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Bridging Perspectives on Customer Value Proposition and Customer Perceived Value of Intercity Non-Bus Transportation Services in Indonesia

Bridging
Perspectives on
Customer

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Abstract

Research Aims - The study aim is to explore value proposition creation from the perspectives of non-bus transportation services and to investigate the factors in customer perceived value, especially functional value (operations, facilities, professionalism, and price), that influence purchase intention from customers' perspectives.

Design/methodology/approach - This mixed methods study used personal interviews, participant observation, and a survey to collect the data. Then, we conducted exploratory case study by using organisational level logic model as a qualitative analysis technique. Finally, we used regression for hypothesis testing of the quantitative section.

Research Findings - The results indicated that non-bus transportation services should give extra efforts to build great value propositions to meet customer needs. The interview and participant observation results on non-bus transportation service providers' perspectives showed that that two providers studied have different strategies to create strong value propositions. The survey results on customers' perspectives showed that all aspects of functional value (operations, facilities, professionalism, and price) significantly influence purchase intention. Thus, those two perspectives do not completely align.

Theoretical Contribution/Originality - The integrated framework of customer value proposition created by firms and customer perceived value, which was empirically tested in this study, showed that superior value proposition can be achieved where there is a feedback loop between these two perspectives.

Managerial Implications in the Southeast Asian context - Managers have to consider not only the individual aspects of price competitiveness and comfort of services as value propositions but also the integration of facilities and professionalism to build perceived value through value propositions in intercity non-bus transportation services in Southeast Asian contexts.

Research limitations and implications - This study had only two variables (functional value and purchase intentions). Functional value had four sub-variables (operations, facilities, professionalism, and price) as independent variables. Other variables could influence purchase intention for non-bus transportation service providers.

Keywords: Consumer Behaviour, Customer Perceived Value, Customer Value Proposition, Purchase Intention, Service

Introduction

A growing trend today is the shift in focus from products to customers. Many firms are changing their organizational structures to become more responsive in order to

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fulfil customer needs or expand into service businesses (Gebauer & Kowalkowsk, 2012). This transformation requires a new way of thinking and fresh energy to drive a great customer orientation. Service firms increasingly seek to build long-lasting relationship with customers (Arbore, Guenzi, & Ordanini, 2009). Satisfying customers can help increase firms' long-term benefits, particularly customer loyalty and sustained profitability (Abadi, Kabiry, & Forghani, 2013). Satisfaction is achieved when firms deliver superior customer value (Martelo-Landroguez, Barroso Castro, & Cepeda-Carrión, 2013).

In this turbulent competitive environment, inventing and delivering value to customers at a favourable position has become increasingly important and difficult. This situation encourages changes in the foundational idea of value creation. The intense, rapid increase in business competition fuels rising interest in the creation and delivery of value for customers and the effective management of customer relationships. It is very important for organizations in service industries to design and add value that can drive customer satisfaction (Arbore et al., 2009).

Understanding customer value is recognized as crucial to firms' business strategies (Martelo-Landroguez et al., 2013). Zeithaml (1988) noted that the core definitions of value and utility are not essentially different; satisfaction results from consumption, which is measured subjectively. Sometimes customers have their own definitions of value and use it in many different ways. The diversity of the value concepts among consumers is a major challenge to studying and understanding value. Price is also a main factor in determining the value perceived by customers. The ways of thinking about customer value depend on the points of view adopted by customers and firms. In other words, perceived value arises from customers' perspectives, and value creation arises from firms' perspectives. It, therefore, is important to integrate both perspectives to study customer value (Martelo-Landroguez et al., 2013). One critical issue marketers should consider in planning strategies is inventing and delivering value propositions to customers. No firm can to meet the expectations of all customers, but its strategies determine what value proposition it offers to meet customers' expectation and win their loyalty. Customers of different ages, marital status, and residence perceive value differently (Hassan, 2012).

Given this backgrounds, the study objectives are to: 1) explore value proposition creation from the perspectives of non-bus transportation service providers in Bandung city, Indonesia; 2) investigate the factors in customer perceived value, especially functional value (operations, facilities, professionalism, and price), that influence purchase intention in the perspectives of customers who are the target market of non-bus transportation service providers in Bandung; and 3) examine the gap between non-bus transportation service providers' perspectives on value propositions and customer perceived value in the target market of non-bus transportation service providers in Bandung. This intercity transportation case is the best example of Southeast Asian contexts because other countries also have high commuting traffic between their two largest cities. Thus, when the research objective is achieved, it can be generalized to countries with similar contexts.

LITERATURE REVIEW

Value Proposition

Kambil, Ginsberg, and Bloch (1996) stated that the value proposition defines how the elements of value (recommended product and service features and complementary services) are packaged and offered to meet customer needs. It is important to determine the essential quality of the value map and the value frontier to comprehend how companies can change their value proposition. A value map displays the interrelated positions of various companies within an industry along the axis of cost performance. The value frontier defines the best performance for any given cost for customers and represents the different segments offered to customers. A successful market leader can create a unique, distinctive position on the value frontier.

A value proposition statement is a clear, interesting, credible expression of the experience customers get from suppliers' measurably value-creating offerings in which the value is equal to the benefits minus the cost. Value is focused on suppliers' relationships to specific market segments, offerings used over specific time frames, sales opportunities, and targeted customers representing sales opportunities (Barnes, Blake, & Pinder, 2009). Barnes et. al (2009) stated that the value proposition builder model is important to achieve superior performance because most companies build their own value proposition strategies based on assumptions rather than thinking. The value proposition builder consists of six elements:

- a) Market: When the value proposition deals with cost constraints, it is important to deeply understand the targeted customers and define the segment markets in order to perform the value proposition efficiently (Barnes et al., 2009).
- b) Value experience: The company needs to understand the customer experience and what is valuable to customers. Comprehensive knowledge of customers can help maximize profits and is useful in companies' daily decision making (Barnes et al., 2009).
- c) Offerings: After choosing the targeted customers and understanding their experience, it is important that companies identify and categorize their offerings and capabilities (Barnes et al., 2009).
- d) Benefits: Benefits: Companies should have detailed information on the value experience from the perspectives of both customers and staff and make it a priority to create a great strategy of customer relationship management that enable the firms to reduce the customer perceived sacrifice, including monetary and non-monetary costs (Barnes et al., 2009).
- e) Alternatives and differentiation: Companies should combine their offerings to achieve optimal value for both customers and company. It is important to overcome competitors, especially their value propositions (Barnes et al., 2009).
- f) Proof: Companies should provide evidence of their ability to deliver customers' desired value experience (Barnes et al., 2009).

Perceived Value

Perceived quality can have dynamic consequences, even in its formulation, and the substance of perceived quality can change over time. How consumers evalu-

ate quality, therefore, becomes the most important influence on perceived quality (Steenkamp, 1989). Consumers can perceive product quality based on one or more cues. In purchase situations, consumers can easily obtain information about the price, brand name, and location of purchase and so have more than one cue on which to build opinions on product quality. Steenkamp (1989) concluded that price, brand and names, country of origin, and the physical product influence quality perceptions. Based on the results of an exploratory study, Zeithaml (1988) described perceived value as consumers' overall assessments of products' utility based on perceptions of what is received and given. He also mentioned that there are four general definitions of consumer value which emerge as follow:

- a) Value is a low price.
- b) Value is whatever I want in a product.
- c) Value is the quality I get for the price I pay.
- d) Value is what I get for what I give.

Woodruff (1997) argued that the term *value* appears in many various contexts, especially at on broad level. Customer value is customers' perceptions of things and is more than objective determinations by sellers and organizations. It includes what customers receive (e.g., quality, benefits, worth, and utility) and what customers give to get and use products and services (e.g., price and sacrifices). There is no specific definition about perceived value because it involves several concepts, which are difficult to compare (Woodruff, 1997).

Value itself can be built by several dimensions (Hassan, 2012). Sheth, Newman, and Gross (1991) assumed that consumers' choice behaviour is influenced by five consumption values: (1) functional value; (2) social value; (3) emotional value; (4) epistemic value; (5) conditional value. Sweeney and Soutar (2001) explained that in some respects, multiple value dimensions are better than the single "value-for-money" item. The combination of multiple value dimensions can deliver more variation in output than a single item and clearly have different consequences for various outputs. Considering these perspectives, the following hypothesis is proposed:

H₁: Customer perceived value, especially functional value (operations, facilities, professionalism, and price), significantly influences purchase intention for non-bus transportation services in Bandung city.

As mentioned by Sheth et al. (1991), four distinct dimensions of value dimensions appear (1) emotional value—"the utility derived from the feelings or affective states that a product generates;" (2) social value—"the utility derived from the product's ability to enhance social self-concept;" (3) functional value (price/value for money)—"the utility derived from the product due to the reduction of its perceived short term and longer term costs;" (4) functional value (performance/quality)—"the utility derived from the perceived quality and expected performance of the product."

Sheth et. al. (1991) stated that functional value has become the primary driver of customer choice. The possession of several functional, utilitarian, or physical at-

tributes is one means to acquiring functional value. The present study focused on several attributes to investigate functional value. The following hypothesis, therefore, is proposed:

H₂: The functional value of operations as a factor in customer perceived value has a partial, significant influence on purchase intention for non-bus transportation service providers in Bandung.

Physical factors, ranging from design (Baek & Ok, 2017) and third-party endorsements to food ingredients and recycled materials (Pomering, 2017), are discussed in the marketing and consumer behavior literature as drivers of customer purchase intention. In transportation services, the most tangible physical factors are facilities, such as car and bus features and terminal stations. We, therefore, test the following hypothesis:

H₃: The functional value of facilities as a factor in customer perceived value has a partial, significant influence on purchase intention for the non-bus transportation service providers in Bandung.

Professionalism is closely related to the aspect of people in the marketing mix. In the service industry, professionalism, such as chefs' competence, is seen as an estimate of the quality of a service, while quality cues from customer perceptions can drive purchase intention (Roest & Rindfleisch, 2010). In healthcare services, the professionalism of organizations can be recognized from certification endorsements, which create customer trust. Trust in both medical doctors and hospitals drives customer purchase intention (Zheng, Hui, & Yang, 2017). In transportation services, professionalism can be shown by off-board services and staff skills, which also drive loyalty intention (Carreira et al., 2014). We, therefore, develop the following hypothesis:

H₄: The functional value of professionalism as a factor in customer perceived value has a partial, significant influence on purchase intention for non-bus transportation service providers in Bandung.

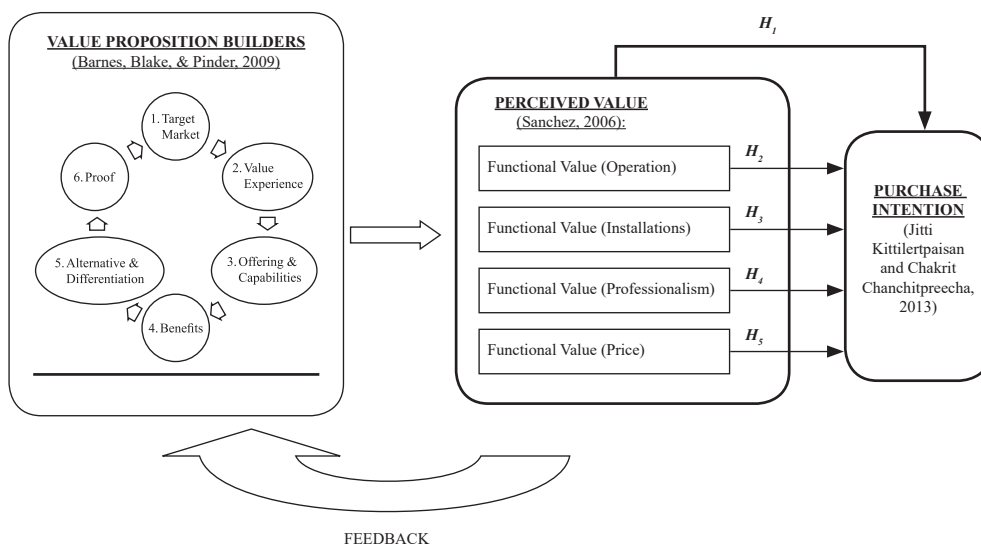


Figure 1. Conceptual Framework

Price is widely discussed in the consumer behaviour literature as a driver of purchase intention. Generally, price drives higher purchase intention (Moon, Chadee, & Tikoo, 2008), but in other cases, there is willingness to pay premium prices for high-quality products (Zhang et al., 2018). The respondents in the present case came from low-cost intercity transportation services, so we propose the following hypothesis:

H₅: The functional value of price as a factor in customer perceived value has a partial, significant influence on purchase intention for non-bus transportation service providers in Bandung.

Purchase Intention

Customer buying decisions are highly complex and complicated. The triggers of what motivate customers to select certain products and services and the influential factors that make customers choose one product or service over another when both deliver the same benefits and meet the same needs are investigated. Researchers have developed various consumer decision models to explain the processes consumers go through before, during, and after making purchases. A model is simply a tool to explain a concept, its causes, and its effects. Models can provide valuable frameworks for analysing consumer behaviour (Lindquist & Sirgy, 2009). Purchase intention can be defined by several terms. A consumer purchase is a response to a problem. Consumer researchers typically apply a rational perspective to learn and comprehend the nature or meaning of decision making. In this perspective, customers carefully collect as much information as possible about products and services, consider the advantages and disadvantages of all alternatives, and finally make satisfactory decisions (Solomon, 2011).

Conceptual Framework

Figure 1 presents the conceptual framework of this study. This study started with the value proposition builder used to create and build value for customers. However, if customers do not perceive the value for them, it does not create value. Feedback on customer perceived value to improve the value created for customers, therefore, was also collected.

METHODOLOGY

Research Methods

In this mixed methods study, data were collected through personal interviews, participant observation, and a survey. This method can help researchers handle more complicated research questions and gather richer, more powerful evidence than any single method can achieve (Yin, 2009). It is important to use a mixed methods study to address the research problem, and it is better to conduct a quantitative study preceded by a suitable qualitative study (Malhotra, 2007).

Exploratory Case Study

Exploratory research generally collects information related to the topic. It provides

the researcher insights into the topic and informs the research design (Saunders & Lewis, 2012). In this exploratory study, data were collected from two sources: interviews and participant observations. Conducting exploratory research can serve several purposes, such as precisely formulating a problem, adding more insight to develop an approach to the problem, and gather information for similar research (Malhotra, 2007). A qualitative study can follow a quantitative study and give a general picture of the trends associated with the topic studied (Creswell, 2013).

Interview

To collect relevant information for this study, interviews were conducted with respondents who worked for companies providing non-bus transportation services in Bandung along the Bandung-Jakarta route. Personal interviews were conducted. This type of interview is a focused, brief interview that needs to operate on two levels simultaneously. First, the investigator must ensure the interview does not go too far from the line of inquiry. Second, the investigator keeps the interview friendly and avoids threatening questions. The interview may be open ended and conversational, but the investigator is also likely to follow a set of questions derived from the case study protocol (Yin, 2009). In this study, an interview protocol was used to guide the interview process, especially when collecting data. The interview protocol three general stages: before, during, and after the interview.

Sampling and Respondents Criteria

This case study used nonprobability sampling. Judgment (purposive) sampling selects the sample based on personal judgments of certain individual characteristics. The sample was selected from employees of companies providing non-bus transportation services in Bandung along the Bandung-Jakarta route (i.e., Baraya Travel and Umbara Trans Travel).

Participant Observation

To gather additional information related to the study topic, the researcher conducted participant observation of Jakarta-Bandung transportation service providers in Bandung. Participant observation is an unusual type of observation in which the researcher becomes an active observer and can participate in the events studied (Yin, 2009). In this study, the researcher participated in the events studied as a customer of Jakarta-Bandung transportation service providers in Bandung City and as a passenger on the Bandung-Jakarta route serviced by Baraya Travel and Umbara Trans Travel. The participant observations were conducted during the interviews with employees of Jakarta-Bandung transportation service providers in Bandung.

Reliability and Validity

Reliability and validity are important factors to which researchers should give full attention when designing a study, analysing the results, and judging the quality of the study (Patton, 2001, cited in Golafshani, 2003). In qualitative research, there are four important criteria for judging research quality, which all involve trustworthi-

ness: credibility, confirmability, dependability, and transferability (Lincoln & Guba, 1985, cited in Golafshani, 2003). It, therefore, is necessary to test and increase the reliability, validity, and trustworthiness of studies (Golafshani, 2003). The goal of reliability is to minimize the errors and biases in a study. To do so, case studies should follow a protocol to deal with documentation problems and develop a case study database (Yin, 2009). One critical issue in case studies can arise when the investigator cannot to construct a sufficient operational set of measures to prevent subjective judgments while collecting data (Yin, 2009).

The literature has four suggested approaches to ensure the quality of the finding of case studies (Yin, 2009): construct validity, internal validity, external validity, and reliability. In this study, the construct validity of the results was measured. The construct validity of a case study can be increased in three ways: using multiple sources of evidence, establishing a chain of evidence, and having a draft report on the case study reviewed by key informants.

Data Analysis

This study used the firm- or organizational-level logic model as an analysis technique. A logic model matches empirically observed events to theory predicting events. A logic model purposefully determines a chain of events within certain time period (Yin, 2009). The events are staged in repeated cause–effect–cause–effect patterns, in which a dependent variable (event) in an earlier stage becomes the independent variable (causal event) in the next stage (Peterson & Bickman, 1992; Rog & Huebner, 1992, cited in Yin, 2009).

Descriptive Study

A descriptive study describes the variables observed. The aim of hypothesis testing is to ascertain causality, the differences between two or more groups, and the independence of some variables (Sekaran, 1992). To describe market characteristics, a descriptive study is a suitable research method (Malhotra, 2007). In this research, the descriptive study consisted of a survey. Surveys provides a systematic method to collect information about groups of individuals with direct relationship with the objects, individuals, organizations, or communities studied (Suparmoko, 1999). Malhotra (2007) stated that the survey method is based on questioning respondents. Primary data are collected by giving questionnaires to respondents.

In this study, each survey item had 7-point Likert scale (1: strongly disagree, 7: strongly agree). The scores for each item were added to get the total score. The total value each respondent's answers were calculated.

Sampling

This study used nonprobability sampling. Judgment (purposive) sampling selects the sample based on personal judgment about certain characteristics of individuals. This sample was selected from people with experience of the services offered by travel providers in Bandung. The target sample size was more than 300 respond-

ents. Of the 350 questionnaires distributed, 312 valid responses were returned.

Data Collection

In this descriptive study, data were collected from questionnaires disseminated by more than one person in Bandung City. A questionnaire is a list of statements used to obtain primary data from answers given, in this case, by a sample of by customers with experience traveling in Bandung City. These questionnaires were administered in Bandung. A total of 350 questionnaires were disseminated through two means: online questionnaires sent via email and paper questionnaires directly handed to people. The final sample consisted of 312 respondents, including 32 responses to the online questionnaire and 280 direct or face-to-face responses completed by the respondents.

Reliability and Validity

Reliability is a tool to measure the construct and variables in a questionnaire to determine the consistency of data. In this quantitative study, Cronbach's alpha was used to test reliability. A construct is reliable if it has a Cronbach's alpha of more than 0.60 (Nunnally, 1967, cited in Ghozali, 2005).

Validity refers to the degree to which items measure what it is supposed to measure (Pallant, 2007). This quantitative study used confirmatory factor analysis to test validity. Confirmatory factor analysis evaluates whether a single dimension of a construct can confirm the construct or variable. The underlying assumption of the usefulness of factor analysis is supported by matrix data with sufficient correlations. Bartlett's test of sphericity can determine the correlation between variables and the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO MSA), whose value must be more than 0.50 to continue factor analysis (Ghozali, 2005).

Data Analysis

Ghozali (2005) stated that the objective of data analysis is to identify the relevant information and use it to solve problems. Regression analysis was used for hypothesis testing in this descriptive study. In particular, two significance tests from regression analysis were conducted: regression analysis with simultaneous significance test (test of F statistic) and partial significance test (test of t statistic).

H_1 was tested with the simultaneous significance test (test of F statistic) to show the significance of the simultaneous effects of all the independent variables on the dependent variable. The criteria used were: if the F value was more than 4, H_0 was rejected at a 0.05 sig. level. The hypothesis alternative (H_1), therefore, was accepted and explained that all the independent variables simultaneously had significant effects on the dependent variable (Ghozali, 2005). H_2 , H_3 , H_4 , and H_5 were tested using the individual parameter significance test (test of t statistic), which assessed the significance of the effects of one independent variable in individually explaining the variance in the dependent variable. The criteria used were: If the sig. value was more than 0.05, there was no significant effect, so H_0 was accepted. If the sig. value

was 0.05 or less, there was a significant effect, so the alternative hypotheses (H_2 , H_3 , H_4 , and H_5) were rejected (Ghozali, 2005).

RESULTS AND DISCUSSION

Exploratory Case Study

Baraya Travel, as an intercity non-bus transportation service provider, tries to build its value proposition through offerings benefits for customers in three areas. The first category is operations. The company provides many choices of departure hours with high frequencies of departure: more than 60 departures on weekdays and more than 70 departures on weekend days. The company has purchased 164 vehicles to meet customers' needs. Thus, customers can choose among many options for departure hours. The company tries to communicate this operating system, especially the time table, through big posters on the walls of the ticketing outlets.

Facilities are the second category. The company has placed its ticketing outlets near highways to avoid traffic jams and help customers not lose precious time. Regarding facilities in the outlets, the company provides waiting rooms with comfortable restrooms. For vehicles, the company has professional mechanics provide maintenance periodically on certain weekdays (Tuesday, Wednesday, and Thursday) to ensure the vehicles operate in good condition.

Finally, regarding professionalism, Baraya Travel, as an intercity non-bus transportation service company, gives special training for all positions with direct contact with customers. Customer service officers (CSOs) and drivers receive on-the-job training, usually are tested and selected by managers, and meet the qualifications of graduating from senior high school. This treatment is intended to provide benefits for customers, such as a feeling of comfort from the kindness and politeness offered by the staff and drivers of the transportation service. Thus, the company can build strong, profitable customer relationships.

Umbara Trans Travel, as an intercity non-bus transportation service provider, offers benefits in three areas. First, in operations, the company allows customers to comfortably and easily connect with its call centers. For operational hours, the company tries to set regular departure hours but has only 20 vehicles, so its departure hours are limited. Regarding facilities, the company positions its outlets in strategic, accessible locations easy for customers to reach. Most of the company's vehicles are new, and it performs maintenance every day, especially to maintain the air conditioners and electric parts, such as accumulators.

Finally, regarding professionalism, Umbara Trans Travel, as an intercity non-bus transportation service provider, gives its CSOs training to enhance their knowledge of polite customer service. The company provides drivers professional training through Astra, a reputable transportation company. It is important for drivers to conduct their jobs professionally to ensure safety on every trip and build strong relationships with.

In these three areas, intercity non-bus transportation service providers make extra efforts to build great value propositions that can meet customers' needs. Both companies offer benefits for customers at reasonable prices. Baraya Travel offers a competitive price of IDR 85,000, lower than Umbara Trans Travel's price of IDR 105,000. Thus, price competitiveness might become a strong value proposition for intercity non-bus transportation service companies. Moreover, some customers demand maximum comfort in their intercity journeys.

Descriptive Study

The descriptive study consisted of a survey, and the data were analysed with reliability, validity, and hypothesis testing. A survey systematically collects information about a group of individuals with a direct relationship with the objects, individuals, organizations, or communities studied (Suparmoko, 1999). Malhotra (2007) stated that survey method is based on questioning respondents.

Reliability and Validity

To measure the quality of data in the quantitative study, validity and reliability tests were performed. Data with low reliability and validity result in biased conclusions (Cooper & Emory, 1995). Reliability is a tool to measure the construct and variables in a questionnaire to determine the consistency of data. In this quantitative study, Cronbach's alpha was used to test reliability. A construct is reliable if it has a Cronbach's alpha of more than 0.60 (Nunnaly, 1967, cited in Ghozali, 2005). Table 1 gives the reliability information for variables in the final test survey in this study.

The SPSS output presented in Table 1 shows that all the variables had Cronbach's alpha values of more than 0.60, indicating that the results were reliable based on the criteria of Nunnaly (1967, cited in Ghozali, 2005).

In this quantitative study, confirmatory factor analysis was performed to test validity. Table 2 displays the validity information for the variables in the final test survey.

The SPSS output in Table 2 showed that the KMO for all variables was more than 0.50, so the factor analysis was valid and could be continued. In Bartlett's test, all

N	Variable	Cronbach's Alpha	Reliability
1	Functional Value (Operations)	0.633	Reliable
2	Functional Value (Facilitiess)	0.772	Reliable
3	Functional Value (Professionalism)	0.785	Reliable
4	Functional Value (Price)	0.610	Reliable
5	Purchase Intention	0.883	Reliable

Table 1
Cronbach's Alpha

N	Variable	KMO	Bartlett's Test of Sphericity	Explained Variance (%)	Validity Information
1	Functional Value (Operations)	0.635	181.155	48.998	Valid
2	Functional Value (Facilitiess)	0.741	358.231	60.011	Valid
3	Functional Value (Professionalism)	0.766	366.667	61.543	Valid
4	Functional Value (Price)	0.601	143.739	59.248	Valid
5	Purchase Intention	0.765	732.113	73.961	Valid

Table 2
Confirmatory Factor
Analysis Results

the variables are significant and thus valid.

Hypothesis Testing

Ghozali (2005) stated that the objective of data analysis is to identify the relevant information and use it to solve problems. Regression analysis was used for hypothesis testing in this descriptive study. In particular, two significance tests from regression analysis were conducted: regression analysis with simultaneous significance test (test of F statistic) and partial significance test (test of t statistic).

Regression Analysis with Simultaneous Significance Test (Test of F statistic) & Partial Significance Test (Test of t statistic)

Table 3 presents the results of regression analysis with simultaneous significance test (test of F statistic) for H₁ in this descriptive study.

The SPSS output shown in Table 3 shows that the F value was 16.636, more than 4, so H₀ was rejected at a 0.05 sig. level. The alternative hypothesis (H₁), therefore, was accepted and explained that all the independent variables (operations, facilities, professionalism, and price) simultaneously had significant effects on the dependent variable (the purchase intention for non-bus transportation service providers in Bandung).

H₂, H₃, H₄, and H₅ were tested using partial parameter significance test (test of t statistic), which assessed the significance of the effects of one independent variable in individually explaining the variance in the dependent variable. The criteria used were: If the sig. value was more than 0.05, there was no significant effect, so H₀ was accepted. If the sig. value was 0.05 or less, there was a significant effect, so the alternative hypotheses (H₂, H₃, H₄, and H₅) were rejected (Ghozali, 2005).

Table 4 presents the results of regression analysis with individual parameter significance test (test of t statistic) for testing of H₂, H₃, H₄, and H₅ in this descriptive study and the results from the individual parameter significance test (test of t statistic).

Table 3
Simultaneous Significance Test (Test of F Statistic)

Variable		Hypothesis	F	Sig.	Information
Independent	Dependent				
Functional Value (Operations, Facilities, Professionalism, and Price)	Purchase Intentions	H ₁	16.636	0.000	H ₁ is Accepted

Table 4
Individual Parameter Significance Test (Test of T Statistic) Results

Variable		Beta	Sig.	Information
Independent	Dependent			
Functional Value (Operations)	Purchase Intentions	0.124	0.062	H ₂ is Rejected
Functional Value (Facilities)	Purchase Intentions	0.177	0.007	H ₃ is Accepted
Functional Value (Professionalism)	Purchase Intentions	0.123	0.050	H ₄ is Accepted
Functional Value (Price)	Purchase Intentions	0.107	0.084	H ₅ is Rejected

In the SPSS output in Table 4, the sig. value of functional value (Operations) $H_2 = 0.062$ is more than $\alpha = 0.05$, so H_0 was accepted. This means that the functional values of operation as a factor in customer perceived value did not have a partial, significant influence on purchase intention for non-bus transportation service providers in Bandung.

The sig. value of functional value (facilities) $H_3 = 0.007$ was less than $\alpha = 0.05$, so H_0 was rejected. This means that the functional value of facilities as a factor in customer perceived value had a partial significant influence between on purchase intention for non-bus transportation service providers in Bandung. Functional value of facilities was the most significant influential factor on customer perceived value on purchase intention for non-bus transportation service providers in Bandung.

The sig. value of functional value (Professionalism) $H_4 = 0.050$ was same as $\alpha = 0.05$, so H_0 was rejected. This means the functional value of professionalism as a factor in customer perceived value had a partial, significant influence on purchase intention for non-bus transportation service providers in Bandung.

The Sig. value of functional value (Price) $H_5 = 0.084$ was more than $\alpha = 0.05$, so H_0 was accepted. This means the functional value of price as a factor in customer perceived value had no a partial, significant influence on purchase intention for non-bus transportation service providers in Bandung.

Bridging Two Perspectives

To investigate the gap between values propositions from Jakarta-Bandung transportation service providers, this study explored the perceived value among customers in the target markets of the Jakarta-Bandung transportation service providers in Bandung. This study compared the results of the exploratory case study and the descriptive study. The exploratory case study examined the perspectives of non-bus transportation service providers in Bandung. Baraya and Umbara Trans Travel make extra efforts to deliver great services to customers in three areas. Baraya Travel's value proposition is to deliver great competitive prices for customers, while Umbara Trans Travel emphasizes comfort in the spacious interiors of its vehicles as its value proposition. In operations, Baraya Travel tries to provide more choices of departure hours with high frequencies every day, while Umbara Trans Travel provides regular operational hours with departures every two hours.

Second, both companies put their outlets in strategic locations near customers and highways to allow customers to easily reach the outlets and minimize loss of time to traffic jams. Finally, regarding professionalism, both companies conduct formal training for staff members and drivers. Umbara Trans Travel gives formal training for drivers through cooperation with Astra to provide great service from professional driver. Baraya and Umbara Trans also try to attract new customers with offer attractive prices and promotions.

The results from descriptive study explored the perspectives of customers in the tar-

get markets of non-bus transportation service providers in Bandung. Customers do not perceive price as the main criterion in decisions to use travel services, and price does not significantly influence their purchase intention. Regarding operations, promptness, safety, comfort on every trip, and more choices of departure hours with high frequency influence their purchase intention to use non-bus transportation service providers in Bandung but not significantly. Turning to facilities, most customers perceive that great facilities (e.g., good air conditioner and the proximity ticket outlets) from non-bus transportation service providers in Bandung significantly influence their purchase and use intentions. Finally, regarding professionalism, most customers believe it is highly important for staff members and employees to know their jobs well, be able to give clear, useful information, and act as professionals. Thus, professionally can significantly influence purchase and use intentions.

Regarding the price that customers need to pay, Baraya offers competitive prices in a very low price, which is its value proposition. Umbara Trans Travel cannot deliver as low, competitive prices as Baraya Travel does. However, from customers' perspective, the price is not the main determinant of their travel decisions. In the results of descriptive study, customers do not perceive price as the main criterion in the decisions to use travel services. Thus, in the area of price, there is a gap in Baraya Travel's perspective on its value proposition and customer's perceived value.

Theoretical Implications

This bridging perspective on customer value proposition and customer perceived value contributes to knowledge on consumer behaviour, especially in the area of developing superior value propositions (Payne & Frow, 2014). The integrated framework of customer value proposition created by firms and customer perceived value created by customers, which was empirically tested in this study, shows that superior value propositions can be achieved where there is a feedback loop between these two perspectives. Furthermore, this study complements the study by Payne et al. (2017) on the antecedents and consequences of the value proposition framework, particularly the feedback loop between customer perceived value and customer value proposition. From the strategic marketing perspective, therefore, this cycle may result in sustainable competitive advantages. Future studies could empirically examine how the bridge of the feedback loop between customer value proposition and customer perceived value can result in sustainable competitive advantages.

Managerial Implications in Southeast Asian Contexts

For managers in Southeast Asian contexts, especially the intercity non-bus transportation service industry, this study provides insights that can support managerial decision making on building companies' perceived value through the delivery of value propositions in Southeast Asian context. This study has found that price competitiveness and comfort in service are value propositions that can be relied on by the companies. However, the study also pointed out that price competitiveness cannot alone serve as the value proposition making intercity non-bus transportation service providers stand out from the competition. Based on this study, facilities and

professionalism are more important in driving customers' purchase intention. Furthermore, price competitiveness can be a strong value proposition in this industry when the company can integrate facilities, particularly outlet availability for consumers' specific destinations and drivers' professionalism, which gives consumers a feeling of safety in their journey.

Comfort in service, though, cannot stand alone as a value proposition when intercity non-bus transportation service providers cannot provide easily accessible outlets for consumers and professional drivers who make consumers feel safe while using the services. Managers, therefore, have to consider not only solely price competitiveness or comfort of services as value propositions but also the integration of facilities and professionalism to build perceived value through value propositions in the intercity non-bus transportation service industry in Southeast Asian contexts.

CONCLUSIONS

Today, it is recognized that the value proposition has significant impacts on every part of the company's operation. When the company wants to increase and maximize return on investment, it must make excellent choices about which opportunities to pursue and have a detailed understanding of its specific target market (Barnes et al., 2009). Every company has a value proposition and expected results from each market. To build value, the firm needs to develop unique skills to survive competition. However, when the company tries to offer a value, consumers do not see, that is the same as not offer a value (Martelo-Landroguez et al., 2013).

Based on the findings on the two companies studied, Baraya Travel's value proposition is to offer competitive prices lower than other companies and to provide more choices of departure hours with high frequencies of departure (more than 60 departures daily). Meanwhile, Umbara Trans Travel's value proposition is to provide great comfort for customers through its vehicles with spacious interiors.

Both companies attempt to increase sales by implementing effective marketing strategies, but unfortunately, they are not really focused and do not have detailed understandings of their target markets. They do not conduct research on their customers' need and experiences but only have a little knowledge of their customers' experiences from complaints. They do not know how their competitors deliver value to customers. Baraya and Umbara Trans Travel have not created formal mechanism to collect information on their value. Sometimes, customers have their own definitions of value and use it in many different ways. The diversity of the value concept among consumers has become a major challenge in studying and understanding value (Zeithaml, 1988).

The findings of this study show that facilities and professionalism are the most significant influential factors in customer perceived value on purchase intention for non-bus transportation service providers. Facilities include good air conditioners and proximity of non-bus transportation service providers' ticket outlets to customers' destinations. Regarding professionalism, most customers believe it is highly

important for staff members to know their jobs well, give clear, useful information, and act as professionals.

Limitations and Recommendations

The researchers gave their best efforts to conduct this study by performing several steps to produce reasonable, realistic result, but the study has several limitations.

- a) Scope of the variables: This study used only two variables (functional value and purchase intentions) and four sub-variables of functional value (operations, facilities, professionalism, and price) as independent variables. Other variables could influence purchase intention for non-bus transportation service providers.
- b) Numbers of respondents: Only two respondents were willing to be interviewed by the researcher for the case study. Those two respondents represented two companies in the same industry. Consequently, it was difficult to do a good case study.
- c) Time constraints. This study was conducted over a limited time, so the focused, personal interviews covered only one time period for each company. Additionally, the companies did not allow the researchers access to their customer database or documents related to their customers or sales growth.

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