The Impact of Socio-Economic Factors, Service Quality and Price Perception on Consumer Loyalty at The Auto2000 Jatiasih

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Abstract

Customer loyalty is a strong commitment to make a purchase of a particular product or service in the future. To create customer loyalty, it can be seen from several factors, one of which is paying attention to the socio-economic profile of the customer, price perception, and the quality of the services provided. The purpose of this study was to analyse the influence of Socioeconomic Factors, Price Perception, and Service Quality on Loyalty and to determine which variables are most influential in influencing customer loyalty at the Auto2000 Jatiasih After-Sales Service Unit. The analysis method used in this study was quantitative primary data. The testing phases used were the outer model, inner model, and hypothesis testing using the partial least squares (PLS) method. The data used in this study were a questionnaire instrument, and valid data were collected from 100 respondents. The sampling method used in this study was non-probability sampling with a purposive sampling technique. The results showed that the socioeconomic factors variable did not affect customer loyalty, while price perception and service quality did influence customer loyalty. The most dominant variable influencing customer loyalty was service quality.

Keywords: Customer Loyalty, Price Perception, Service Quality, Socioeconomics
JEL Codes : M41, M15

INTRODUCTION

The automotive industry is a crucial sector in the Indonesian economy. Population growth in major cities and the increasing need for private transportation are driving increased sales of four-wheeled vehicles. Data from the Association of Indonesian Automotive Industries (Gaikindo) shows that wholesale car sales reached 710,406 units between January and October 2024, with the Astra Group, particularly the Toyota-Lexus brands, still dominating the market share. A key factor in this dominance is integrated and high-quality after-sales service, which not only enhances customer satisfaction but also strengthens brand loyalty. Auto2000, as Toyota's authorised dealer network, holds approximately 70% of Toyota's market share in Indonesia with over 120 branches. However, one of the Auto2000 branches is facing serious challenges. 2024 data shows that the Jatiasih branch of Auto2000 is struggling to maintain customer loyalty.

During 2024, 1,943 units of vehicles will be used by customers who will use maintenance and repair services at the Auto2000 Jatiasih Workshop. The graph shows that many customers use the type of periodic maintenance service 1,000KM-40,000KM which is a free service provided by Auto2000. However, when the next periodic maintenance service is 40,000KM and so on, it shows a considerable decrease in consumers where the service has been paid. This is because customers have periodic maintenance options at other workshops that are more in line with their preferences. The data explains that as many as 3,790 units of vehicles or 63.5% of customers did not use maintenance services at the Auto2000 Jatiasih Workshop during January - October 2024. The lack of customer returns shows that there is a lack of customer loyalty to the Jatiasih Auto2000 Workshop. Seeing this, of course, companies must study and develop strategies to be able to maintain and maintain consumers by meeting customer needs and expectations which will create customer loyalty to the company.

Previous research supports the importance of price, service quality, and socioeconomic profile in influencing customer loyalty. Another study found that price and service quality have a positive and significant effect on customer loyalty at the Auto2000 Sanur workshop, with a contribution of 86.7% (Syahda A., Sukarta, and Putra Y. 2024). Similar findings were also experienced at Auto2000 SM Raja Medan where after-sales service quality has a positive and significant effect on customer loyalty by 96.5% (Sihombing and Marbun 2021). While a similar study at Auto2000 Sutoyo Malang found different things, service quality has no significant effect on customer loyalty (Februdianto, Agustina, and Kusdyah 2023). Meanwhile, Olufayo, Omoera, and Bakare (2020) confirmed that socioeconomic variables, including family influence, social class, environment, and income, are significantly related to customer loyalty in the Nigerian telecommunications sector. Similar findings were found in the digital store industry that socioeconomic factors influence the perceptions received by customers (Singh et al. 2020). However, another study found that socioeconomic factors and consumer experience do not affect loyalty in the tourism industry (Sanchez, Heredero, and Botella 2021). Based on these findings, there are differences in research results across other Auto2000 branches and other industries. Furthermore, there remains a gap regarding whether socioeconomic profiles contribute to customer loyalty at authorized repair shops. This research gap is the one we aim to address through the study at Auto2000 Jatiasih.

The purpose of this study is to analyze the effects of socioeconomic profile, service quality, and price perception on customer loyalty at Auto2000 Jatiasih, including whether these variables influence loyalty after the free service period has ended. The benefits of this research include offering Auto2000 management empirical insights into which factors most strongly drive loyalty retention, allowing them to focus resources more effectively. The contribution of this study lies in: (1) filling the gap regarding the role of socioeconomic profile in automotive after-sales loyalty, (2) clarifying direct or mediated effects of price perception in post-free service contexts, and (3) extending the understanding of loyalty retention dynamics in a major dealership branch, contributing practical value to similar after-sales service providers in Indonesia and beyond.

LITERATURE REVIEW
Socioeconomic Profile and Customer Loyalty
Socioeconomic factors describe an individual's social and economic conditions that influence consumption patterns and purchasing decisions (Kotler & Keller, 2022). Variables such as income, education, and occupation play a significant role in shaping customer preferences and inclinations toward a service (Kotler & Armstrong, 2024). Several studies support the significant influence of socioeconomic factors on customer loyalty. Olufayo et al. (2020) found that socioeconomic factors such as income, social class, and environmental influences influence customer loyalty in the Nigerian telecommunications industry. Research by Singh et al. (2020) also confirmed that consumers' socioeconomic profiles play a significant role in shaping perceptions and loyalty in the digital retail sector. On the other hand, (Sanchez, Heredero, and Botella 2021) found that socioeconomic factors did not influence tourist loyalty, indicating that the influence of these variables is highly dependent on the industry context. Furthermore, research by Franco et al. (2021) showed that demographic factors such as age and income level shape consumer motivation and engagement in ecotourism. Thus, previous literature has shown mixed results, making it important to retest this in the context of the Toyota Auto2000 Jatiasih authorised repair shop.
Hypothesis 1 (H1): Socioeconomic profile has a significant effect on customer loyalty.

Service Quality and Customer Loyalty
Service quality is a company's ability to consistently meet customer needs through dimensions such as reliability, responsiveness, assurance, empathy, and tangibles (Kotler and Keller, 2022) Several studies report a positive and significant influence of service quality on customer loyalty.. Research by Kishore B. and Vetrivel (2022) also confirmed that service quality influences customer satisfaction, trust, and loyalty in the automotive industry. This finding is supported by (Sugistianto and Ispriyahadi, 2021), who showed that service quality has both a direct and indirect effect on customer loyalty through customer

satisfaction. However, different results were found by Violin et al. (2021), who stated that service quality had no significant effect on Lion Air customer loyalty, and Februdianto, Agustina, and Kusdyah (2023), who found that service quality had no significant effect on Auto2000 Sutoyo Malang customer loyalty. These differing findings suggest that industry context and customer expectations significantly influence the relationship between service quality and loyalty.

Hypothesis 2 (H2): Service quality has a significant effect on customer loyalty.

Price Perception and Customer Loyalty

Price perception reflects the extent to which customers assess the appropriateness of price to the quality and benefits of the service received (Kotler and Keller 2022). Research by Istiyawari, Hanif, and Nuswantoro (2021) shows that price, service quality, and customer satisfaction have a significant positive effect on customer loyalty. This finding is consistent with research by Sholikah and Hadita (2023), which proves that price influences customer satisfaction and ultimately increases loyalty among Mie Gacoan consumers. Research by Syahda A. et al. (2024) also confirmed that prices commensurate with service quality have a positive effect on customer loyalty at Auto2000 Sanur workshops. These results reinforce the idea that price is not only assessed in terms of affordability, but also in terms of its relevance to the long-term benefits received by consumers.

Hypothesis 3 (H3): Price perception has a significant effect on customer loyalty.

Combined Effects on Customer Loyalty

Simultaneously, socioeconomic factors, service quality, and price perception are believed to interact to influence customer loyalty. Socioeconomic factors determine basic customer preferences, price perception shapes rational evaluations, while service quality builds emotional experiences.Research by Syahda A. et al. (2024) demonstrated that price and service quality together contribute 86.7% to customer loyalty at Auto2000 Sanur. (Istiyawari et al. 2021) also confirmed that service quality, price, and satisfaction simultaneously significantly influence customer loyalty. These results align with Sanchez et al. (2021) showed that loyalty is not influenced by a single factor, but rather by a combination of several socioeconomic factors, perceptions, and customer experiences.Therefore, the combination of socioeconomic factors, service quality, and price perceptions needs to be further tested in the context of the official Auto2000 Jatiasih workshop.

Hypothesis 4 (H4): Socioeconomic Profile, Service Quality, and Price Perception simultaneously, affect Customer Loyalty
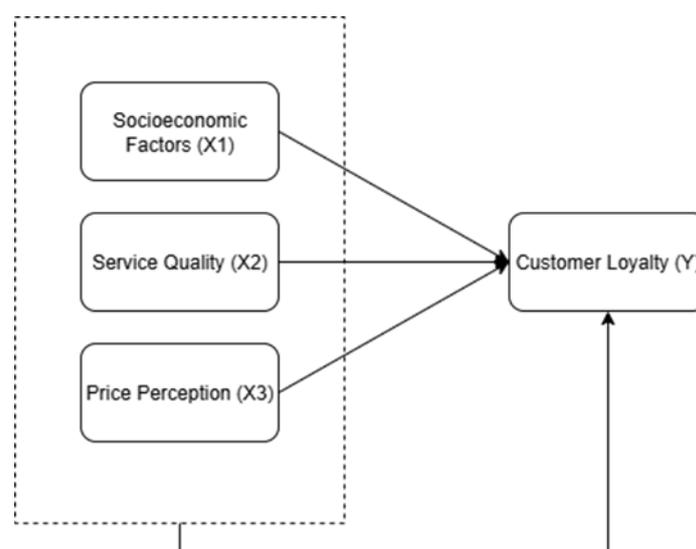

Figure 1. Research Framework

Previous Research and Research Gaps

Previous research has demonstrated the influence of service quality and price on customer loyalty (Syahda A. et al, 2024), as well as the role of socioeconomic factors on consumer behavior Nugraha and Nuryadin (2019); Olufayo et al. (2020). However, few studies have simultaneously examined socioeconomic variables, price perception, and service quality in the context of authorized workshops offering free after-service services, particularly at Auto2000 Jatiasih.

RESEARCH METHOD

This study employs a quantitative research design with an explanatory approach. The purpose is to test the causal relationship between socioeconomic profile, service quality, price perception, and customer loyalty in the context of after-sales service at Toyota Auto2000 Jatiasih.

Tabel 1. Variabel Operation Definition

Variable	Operational Definition	Indicator
Socioeconomic Factors (X1)	Consumer behavior influenced by demographic factors such as income, education, occupation, age, and gender (Kotler and Keller, 2022).	1. Income 2. Education 3. Occupation 4. Asset Value 5. Age 6. Urbanization 7. Social Status (Kotler & Armstrong 2023)
Price Perception (X2)	Price perception is a customer's assessment of the value they receive in return for what they pay, generally influenced by expectations and perceived benefits of the product or service, (Kotler and Keller, 2022)	1. Affordability 2. Price-to-quality ratio 3. Price competitiveness 4. Price-to-benefit ratio (Kotler and Armstrong, 2024)
Service Quality (X3)	Service quality is one of the important elements in marketing, which is defined as the overall features and characteristics of a service that determine its ability to meet customer needs explicitly and implicitly, (Kotler and Keller, 2022).	1. *Reliability* 2. *Responsiveness* 3. *Assurance* 4. *Emphaty* 5. *Tangible* (Kotler and Keller 2022)
Customer Loyalty (Y)	Service quality is one of the important elements in marketing, which is defined as the overall features and characteristics of a service that determine its ability to meet customer needs explicitly and implicitly, (Kotler and Keller, 2022).	1. Repeat Purchase 2. Retention 3. Referrals (Kotler and Keller, 2022)

Research Population and Sample

The population of this study consists of Toyota Auto2000 Jatiasih customers who have completed the free service period provided by Toyota. These customers were selected because the main problem of this study is the decline in customer loyalty after the free service period ends. A good sample size according to Maximum Likelihood Estimation (MLE) ranges from $100 - 200$ respondents. In this study, the sample to be studied was 100 respondents. The sampling technique used in this study was purposive sampling. Respondents were selected based on certain criteria: (1) owning a Toyota vehicle, (2) having had at least

one free service at Auto2000 Jatiasih, and (3) having entered the post-free service maintenance period. This approach ensures that respondents are relevant to the research objectives. The sample size will be determined using the rule of thumb for Partial Least Squares (PLS) analysis, which requires 5–10 times the number of indicators used in the measurement model.

Data Collection Technique
The primary data are collected through a structured questionnaire using a Likert scale, ranging from strongly disagree (1) to strongly agree (5). The questionnaire is divided into four main parts: socioeconomic profile (income, education, occupation), service quality (reliability, responsiveness, assurance, empathy, tangibles), price perception (affordability, price–quality fit, competitiveness, price–benefit fit), and customer loyalty (repeat purchase, retention, referrals). Secondary data are also utilized to support the analysis, such as company reports, internal service data, and previous studies.

Research Instrument
The research instrument is designed by adapting measurement items from established theories and previous studies. Indicators for each variable are based on Kotler and Keller (2022), Kotler and Armstrong (2024), and Tjiptono (2017). Before the survey is conducted, the questionnaire will be tested for validity and reliability through a pilot test involving a small group of respondents who meet the sampling criteria.

Data Analysis Technique
The collected data will be analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). This technique is chosen because it is suitable for exploratory models, small-tomedium sample sizes, and research involving multiple constructs with reflective indicators. The analysis procedure includes: (1) evaluating the measurement model (convergent validity, discriminant validity, and reliability), (2) evaluating the structural model (path coefficients, R^2, and predictive relevance), and (3) testing the research hypotheses using bootstrapping with a significance level of 5%.

RESULTS AND DISCUSSION

The respondents of this study were customers of Toyota Auto2000 Jatiasih who had completed the free service period. The descriptive characteristics of respondents such as gender, age, income, education, and occupation are presented in Table 2.

Table 2. Demographic characteristics of respondents

Characteristics	Category	Frequeny	Precentage
Gender	Man	57	57%
	Woman	43	43%
Age	17-20th	4	4%
	21-25th	12	12%
	>25th	84	84%
Education	High School	10	10%
	Diploma/Bachelor	53	53%
	Magister	32	32%
	Doctoral	5	5%
Occupation	Employee	68	68%
	Enterpreuner	18	18%
	Others	14	14%

Source: Processed data (2025)

Measurement Model Evaluation
The measurement model was tested to evaluate the reliability and validity of the constructs. Convergent validity was confirmed as the Average Variance Extracted (AVE) values exceeded 0.50. Composite Reliability (CR) and Cronbach's Alpha values were higher than 0.70, indicating good internal consistency. Table 3 presents the measurement model results.

Table 3. Measurement Model Evaluation

Variabel	Cronbach' sAlpha	Composite Reliability	Average Variance Extracted (AVE)
Socioeconomic Factors	0.887	0.908	0.554
Service Quality	0.857	0.891	0.538
Price Perception	0.856	0.896	0.634
Costumer Loyalty	0.815	0.871	0.576

Structural Model Evaluation

The structural model was tested using the Partial Least Squares (PLS) approach. Figure 1 shows the research model estimation with path coefficients.
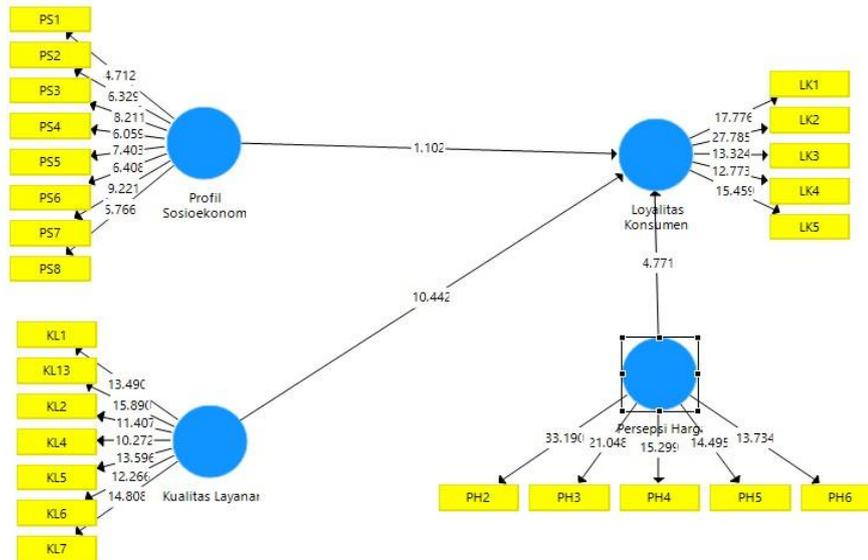

Figure 2. Structural model results

Table 4 presents the path coefficients, t-statistics, and p-values for each hypothesis.

Table 4. Structural model results

Hypothesis	Path	Coefficient	t-statistic	p-value	Result
H1	Socioeconomic profile → Loyalty Consumer	-0.056	1.102	0.271	Rejected
H2	Service quality → Loyalty Consumer	0.655	10.442	0.000	Accepted
H3	Price perception → Loyalty Consumer	0.322	4.771	0.000	Accepted
H4	Socioeconomic profile, service quality and price perception → Loyalty Consumer	0.271	2.614	0.009	Accepted

Source: Processed data (2025)

Coefficient of Determination (R²)

Table 5. Coefficient of Determination

Variabel	R Square	R Square Adjusted
Consumer Loyalty	0.723	0.714

The R² value is used to measure how much of the variation in the dependent variable (Consumer Loyalty) can be explained by the independent variables (Socioeconomic Profile, Service Quality, and Price Perception). The analysis results show that the R² value for Consumer Loyalty is 0.68. This means that

68% of the variation in Consumer Loyalty can be explained by the three independent variables, while the remaining 32% is explained by other factors not examined in this model, such as promotions, brand image, and previous customer experience.

Discussion
Discussion Socioeconomic Profile and Customer Loyalty
The results indicate that socioeconomic profiles has no significantly influence customer loyalty (T-statistic = 1.102 < 1.972; p = 0.271 > 0.05). The coefficient indicates a negative direction (0.056), which means that differences in income, education, or occupation do not determine customer loyalty to Auto2000 Jatiasih. The results of this study are consistent with research by Sanchez et al.(2021), which explains that socioeconomic factors do not influence consumer loyalty. However, this finding contradicts the results of research by Olufayo et al. (2020) which emphasizes the role of economic factors in shaping loyalty and the results of research by Singh et al. (2020), which explains that socioeconomic factors also shape customer loyalty. In the context of Auto2000 Jatiasih, the absence of this influence indicates that customer loyalty is more influenced by service-related experiences than demographic or economic background.

Service Quality and Customer Loyalty
Service quality has a strong and positive influence on customer loyalty (T-statistics = 10.442 > 1.972; p = 0.000 < 0.05). The path coefficient is 0.655, indicating a high contribution. This aligns with the findings of Kishore & Vetrivel (2022), who stated that service quality significantly increases loyalty. Similar results were also found by Sugistianto & Ispriyahadi (2021), who explained that service quality has both direct and indirect influences on customers. However, this contradicts with the findings by Februdianto et al. (2023) at the Auto2000 Sutoyo Malang branch, which stated that service quality does not affect customer loyalty. In Auto2000 Jatiasih, aspects such as the professionalism of technicians and service advisors, responsiveness in handling complaints, and consistency of service quality play a major role in strengthening customer loyalty. Thus, high service quality becomes a decisive factor for customers to continue servicing their cars after the free service period.

Price Perception and Customer Loyalty
Price perception is proven to have a significant and positive effect on customer loyalty (Tstatistics = 4.771 > 1.972; p = 0.000 < 0.05). The coefficient value (0.322) indicates that customers perceive the service cost as fair in relation to the benefits obtained. This result is consistent with Syahda et al. (2024), who found that price fairness supports loyalty. The study conducted by Istiyawari, Hanif, and Nuswantoro (2021) demonstrated that price, service quality, and customer satisfaction significantly and positively affect customer loyalty. This outcome is corroborated by the findings of Sholikah and Hadita (2023), who established that price plays a pivotal role in shaping customer satisfaction, which in turn fosters greater loyalty among Mie Gacoan consumers.For Auto2000 Jatiasih customers, the alignment between service price, quality of workmanship, and long-term benefits becomes a key consideration in maintaining loyalty.

Combined Effect of Socioeconomic Profile, Service Quality, and Price Perception
When tested simultaneously, socioeconomic profile, service quality, and price perception significantly influence customer loyalty (T-statistics = 2.614 > 1.972; p = 0.009 < 0.05) with a positive coefficient of 0.271. According to Istiyawari et al. (2021), service quality, price, and customer satisfaction jointly exert a significant influence on customer loyalty. In line with this, Sanchez et al. (2021) argue that loyalty cannot be attributed to a single factor alone, but rather emerges from the combined effect of multiple dimensions, including socioeconomic conditions, customer perceptions, and experiential aspects. Although socioeconomic profile individually shows no effect, in combination with service quality and price perception, it contributes to shaping customer loyalty. This confirms that loyalty is a multidimensional construct influenced by both service performance and customer perceptions.

CONCLUSION AND SUGGESTION

Conclusion

This study was conducted to examine the effect of socioeconomic profile, service quality, and price perception on customer loyalty at Auto2000 Jatiasih. The research sought not only to identify which variables influence loyalty but also to determine the relative importance of each factor in shaping customer behavior.

The findings show that socioeconomic profile does not significantly affect customer loyalty, indicating that educational background and social class are not decisive factors in customers' decisions to continue using Auto2000 Jatiasih's services. In contrast, service quality demonstrates a strong and significant positive effect on customer loyalty, highlighting that responsive, consistent, and professional services increase the likelihood of repeat patronage. Similarly, price perception also exerts a significant positive influence, suggesting that customers remain loyal when they perceive prices as fair and aligned with the quality and long-term value received.

Taken together, socioeconomic profile, service quality, and price perception significantly influence loyalty, with service quality and price perception emerging as the dominant drivers. These findings align with the research objective of identifying the key determinants of loyalty in the context of an authorized automobile service workshop. Moreover, the study contributes to both theory and practice by emphasizing that loyalty in the automotive service sector is shaped less by demographic or economic background and more by service-related experiences and value perception.

Suggestions

This study provides several practical implications and opens up opportunities for further research. Practically, Auto2000 Jatiasih needs to maintain consistent service quality, particularly in terms of technician and service advisor competency, speed and expertise in handling complaints, and ease of access to service reservations. Furthermore, transparency and a balance between pricing strategies and service are key to maintaining customer loyalty.

For future research, it is recommended to include other variables such as customer experience, brand trust, or service innovation as factors that may influence consumer loyalty. The study could also include other Auto2000 branches to make the results more representative and comparable across regions. Therefore, this ongoing research series is expected to enrich our understanding of strategies for increasing customer loyalty in the automotive industry.

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