillment promise (trust\(_1\)), responsibility of quality (trust\(_2\)), professionalism (trust\(_3\)), understand consumer (trust\(_4\)), and care for individual consumer (trust\(_5\)). Perceived value as dependent variables, is measured using the good value for money (pvalue\(_1\)), a good buy (pvalue\(_2\)), economics pricing (pvalue\(_3\)), the worthy of service offered (pvalue\(_4\)), and fulfillment of need (pvalue\(_5\)).

Using Lisrel software, only 2 indicators has construct validity significant on 5%, i.e. pqual\(_2\) and pqual\(_3\). This shows that what is important to customer regarding quality is the easy of use and the completely of facility and features. Access speed and connection do not so important to customer. This can be understandable, the connection quality among different ISP are almost same. Technology day by day become better and advance. The result also support the statement that service quality measurement should be tailored to the context being examined (Asubonteng, McCleary, and Swan, 1996; Babakus and Boller, 1991; Carman, 1990; Cronin and Taylor, 1992; Crompton, MacKay, and Fesenmaier, 1991; Johnson, Tsiros, and Lancioni, 1995). It will not constantly similar from one service to others. Based on Lisrel estimation, as can be shown on Table 1, the biggest contribution on building perceived quality is easy of use indicator, eventhough the different of its contribution with facility only 0.125.

<table>
<thead>
<tr>
<th>LAMBDA-X</th>
<th>Factor loading</th>
<th>Standar error</th>
<th>T test.</th>
<th>Squared multiple correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived quality</td>
<td>pqual(_2)</td>
<td>0.846</td>
<td>0.060</td>
<td>14.139</td>
</tr>
<tr>
<td></td>
<td>pqual(_3)</td>
<td>0.721</td>
<td>0.060</td>
<td>12.027</td>
</tr>
</tbody>
</table>
From above table also can be seen that trust variables is significant measured by 4 indicators, i.e. fulfillment promise, professionalism, understand consumer, and care for individual consumer. Among the indicators, professionalism give the greater role on building consumer trust, and the least is care for individual consumer. The validity fulfillment promise show that brand value of ISP created by functional performance of the product (Aaker, 1996; Lasser et al., 1995), perceived usefulness of ISP (Davis, 1989; Davis et al., 1989; Koufaris and Hampton-Sosa, 2004). Also, the validity of professionalism show that brand value of ISP created by functional performance of the product (Aaker, 1996; Lasser et al., 1995). The validity of indicators general care for consumer, and care for individual consumer verify the enjoyment of technology (Venkatesh and Davis, 2000; van der Heijden et al., 2003).

The findings show that brand trust is not built on one or two components but is established by the interrelationships between complex components. By carefully investigating these variables in formulating marketing strategies, marketers can cultivate brand loyalty and gain a formidable competitive edge.

Three out of five perceived value indicators are valid to construct the latent variable. They are good value for money (pvalue\(_1\)), economics pricing (pvalue\(_3\)), and the worthy of service offered (pvalue\(_4\)). “Service offer” plays as the most important indicator for perceive value of ISP subscriber. The role of each indicator in composing the latent variables can also be explained from square multiple correlation. Each of all indicators of the three latent variables has squared multiple correlation more than 50%. It shows the strength of each indicator as manifest variable to the associate latent variable. In contrary to result found by Jarvis et al. (2003), which with respect to the direction of the causality, perceived quality or price are manifestations of perceived value.

**The Role of Perceived Quality and Trust Towards Perceived Value**

Model of perceived value was tested using structural equation modeling, with deployed Lisrel software. Common index used as indicator to fit statistics are least chi-square, significance (p), Root Mean Square Error of Approximation (RMSEA), Normed Fit Index (NFI), Non-Normed Fit Index (NNFI), Goodness of Fit Index (GFI), and Adjusted Goodness of Fit Index (AGFI). Model is said to fit statistically if p greater than 0.05 (for significance of 0.05), RMSEA less than 0.08, and the others parameters greater than or equal to 0.9. As can be shown on Table 2,
goodness of fit statistics, all indexes fulfill the standard. Even further, p value is 0.13407, so that the model valid for significance of 0.01. This result then verify the perceived value model proposed.

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal Theory Weighted Least Squares Chi-Square</td>
<td>21.087</td>
</tr>
<tr>
<td>P</td>
<td>0.134</td>
</tr>
<tr>
<td>Root Mean Square Error of Approximation (RMSEA)</td>
<td>0.0391</td>
</tr>
<tr>
<td>Normed Fit Index (NFI)</td>
<td>0.987</td>
</tr>
<tr>
<td>Non-Normed Fit Index (NNFI)</td>
<td>0.991</td>
</tr>
<tr>
<td>Goodness of Fit Index (GFI)</td>
<td>0.983</td>
</tr>
<tr>
<td>Adjusted Goodness of Fit Index (AGFI)</td>
<td>0.948</td>
</tr>
</tbody>
</table>

Perceived quality and trust of ISP subscriber toward service offered influence perceived value positively. As can be seen on Figure 1, factor loading of perceived quality on its’ role on perceived value is 0.40. This means that any change performed by management in perceived quality will positively effects perceived value. Moreover, ISP subscriber trust toward service provided has greater influence on perceived value. The loading factor is 0.59. The number implied that changes in ISP subscriber trust in one unit will influences ISP subscriber perceived value toward service accepted. All service activities performed by management in connection with building ISP subscriber trust and perceived quality will influence ISP subscriber perceived value.

![Figure 1. Model fit of perceived value](image-url)
This result support previous result by different researcher (Chiou, 2004). This imply that ISP subscribers perceived value antecedents in the two countries show similar behavior on perception and trust. The role of perceive quality on perceive value is obvious from Sweeney and Soutar (2001). Trust is logic activities, then it can be implied that the role of consumer trust on perceived value in accordance with De Ruyter et al. (1997) result.

The construction of ISP subscriber perceived value to ISP management is vital, in connection to its’ influence on ISP subscriber satisfaction, loyalty intention or loyalty. As found by Cronin et al. (2000) the strong and consistent results the indirect path linking service quality to intentions (through service value and satisfaction), and value to intentions (through satisfaction) across industry contexts. These findings are consistent with the premise that service quality and value perceptions (cognitive evaluations) precede satisfaction (affective responses). This in turn has potential implications for managers, as affective responses (i.e., emotions) may act as better predictors of behaviour than cognitive evaluations such as service quality perceptions and value judgments (Patterson and Spreng, 1997). On the other hand, monitoring of service quality attributes is also important for managers because many of these reflect aspects of the service that can be more easily controlled or manipulated by service providers.

CONCLUSION

It can be stated that ISP subscriber perceived quality and trust influence ISP subscriber perceived value directly and positively. Changing in ISP subscriber perceived quality will lead to changing in ISP subscriber perceived value. The more ISP subscriber perceived quality built, the more ISP subscriber perceived value be built. Same evidence with the relationship between ISP subscriber trust and perceived value happen. The more ISP subscriber trust raise, the more ISP subscriber perceived value raise.

On the valid model, indicators of ISP subscriber perceived quality are the easy of use and completely of facility and features. The ISP subscriber trust is measured using fulfillment promise, professionalism, general care for consumer, and care for individual consumer. And the last latent variable, ISP subscriber perceived value, is measured using the balance of service and money spent, economic pricing, and service offered.

REFERENCES


