
The Effect of Price and Promotion on Customer Satisfaction (Study at an Internet Service Company in Bandung)

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ABSTRACT

To understand and examine Internet Service Company in Bandung pricing and marketing strategies, we conducted this study at one of the internet service providers in Bandung. We employed a quantitative strategy for the inquiry that combined a descriptive and verifiable approach. One of the Bandung internet service providers provided 100 consumers for the survey.

The study's path analysis reveals the correctness of the price and marketing variables at one of the Bandung internet service providers. The study's conclusions advise considering the costs and promotions provided by one of the Bandung-based internet service providers. According to the findings, Price (X1) significantly affects Customer Satisfaction (Y). The next factor that significantly affects customer happiness is promotion (X2).

Keywords: Pricing, advertising, and customer satisfaction

INTRODUCTION

Innovation in currently used technology is still growing. The development of cable television is one illustration. At first, cable television was used to broadcast entertainment and news programs. With the advancement of technology, cable television now also provides internet services.

The need for the internet is very significant in today's culture. This is particularly evident in how often devices that require internet connectivity are used. The rise of internet-based interactive TVs is one change in information technology.

The public's desire for information grows as technology develops. Businesses now have the chance to offer services that meet this informational requirement. Indirectly, the growth of these businesses sparks fierce competition among service providers and product manufacturers to provide better, higher-quality items in line with client demands and expectations.

According to Aditia et al., (2021); Riyani et al., (2021), customer satisfaction is a leading predictor of business success since it gauges how customers will feel about the company's future. Customers' reactions to perceived disparity or congruence between prior expectations and the actual performance of the used product determine whether they are satisfied.

Customers are a significant factor in a corporation's ability to exist and function. (Özkan et al., 2019; Rego et al., 2013; Rohiman et al., 2022)

For a business to exist, continue, and grow, its customers must be satisfied. (Rahayu et al., 2023) The company's level of service might be used to evaluate it. Since customer happiness is essential to a company's success, it must be preserved and increased. Customers must be satisfied for a business to keep their business; otherwise, they will switch to a competitor. (Gopi & Samat, 2020; Sinurat et al., 2021; Sopiani et al., 2022) If clients stop buying from the business, sales, and profits will drop, which could lead to losses.

According to a pre-survey, one internet service provider's customers still need to be satisfied, indicating below-average contentment. As the most significant score in evaluating customer happiness for an internet service company in Bandung is lower than its realized value, it may be stated that this internet service provider still needs to achieve the required level of customer satisfaction.

The amount of money or other considerations traded to acquire ownership or usage rights for a good or service is sometimes referred to as the price in marketing lingo. (Larashati, 2019) Pricing hwhethert on whether or not people choose to use a service. In comparison to other service providers, Grab offers more inexpensive charges. Regular discounts are offered, luring clients to use their services.

Price is one aspect that may impact consumer satisfaction. (Supriadi et al., 2023) The price is the sum of money, or the value of the service provided in exchange for receiving the advantages, ownership, or use of a good or service. Some individuals view a product's price as a sign of the quality of the offering. (Shen & Yahya, 2021) Products with more excellent prices typically have higher quality, whereas those with lower prices typically have inferior quality. This opinion is incorrect, though, as other factors besides price affect a product's quality. This opinion demonstrates that both consumer and product satisfaction are strongly influenced by pricing.

Price is also essential for businesses to make a profit. To outperform rivals, every businessperson wants to set competitive pricing. Sales are anticipated to increase with the presence of price policies, in this example, discounts provided by the business. Before engaging in these activities, a corporation should conduct proper preparation that considers all variables related to price policies, promotions, and execution. (Alzoubi et al., 2022) study revealed that the price variable had a limited impact on customer satisfaction.

Customers think they will get value for their money by purchasing a product. Therefore price becomes the main draw to pique their attention. In addition to pricing, the promotion also impacts consumer happiness. Adi Wibowo et al., (2022) defines promotion as a marketing tactic that aims to inform, persuade, and remind the target market about the business and its products so that they will accept, buy, and stick with the supplied goods. Promoting products with the intention that consumers will purchase them is the purpose of promotion. As a result, business profitability and sales volume may both increase. Effective execution makes this feasible, ensuring that the promotion runs as smoothly as possible. According to (Wandosell et al., 2021) , the promotional variable partly influences customer happiness.

In addition, due to the supportive network infrastructure built by internet providers and the rapid rise of technology usage, particularly the development of internet users in Indonesia, everything on the internet is accessible with ease. Social media, which includes blogs, social networks, and online forums, is one such format that enables people to share, interact, and produce information.

Based on the previous context and phenomena, the author is attracted to investigate how price and promotion affect client happiness at one of Bandung's internet service providers.

METHOD

To process research findings and reach conclusions, this study uses descriptive and verificative approaches. This research approach makes finding meaningful connections between the examined variables easier, leading to findings that paint a clearer picture of the research object.

According to the sample calculation results, 100 respondents from Bandung's entire population of internet service subscribers were included in the study's samples.

The study's independent variable (X) is the cost. Price is the sum of money charged for a good or service or the value consumers give up in return for using or owning that good or service. Affordability, product quality, price alignment, benefit appropriateness, and price competitiveness are some aspects of price. Promotion is another independent variable (X) in this study besides price. Companies use promotion as a tool or activity to consume client values. Advertising, sales promotion, experiences and events, publications and public relations, direct sales, customer encounters, moving advertisements, and individual sales are some of the promotion dimensions.

Customer satisfaction serves as the study's dependent variable (Y). A person's level of satisfaction is determined by how happy or disappointed they are with a product after contrasting its actual performance with their expectations. Long-term loyalty, increased spending, positive word-of-mouth, ignoring competition, lack of price sensitivity, sharing suggestions for new products/services, and more accessible service than new customers are all aspects of satisfied consumers.

Data Testing Methods

Validity test

The question of whether the intended instrument can precisely measure what it is intended to assess is related to validity. Simply put, an instrument's validity refers to its ability to measure what it is designed to do. The Pearson Product Moment correlation method can use to evaluate the instrument's validity.

Test of Reliability

A trustworthy instrument will yield the same results when used repeatedly to measure the same thing. The reliability test aims to evaluate the consistency of research indicators or constructs (variables). When someone's response to a statement is constant or stable throughout time, it says that a questionnaire is dependable. Rely on reliability analysis based

on Cronbach's Alpha coefficient to assess the questionnaire's validity. Its purpose is comprehending how each independent and dependent variable affects the other. Cronbach's Alpha coefficient interprets the correlation produced by all indicator scales according to the degree of constraint certainty.

Path Evaluation

Path analysis is utilized when a relationship between two variables is needed to indicate how much effect one variable has over another, whether that influence is direct or indirect. The problem, in this instance, is the outcome. The exogenous variable, the cause (X), the endogenous variable, the consequence (Y), and the implicit variables () that reflect additional exogenous variable elements will all be included in this route analysis.

RESULTS AND DISCUSSION

The questionnaire responses were gathered over four months, and the researchers then assembled the respondents' responses. Male respondents dominated the sample, accounting for 54 of the total respondents, according to the respondents' gender criteria. There were 46 female replies overall. According to the age requirements, there were 36 respondents over the age of 36, 48 respondents between the ages of 20 and 35, and 26 respondents under the age of 20. The responders included two government officials, eight private employees, 54 business owners, and 35 students based on the profession criteria.

Table 1. Validity Test Results and Reliability Tests

Price		Promotion		Customer Satisfaction	
Item	Correlation	Item	Correlation	Item	Correlation
1	0.698	1	0.630	1	0.465
2	0.504	2	0.640	2	0.418
3	0.643	3	0.527	3	0.358
4	0.625	4	0.587	4	0.517
5	0.663	5	0.589	5	0.419
6	0.630	6	0.569	6	0.393
7	0.668	7	0.629	7	0.642
8	0.532	8	0.547	8	0.548
9	0.721	9	0.632	9	0.588
10	0.684	10	0.623	10	0.477
11	0.550	11	0.571	11	0.457
12	0.410	12	0.492	12	0.424
13	0.742	13	0.573	13	0.760
14	0.695	14	0.556	14	0.466
15	0.543	15	0.570	15	0.460
16	0.688	16	0.558		
Cronbach Alpha					

Price	0,922
Promotion	0,905
Customer Satisfaction	0,856

Table 1 shows 16 statement elements in both the pricing and the promotion. On the other hand, customer satisfaction includes 15 statement items. These statement items are all legitimate because they all have correlation scores over 0.300. The data can also be considered legitimate for the reliability test if a Cronbach's Alpha score of 0.700 or higher is obtained.

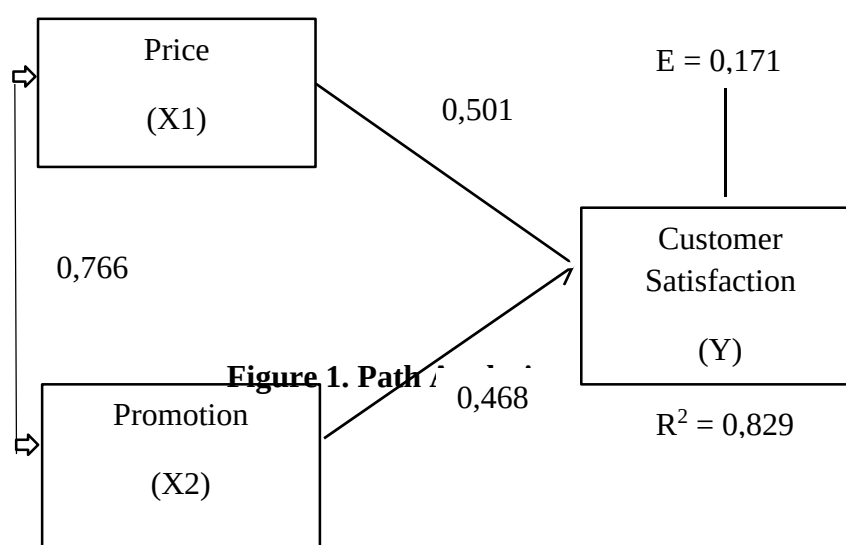


Figure 1 demonstrates that while there is a correlation between X1 and X2, there is a causal relationship between X1 and X2, and Y. Price (X1) and Promotion (X2) are two independent variables (X). Customer Satisfaction Performance (Y) is one dependent variable in this study.

The structural equation shown above can be used to represent the previous diagram: structural formula

$$Y = 0,501 X1 + 0,468 X2 + 0,171 \varepsilon$$

Information:

Y = Customer Satisfaction

X1 = Price

X2 = Promotion

rx1x2 = Price Correlation Coefficient with Promotion

pyx1 = Price path coefficient on Customer Satisfaction pyx2 = Promotion path coefficient on Customer Satisfaction

ε = Effect of other factors (epsilon variable)

Price and Promotion, as independent variables, contribute 82.9% to Customer Satisfaction in one of the Bandung internet service providers, according to the computation of the determination coefficient (R squared). The R-squared value of 0.829 serves as an

example of this. The remaining 17.1%, as shown by an epsilon variable value of 0.171, comprises additional elements that affect customer satisfaction but were not studied in this study.

The significant contributions of both factors to customer happiness at the individual internet service provider show their essential contributions to high customer satisfaction. In this study, Price contributes more to customer satisfaction than Promotion. This study suggests a business might get a competitive edge by providing unique product characteristics at a premium price. Customers may choose a product that best meets their needs based on specific pricing differences. Customers can find a compelling alternative from a business with creative product pricing, avoiding them from being stagnant and giving them options in their purchasing selections.

CONCLUSION

Customer satisfaction is significantly impacted concurrently by price and promotion. However, other variables that affect consumer satisfaction were not examined in this study. These include brand image, product quality, and product innovation.

It is advised that individuals in positions of responsibility within the organization pay greater attention to the elements that could increase and optimize the price of Internet Service Company in Bandung products in order to boost the contribution of product pricing to customer satisfaction. It is essential to consider and implement improvements, especially on the dimensions and indicators that obtained the lowest scores. Given that Internet Service Company in Bandung product pricing significantly affects customer contentment, the management team should emphasize Internet Service Company in Bandung product pricing more to maximize customer satisfaction inside the internet service provider.

Similarly, it is advised that people in leadership positions within the firm pay close attention to enhancing and optimizing Internet Service Company in Bandung product promotion to increase its impact on customer satisfaction. Again, the dimensions and indicators that obtained the lowest ratings should be the focus of changes and enhancements.

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