

Effect of Product Quality, Service Quality and Price on Customer Satisfaction and Loyalty First Media in Pekanbaru City

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Abstract

The study was conducted on First media Customers in Pekanbaru City. The aim is to find out the direct effect of product quality, service quality and price on customer satisfaction and loyalty. This study took a sample of 100 people. The variables used are product quality, service quality and price on customer satisfaction and loyalty. The data were analyzed using SEM (Structural Equation Modeling) analysis which is operated through the Smart PLS 4.0 program. The results showed that there was an influence namely product quality, service quality and price on satisfaction. and There is an influence of product quality, service quality and price on customer loyalty, the higher the level of satisfaction of First media customers, it will increase customer loyalty to First media.

Keywords: Product quality, service quality, price, satisfaction and customer loyalty

Background

Currently, the internet is a basic need for some people, especially people who work in the IT world. The rapid development has made almost all the information needed available on the internet. This development can be seen from two sides, the positive side and the negative side. On the positive side, there are many uses that we can find on the internet, for example the search for information is increasingly easy because of search engines, being able to communicate with people we don't know who may be thousands of kilometers away, and other uses.

Table 1
Number of Internet Users in Indonesia from 2019-2022

Year	Number of Internet Users
2019	110.2 million people
2020	132.7 million people
2021	143.7 million people
2022	150.3 million people

Source: APJII 2023

Seeing this phenomenon, many IT companies are then trying to take advantage of existing business opportunities by competing to offer Fixed-Broadband based products. In Indonesia itself, currently there are at least 5 largest IT companies that offer Fixed-Broadband based products. In table 2 below is a list of providers in Indonesia in 2022

Table 2
List of Providers in Indonesia

No	Provider Name	Types of products
1	Telekomunikasi Indonesia Tbk	First Media Fiber
2	FirstMedia	First Home
3	Mnc Group	Mnc Play
4	Indosat	Im2
5	Biznet	Biznet Home

Source: APJII 2023

Seeing the phenomenon that is occurring where public demand for services based on FTTH and Triple Play technology is increasing but is not accompanied by an increase in the quality of products and services provided and First Media's pricing is not competitive, it does not rule out the possibility that First Media will be unable to compete with competing companies or with new entrant companies emerging and ready to compete along with increasing market demand.

Literature Review

Customer loyalty

Literally loyal means loyal, or loyalty can be interpreted as loyalty. This loyalty is taken without any coercion, but arises from one's own awareness of the past. Efforts made to create consumer satisfaction are more likely to influence consumer attitudes. Meanwhile, the concept of consumer loyalty explains more about buyer behavior. The commitment that accompanies repeat purchases is a situation where consumers do not want to switch even though the product or service is scarce on the market and consumers voluntarily recommend the product or service to friends, family or other consumers.

According to Kotler and Keller (2016: 153) the definition of customer loyalty is as follows: "A deeply held commitment to rebuy or repatronize a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behavior."

Customer satisfaction

The goal of marketing is to meet customer needs, wants and expectations. This means that companies must be able to understand and study consumer needs, desires and expectations so that companies can satisfy consumers. After consuming a product or service, consumers will have feelings of satisfaction or dissatisfaction with the product or service they consume. Consumer satisfaction is the company's goal so that other company goals can be achieved. The following is the definition of consumer satisfaction according to several experts:

According to Kotler and Keller (2016: 153), customer satisfaction is: "Satisfaction is a person's feelings of pleasure or disappointment that result from comparing a product or service's perceived performance (or outcome) to expectations"

Price

Price is the only element of the marketing mix that can generate income for the company. Prices are flexible and can change at any time. Price is a label on a product that must be paid in order to get the product/service. Price is a factor that has a significant influence on purchasing decisions. Customers often compare product prices before making a purchase.

According to Buchari Alma (2014: 169) "Price is the value of an item expressed in money". Meanwhile, according to William J. Stanton translated by Yohanes Lamarto (2012: 112) "Price can be interpreted as the number of units of money (monetary units) and/ or other aspects (non-monetary) that contain certain utilities/uses needed to obtain a product"

Product quality

Products are the core of marketing activities because products are the output or result of one of the company's activities or activities that can be offered to the target market to meet consumer needs and desires. Basically, when buying a product, a consumer not only buys the product, but the consumer also buys the benefits or advantages that can be obtained from the product he buys. Therefore, a product must have advantages over other products, one of which is in terms of the quality of the product offered. Product quality is one of the keys to competition among business actors that is offered to consumers. The following is an understanding of product quality according to experts:

According to the American Society in the book Kotler and Keller (2016: 156) the definition of quality is as follows, "Quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs". Kotler and Armstrong (2015:253) define product quality as follows: "Product quality is the characteristics of a product or service that bear on its ability to satisfy stated or implied customer needs

Service quality

According to Kotler and Keller (2012: 214) "any act or performance that one party can offer another that is essentially intangible and does not result in the ownership of anything. It's production may or may not be tied to a physical product." Apart from that, Goetsch and David quoted by Tjiptono (2011: 164), are dynamic conditions related to products, services, human resources, processes and the environment that meet or exceed expectations. Meanwhile, Ratnasari and Aksa (2011: 107), service quality is how far the difference is between reality and customer expectations for the service received/obtained.

RESEARCH METHODOLOGY

Research sites

This research was conducted on first media consumers whose address is Pekanbaru City, Riau

Types of research

The type of research used in this research is a descriptive method and an associative method by asking about casual relationships (cause-effect).

Population and Sample

The population in this research is all First Media housing consumers in Pekanbaru City in 2022, totaling 50,800 people. And use sampling techniques using the Slovin formula, so that the sample size becomes 100 respondents

Data analysis

In this study, inferential statistical data analysis was measured using SEM-PLS using the PLS (Partial Least Square) program starting from model measurement (outer model), model structure (inner model) and hypothesis testing.

Results

This test was carried out using the t test (t-test) for the influence between variables. In PLS, statistical testing of each hypothesized relationship is carried out using simulation

Table 4 Hypothesis Testing Results

Influence	P Values	Note
Product Quality -> Customer Satisfaction	0.022	Accepted
Service Quality -> Customer Satisfaction	0.008	Accepted
Price -> Customer Satisfaction	0,000	Accepted
Customer Satisfaction -> Customer Loyalty	0,000	Accepted

Source: Processed Data, 2023

Discussion

The Influence of Product Quality on Customer Satisfaction

Product quality is the ability of a product to carry out its function, including durability, reliability, accuracy, ease of operation and repair and other valuable attributes. Product quality is one of the things that companies need to pay attention to, because good product quality will provide consumer satisfaction when consuming the product. The overall quality of the First Media products offered is good as can be seen from the distribution of respondents' answers, the majority of whom gave an affirmative answer to each statement item in the questionnaire regarding product quality variables. This is due to the long shelf life of the product,

The Influence of Service Quality on Customer Satisfaction

Satisfaction is a person's feeling of joy or disappointment that comes from comparing his impression of the performance or results of a product and his expectations. Service quality can be interpreted as an effort to fulfill consumer needs and desires as well as the accuracy of delivery in keeping with consumer expectations. If perceived performance exceeds expectations, the customer will feel satisfied, but if the opposite is true, the customer will feel dissatisfied. The influence of perceived performance is stronger than expectations in determining customer satisfaction. Service quality has a significant influence on customer satisfaction. So, a company is required to maximize the quality of its services in order to create satisfaction for its customers.

The Effect of Price on Customer Satisfaction

Price is one of the marketing mixes that has an important role and is one of the main considerations for most consumers in measuring their satisfaction with the products offered. Because price is a sensitive matter for some consumers, affordable prices are usually more able to provide consumers with a sense of satisfaction. The prices offered for First media products are generally affordable so that respondents feel satisfied with First media products. Because the prices offered vary

according to the desired package and according to the desired results, consumers are interested and want to try this new product from First Media. Apart from the reasons above, First Media products have other benefits that are better than their competitors' products.

This means that price is one of the factors that customers consider to feel satisfied and Then the results of inferential testing were carried out to see the effect of price on customer loyalty The results obtained show that prices that are considered good by respondents will increase customer satisfaction and will result in a significant increase in customer loyalty. Thus, it is proven that price has an effect on increasing loyalty First media customers in Pekanbaru City.

The Influence of Customer Satisfaction on Customer Loyalty

From the research results, it is known the level of satisfaction of First Media customers in Pekanbaru City relatively good. From inferential testing carried out to see the effect of satisfaction on customer loyalty, the results obtained show that high customer satisfaction has a positive and significant impact on customer loyalty. Thus, it is proven that satisfaction influences loyalty First media customers in Pekanbaru City.

Customer satisfaction is the extent to which the benefits of a product are felt in accordance with what customers expect. Customer satisfaction is determined by the service the customer desires, so that quality assurance becomes the main quality for a particular company, one of which is Product Quality and Service Quality. When customers are satisfied with the products and services they receive, it is very likely that they will come back again and make other purchases and they will also recommend the company to their friends and family. Marketing is not just about making sales, but rather about continuously satisfying customers to create customer loyalty.

Conclusion

From the research results presented previously, the following conclusions can be drawn from this research:

1. Product quality influence on First media customer satisfaction in Pekanbaru City. The easier and faster it is for customers to use or operate first media, the higher customer satisfaction will be.
2. Quality of service influence on First media customer satisfaction in Pekanbaru City. If First Media is able to serve customers and promises in promos are always fulfilled well, customer satisfaction will be higher.
3. Price influence on First media customer satisfaction in Pekanbaru City. If the prices provided are always competitive and affordable for First Media customers, customer satisfaction will be higher.
4. Ber Customer Satisfaction influence on First media customer loyalty in Pekanbaru City. The more satisfied customers are, the higher customer loyalty will be.

Suggestion

From the research results and conclusions previously explained, the author provides the following suggestions:

1. The research results show that customer responses to The quality of First Media products in the city of Pekanbaru is good. However, First Media is considered to really need to improve the quality of its products for customers both in terms of network and features, considering that the level of competition in similar businesses is increasing day by day. If this is not done, it is very likely that customers will move to other competitors.
2. The high competition in the network business in Pekanbaru City makes internet network customers try to look for other providers who are able to provide cheap product selling prices without

reducing quality. For this reason, First Media needs to consider the price factor of its products and always evaluate prices to be able to compete with other competitors.

3. The research results show that customer responses to The quality of First Media services in the city of Pekanbaru is good. However, First Media is considered to really need to improve the quality of its services, especially for technicians in the field, so that operational standards are provided that suit customer needs.
4. By making several improvements that have been described, it is hoped that customer satisfaction will increase further so that customer loyalty will also increase. Loyal customers will do WOM or invite other people to join as First Media customers. In this way, First Media will get new customers and of course turnover will increase.
5. It is hoped that future researchers will use interview methods and open questionnaires in research, so that the data obtained is in accordance with the actual situation. Besides that, you also need to add variables other things that influence first media customer satisfaction and loyalty in Pekanbaru City based on characteristics and other analytical tools.

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