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THE ROLE OF PRICE REASONABILITY IN MEDIATING THE INFLUENCE OF PRODUCT QUALITY AND SERVICE QUALITY ON REPURCHASE INTENTION (A STUDY OF HONDA CAR CUSTOMERS IN BALI)

I Putu Iwan Pramana PUTRA¹, Ni Putu Ayu Tika KURNIAWATI², Anak Agung Istri Krisna Gangga DEWI³, Made Surya PRAMANA⁴

^{1,2,3,4}Faculty of Economics and Business, Warmadewa University, Denpasar-Bali, Indonesia

Corresponding author: I Putu Iwan Pramana Putra

E-mail: iputuiwanpramanaputra888@gmail.com

Abstract:

This study aims to analyze the role of price fairness as a mediating variable in the relationship between product quality, service quality, and repurchase intention among Honda car customers in Bali. The intense competition in the automotive industry in Bali requires companies to focus not only on product and service quality but also on effective pricing strategies to retain customers. Despite its importance, research on the role of price fairness as a mediator in this context is still limited. This study uses a quantitative approach with a survey method distributed to 160 respondents who are Honda car customers in Bali, selected using a purposive sampling technique. Primary data were collected through a questionnaire with a Likert scale and analyzed using Structural Equation Modeling (SEM) with SmartPLS software. The results show that product quality does not have a significant direct effect on repurchase intention, and service quality has a positive and significant effect on repurchase intention. Furthermore, the findings confirm that price fairness significantly mediates the relationship between product quality and repurchase intention, as well as the relationship between service quality and repurchase intention. The output of this research is expected to provide strategic recommendations for Honda dealers in increasing customer retention through a better understanding of the role of price fairness.

Keywords: Product Quality, Service Quality, Price Fairness, Repurchase Intention; Honda Car Customers

INTRODUCTION

The automotive industry in Indonesia, particularly in Bali Province, is experiencing rapid growth accompanied by increasingly fierce competition. In this context, maintaining customer loyalty is crucial for business sustainability. One key indicator of loyalty is repurchase intention, which is influenced by various factors. Product quality and service quality have consistently been identified as important antecedents of customer satisfaction and loyalty. Superior product quality enhances customer trust, while excellent service quality creates a positive experience that encourages repeat purchases.

However, amidst competition, price fairness plays an equally important role in consumer decision-making. Modern customers tend to be more selective and consider price fairness in relation to the perceived value of the products and services they receive. This raises the hypothesis that price fairness functions not only as an independent factor but also as a mediating variable that can strengthen or weaken the influence of product and service quality on repurchase intention. Several previous studies have examined mediating variables in different contexts, such as the role of price fairness in mediating the effect of service quality on word of mouth and the role of menu variety in



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the restaurant industry. However, research specifically examining price fairness as a mediator in the relationship between product quality, service quality, and repurchase intention in the Indonesian automotive industry is still very limited.

The novelty of this research lies in three main aspects: (1) Specifically testing the role of price fairness as a mediating variable in the automotive context in Bali; (2) Using a Structural Equation Modeling (SEM) approach to analyze complex relationships simultaneously; and (3) Providing empirical insights in a case study of Honda car customers in Bali.

Based on this background, this study aims to: (1) analyze the effect of product quality on repurchase intention; (2) analyze the effect of service quality on repurchase intention; (3) analyze the effect of product quality on price fairness; (4) analyze the effect of service quality on price fairness; (5) analyze the effect of price fairness on repurchase intention; (6) examine the mediating role of price fairness on the effect of product quality on repurchase intention; and (7) examine the mediating role of price fairness on the effect of service quality on repurchase intention.

METHODS

This research was designed using a quantitative approach using a survey method. This approach was chosen because of its suitability for testing hypotheses about relationships between variables, including mediation effects. The study population was all Honda car customers in Bali Province who had made at least one purchase within the past five years. Because the exact population size was unknown, the sample was determined using a non-probability sampling technique with a purposive sampling method. The sample size was set at 160 respondents, in accordance with the recommendations of Hair et al. (2019), who suggest a minimum sample size of 5 to 10 times the number of indicators (16 indicators in this study).

Primary data was collected through an online questionnaire distributed using Google Forms to customers at Honda dealerships across Bali. The research instrument used a Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree) to measure all variables.

The data analysis technique used was Structural Equation Modeling (SEM) based on Partial Least Squares (PLS) with the assistance of SmartPLS software. SEM-PLS was chosen because of its ability to analyze complex relationship models between latent variables, and it is very effective for testing mediation effects. The analysis was conducted in two stages: (1) evaluation of the measurement model (outer model) to test the validity and reliability of the instrument, and (2) evaluation of the structural model (inner model) to test the research hypothesis.

RESULT AND DISCUSSION

Of the 160 questionnaires distributed and returned, all were declared valid and could be processed. Descriptive analysis showed that respondents were predominantly women in the productive age group of 25-34, with the majority working as private sector employees.

Evaluation of the measurement model (outer model) showed that all indicators for the variables product quality, service quality, price, and repurchase intention met convergent and discriminant validity criteria. The loading factor value for each indicator was above 0.70, and the Average Variance Extracted (AVE) value for each construct was greater than 0.50. Reliability tests using Cronbach's Alpha and Composite Reliability also showed values above 0.70 for all variables, indicating the reliability of the research instrument.

Next, the hypothesis was tested through an evaluation of the structural model (inner model). The criteria for assessing the structural model (inner model) were used using SEM-PLS. The inner model was evaluated using R-squared for the dependent construct, and significance was assessed



through a bootstrapping procedure (significance level = 5%). The following are the results of the evaluation of the structural model (inner model) through the bootstrapping procedure for testing the hypothesis proposed in this study, presented in Figure 1 and Table 1 below:

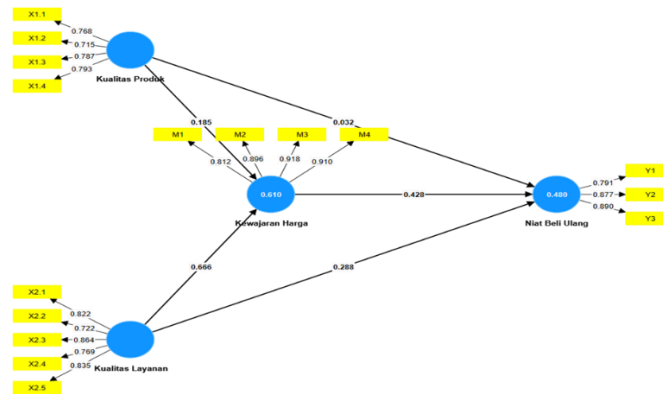


Figure 1. Inner model measurements for testing

1. Product quality does not have a significant direct effect on repurchase intention.
2. Service quality has a direct, positive, and significant effect on repurchase intention.
3. Product quality has a positive and significant effect on perceived price fairness.
4. Service quality has a positive and significant effect on perceived price fairness.
5. Price fairness has a very strong, positive, and significant direct effect on repurchase intention.
6. Price fairness is proven to significantly mediate the effect of product quality on repurchase intention (partial mediation).
7. Price fairness is proven to significantly mediate the effect of service quality on repurchase intention (partial mediation).

The findings of this study confirm that product quality and service quality are important predictors of repurchase intention among Honda car customers in Bali. These results align with fundamental marketing theory by Kotler and Keller (2021) and Zeithaml et al. (2018), which emphasizes that high-quality products and services are the foundation for building satisfaction and fostering customer loyalty. Customers who are satisfied with the durability, features, and performance of Honda cars, as well as receiving good service from dealers, tend to have stronger intentions to repurchase the same brand in the future.

A key unique finding of this study is the confirmation of the role of price fairness as a significant mediating variable. The analysis shows that the positive influence of product quality and service quality on repurchase intention is stronger when perceived as commensurate with the price offered. This means that quality products and superior service will create a higher perceived value in the eyes of customers, which in turn makes them feel the price paid is fair and reasonable (Melani et al., 2024). This sense of price fairness then further strengthens their intention to repurchase. These findings extend previous research by Putra et al. (2022) from the context of logistics services to the automotive industry, demonstrating that price mediation mechanisms are a relevant marketing phenomenon across various sectors.

Thus, price cannot be viewed solely as a cost element for consumers or a revenue source for companies. In the competitive context of the Balinese automotive market, price serves as a quality signal and a psychological bridge connecting customer experience with future purchasing decisions.

CONCLUSION

Based on the results and discussion, it can be concluded that:

1. Product quality has a positive but insignificant influence on repurchase intention.
2. Service quality has a direct positive and significant influence on repurchase intention.
3. Product quality has a direct positive and significant influence on price fairness.
4. Service quality has a direct positive and significant influence on price fairness.
5. Price fairness has a direct positive and significant influence on repurchase intention.
6. Price fairness plays a significant mediating variable (partial mediation) in mediating the influence of product quality on repurchase intention.
7. Price fairness plays a significant mediating variable (partial mediation) in mediating the influence of service quality on repurchase intention.

Practically, this study recommends that Honda dealers in Bali should not only focus on improving product quality and service standards, but also formulate transparent and competitive pricing strategies. Effective value communication is needed to convince customers that the price they pay is commensurate with the superior quality they receive. For future researchers, it is recommended to continue this research roadmap by integrating digital factors, such as the role of social media or online review platforms, into customer loyalty models in the era of digital transformation.

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