

The Influence of Product Quality and Price on Customer Loyalty of Telkomsel Users through Customer Satisfaction in Medan City

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ABSTRACT

In this modern era, technology has become something that can be found in almost every part of our daily life. Even in today's era the use of technology is difficult to keep away from human life. With these technological developments and changes, technology is increasingly becoming more effective and efficient. One of them in the development of technology in terms of communication and information. Mobile phones are complementary goods where mobile phones must be equipped with a cellular operator. So the increasing use of mobile phones, the more users of cellular operators will also increase. This increase was also followed by the number of providers in Indonesia, one of which is PT Telkomsel. Today's customers easily switch to competing products if the products and services used by consumers are no longer attractive in the minds of consumers. The factors that influence loyalty are satisfaction, product quality and price. The purpose of this study was to analyze the effect of product quality and price through customer satisfaction on customer loyalty of Telkomsel users. This type of research is associative research and the population in this study is Telkomsel users whose number is unknown. The sampling method used is accidental sampling. Data analysis was carried out through PLS-SEM using the SmartPLS program.

Keywords: Product Quality, Price, Satisfaction, Customer Loyalty

INTRODUCTION

In this modern era, technology has become something that can be found in

almost every part of our daily life. Even in today's era, the use of technology is difficult to keep from human life. Technology is supporting activities in people's lives today and technology greatly shortens and makes things that were previously difficult to do become easier to do. The presence of technology has existed since ancient times. However, ancient technology is different from today's because technology continues to develop and change along with the times. In the era before the existence of technology as it is now, communication can only be done when the people communicating are face to face or meet each other. Communication delivery tools are also growing and diverse along with human life. Until now, there are many communication tools that make it easier for humans to communicate, even humans today can communicate with each other even though they are in different countries. These communication tools can now be classified into online and offline.

Currently, there are three largest cellular operators that dominate the market in Indonesia, especially in the 4G network, including Telkomsel, Indosat, and XL. All compete with each other to be the best cellular operator in Indonesia. Among the three cellular operators, Telkomsel is the cellular operator with the most users in Indonesia. In 2020, according to APJII 2020 survey data, PT Telkomsel still leads the domestic cellular industry with 185.4 million subscribers. This figure is far above

its competitors, Indosat in second place with 92.5 million subscribers. While 3 (Tri) and XL are in the third and fourth positions with 65 million and 49.5 million subscribers, respectively.

Loyalty is something that must be built by a business or company so that the business can compete and survive in the market. Loyal customers have a positive impact on the company, not only making repeat purchases but also loyal customers not infrequently to promote the products or services that they use to other people and vice versa if the customer feels disappointed, he will tell a bad experience about the product or service he bought. Use. The factors that influence loyalty are satisfaction, product quality and price.

According to Kotler and Keller (2016) satisfaction is a person's feelings of pleasure or disappointment arising from comparing the perceived performance of a product or result against their expectations. After satisfaction is realized by the product or service provider, then the next thing that affects loyalty is product quality. Product quality is the totality of features and characteristics of a product or service that depend on its ability to satisfy stated or implied needs (Kotler & Armstrong 2016). The next thing that affects customer loyalty is price. Price is one of the factors that must be controlled in a harmonious and in line with the goals to be achieved by the company. This condition makes consumers more flexible in choosing the services offered by quality telecommunication service companies, then followed by affordable prices or in accordance with the purchasing power of consumers. According to several buyers who have used Telkomsel products, there are still some things that need attention from Telkomsel. As it is known that Telkomsel has the widest network in all corners of the country, but the breadth of this network is not accompanied by good network quality, this is evident from the connection that often disconnects suddenly, or intermittent voice reception from other callers of fellow Telkomsel

products. This has an impact on the convenience of customers in communicating.

LITERATURE REVIEW

Product quality

According to Kotler and Armstrong (2016) a product is anything that is offered to the market to get attention, purchase, use and that can satisfy consumer wants or needs. According to Kotler and Armstrong (2016) product quality is the ability of a product to perform its functions, this includes overall durability, reliability, accuracy, ease of operation and product repair as well as other product attributes. According to Tjiptono (2015) the quality of a product in the form of goods or services is determined through its dimensions. The dimensions of product quality are performance, durability, conformance to specifications, namely the extent to which the basic operating characteristics of a product meet certain specifications from consumers or no product defects are found. Features (Features), Reliability (Reliability), Aesthetics (Aesthetics), Impression of quality (Perceived quality) and Serviceability.

Price

Kotler and Armstrong (2016), defines price as the amount of money demanded for a product or service. More broadly, it can be said that price is the sum of all the values given by consumers to gain benefits (benefits) on ownership or use of a product or service. Kotler and Keller (2016) also reveal that price is one element of the marketing mix that generates revenue, the other elements generate costs. Price also communicates the company's intended value position to the market about its product or brand. Joshi (2012) defines price as an exchange of goods or services in the form of money. Price is a major factor in sales organization.

Customer satisfaction

Satisfaction is a person's feeling of pleasure or disappointment that arises after comparing his perception or impression of the performance of a product and expectations. Customer satisfaction is the level of one's feelings after comparing the perceived performance compared to expectations (Kloter & Keller 2014). Basically, the notion of customer satisfaction includes the difference between the level of importance and the perceived performance or results. The creation of customer satisfaction can provide benefits, including harmonious relations between the company and customers, providing a good basis for repeat purchases and creating customer loyalty, and forming a word-of-mouth recommendation that is profitable for the company.

Customer loyalty

The creation of satisfaction can provide several benefits including the relationship between the company and its customers to be harmonious, becoming the basis for repeat purchases and creating customer loyalty and word of mouth recommendations that benefit the company (Tjiptono, 2015). Loyalty is a deeply held commitment to repurchase or subscribe to a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause consumers to switch to another product (Kotler & Keller, 2013).

From some of the definitions above, it can be concluded that customer loyalty will arise if the customer feels satisfaction or enjoyment when using goods or services and in the end the customer will then make a repeat purchase of the product. In addition, while customers repurchase goods or services, loyal customers will inadvertently influence the surrounding

environment to use the purchased or consumed goods or services.

MATERIALS & METHODS

This type of research uses associative research. According to Sugiyono (2011), associative research is research that aims to determine the relationship between two or more variables to study, describe, and see the influence between the variables formulated on the research hypothesis.

The research to be conducted is explanatory. The researcher intends to review and explain the logical relationship between the variables in the study. Sugiono (2011) states that explanatory level research is research that aims to explain the position of the variables studied and the relationship between one variable and another. The population in this study are Telkomsel operator users in Medan City. The sampling method uses the Nonprobability Sampling method with the Accidental Sampling technique, which is a sampling technique based on chance, that is, anyone who coincidentally meets a researcher can be used as a sample, if it is deemed that the person met by chance is suitable as a data source (Sugiyono, 2017). The number of samples in this study is unknown, therefore if the population is unknown, Hair et.al (2010) recommends a minimum sample size of 5 times the number of question items contained in the questionnaire. The indicators in this study consisted of 2 independent variables, 1 intervening variable, and 1 dependent variable. The total questions in this study were 27 questions, so the number of samples taken in this study was 135 respondents.

RESULT

Data Analysis Results

The results of the test of direct and indirect effects in this study can be seen in Table 1 below:

Table 1 Results of Direct Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Product Quality -> Customer Satisfaction	0,550	0,552	0,077	7,137	0,000
Product Quality -> Customer Loyalty	0,343	0,354	0,123	2,787	0,003
Price -> Customer Satisfaction	-0,401	0,399	0,073	5,532	0,000
Price -> Customer Loyalty	-0,063	-0,053	0,105	0,602	0,004
Customer Satisfaction -> Customer Loyalty	0,646	0,626	0,130	4,952	0,000

Table 2 Results of Indirect Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Product Quality -> Customer Satisfaction -> Customer Loyalty	0,356	0,342	0,074	4,781	0,000
Price -> Customer Satisfaction -> Customer Loyalty	-0,259	0,252	0,077	3,353	0,000

DISCUSSION

Effect of Product Quality on Customer Loyalty

Based on the results of data analysis shows that the effect of Product Quality on Customer Loyalty ($p = 0.003 < 0.05$) then H_0 is rejected H_1 is accepted, meaning that there is a positive and significant influence between Product Quality and Customer Loyalty. Product quality is the totality of features and characteristics of a product or service that depend on its ability to satisfy stated or implied needs (Kotler & Armstrong 2016). Product quality means the product's ability to perform its functions, including durability, reliability, accuracy, ease of use and repair, as well as other valuable attributes (Kotler & Armstrong, 2016). It can be concluded that product quality is the ability of a product to provide benefits or related to product durability, product reliability and products that are easy to use or repair, with the aim of providing satisfaction to the users of the product. This is in line with Nggaur's research (2018) which finds that product quality has a positive and significant effect on customer loyalty.

The Effect of Price on Customer Loyalty

Based on the results of data analysis shows that the effect of price on customer loyalty ($p = 0.004 < 0.05$) then H_0 is rejected, H_1 is accepted, meaning that there is a negative and significant effect between price and customer loyalty.

Price is one of the factors that must be controlled in a harmonious and in line

with the goals to be achieved by the company. This condition makes consumers more flexible in choosing the services offered by quality telecommunications service companies, then followed by affordable prices or in accordance with the purchasing power of consumers.

This is in line with Pongoh's research (2017) with the title "Product Quality, Service Quality and Price Their Effect on Customer Loyalty through customer satisfaction of Telkomsel AS Card users in Manado City" it is known that price has an effect on customer loyalty, this is also supported by research from Holis (2014).

The Effect of Product Quality on Customer Satisfaction

Based on the results of data analysis shows that the effect of Product Quality on Customer Satisfaction ($p = 0.000 < 0.05$) then H_0 is rejected. H_1 is accepted, meaning that there is a positive and significant influence between Product Quality and Customer Satisfaction.

According to Kotler and Keller (2016) satisfaction is a person's feelings of pleasure or disappointment arising from comparing the perceived performance of a product or result against their expectations. If performance fails to meet expectations, customers will be dissatisfied if performance matches expectations. This is reinforced by research by Basith et al (2014) which results in product quality having a direct positive effect on customer satisfaction.

The Effect of Price on Customer Satisfaction

Based on the results of data analysis shows that the effect of price on customer satisfaction ($p = 0.000 < 0.05$) then H_0 is rejected. H_1 is accepted, meaning that there is a negative and significant effect between price and customer satisfaction.

The company's ability to meet customer needs itself is strongly influenced by the price given to consumers. The higher the price given by the company, the higher the level of fulfillment of customer satisfaction, the higher the level of fulfillment of customer needs which can be expressed by the level of customer satisfaction. However, if there is a gap between the price given by the company and customer needs, there will be a problem of customer dissatisfaction which is a problem that must be resolved by the company because it can result in the loss of customers owned by the company. The results of this study are in line with research conducted by Hikmatul (2019) that price has a positive effect on customer satisfaction.

The Effect of Customer Satisfaction on Customer Loyalty

Based on the results of data analysis shows that the influence of Customer Satisfaction on Customer Loyalty ($p = 0.000 < 0.05$) then H_0 is rejected H_1 is accepted, meaning that there is a positive and significant influence between Customer Satisfaction and Customer Loyalty. Customer satisfaction is a function of the perceived performance of the product or service and the buyer's expectations (Kotler, 2016). Satisfaction makes a positive contribution to customer loyalty. In other words, the better satisfaction will be followed by high customer loyalty (Pangandaheng, 2015). The creation of satisfaction can provide several benefits, including the relationship between the company and customers to be harmonious, becoming the basis for repeat purchases and creating customer loyalty and word of mouth recommendations that benefit the

company (Tjiptono, 2015). The results of previous research conducted by (Safitri, et al, 2017) found that satisfaction has a positive effect on customer loyalty and is supported by research conducted (Normasari, et al, 2013) which states that customer satisfaction has a positive effect on customer satisfaction.

The Effect of Product Quality on Customer Loyalty through Customer Satisfaction

Based on the results of data analysis shows that the influence of Product Quality on Customer Loyalty through Customer Satisfaction ($p = 0.000 < 0.05$) then H_0 is rejected H_1 is accepted, meaning that there is a positive and significant influence between Product Quality on Customer Loyalty through Customer Satisfaction.

Loyalty is something that must be built by a business or company so that the business can compete and survive in the market. Loyal customers have a positive impact on the company, not only making repeat purchases but also loyal customers not infrequently to promote the products or services that they use to other people and vice versa if the customer feels disappointed he will tell a bad experience about the product or service he bought. Use. The results of previous research conducted by (Safitri, et al, 2017) found that satisfaction has a positive effect on customer loyalty and is supported by research conducted (Normasari, et al, 2013) which states that customer satisfaction has a positive effect on customer satisfaction. The results of previous research conducted by (Safitri, et al, 2017) found that satisfaction has a positive effect on customer loyalty and is supported by research conducted (Normasari, et al, 2013) which states that customer satisfaction has a positive effect on customer satisfaction.

The Effect of Price on Customer Loyalty through Customer Satisfaction

Based on the results of data analysis shows that the effect of price on customer

loyalty through customer satisfaction ($p = 0.000 < 0.05$) then H_0 is rejected. H_1 is accepted, meaning that there is a negative and significant effect between product quality on customer loyalty through customer satisfaction. Kotler and Armstrong (2016), define price as the amount of money demanded for a product or service. More broadly, it can be said that price is the sum of all the values given by consumers to gain benefits (benefits) on ownership or use of a product or service. Kotler and Keller (2016) also reveal that price is one element of the marketing mix that generates revenue, the other elements generate costs. The results of this study are in line with research conducted by Pongoh (2017) with the title "Product Quality, Service Quality and Price Their Effect on Customer Loyalty through customer satisfaction of Telkomsel AS Card users in Manado City" it is known that price affects customer loyalty, this is also supported by research from Holis (2014).

CONCLUSION

Based on the analysis and discussion, several conclusions and suggestions can be drawn as follows:

1. Product quality has a positive and significant effect on customer satisfaction for Telkomsel users in Medan City.
2. Price has a negative and significant effect on Customer Satisfaction of Telkomsel Users in Medan City.
3. Product quality has a positive and significant effect on Customer Loyalty of Telkomsel Users in Medan City.
4. Price has a negative and significant effect on Customer Loyalty of Telkomsel Users in Medan City.
5. Customer Satisfaction has a positive and significant effect on Customer Loyalty of Telkomsel Users in Medan City.
6. Product quality has a positive and significant effect on Customer Loyalty of Telkomsel Users in Medan City through Customer Satisfaction.
7. Price has a negative and significant effect on Customer Loyalty of

Telkomsel Users in Medan City through Customer Satisfaction.

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