

Influence of Price and Product Quality on Customer Satisfaction (Study on Consumers of a Soe Company in Central Java)

Siti Aisyah¹, Kadir², Dhea Perdana Choenraad³, Adang⁴

Sekolah Tinggi Ilmu Ekonomi Pasundan¹²³⁴

Email: sitiaisyah23071995@gmail.com¹, kadir@stiepas.ac.id², dhea@stiepas.ac.id³,
adang@stiepas.ac.id⁴

ABSTRACT

The research aims to determine and analyze the effect of price and product quality on customer satisfaction. The object of research is the consumers of one of the BUMN companies in Central Java, with as many as 100 respondents using descriptive analysis and verification analysis methods. Based on path analysis research, price, and product quality variables on customer satisfaction among consumers of one of the BUMN companies in Central Java were declared valid. Therefore, conclusions and suggestions are taken into consideration about the results of this study to pay attention to price and product quality to increase customer satisfaction.

Keywords: Price, Product Quality, Customer Satisfaction

INTRODUCTION

Government Regulations have organized many information and telecommunications service providers in Indonesia to prevent consumers from service providers who are not legal entities and provide comfort and security for consumers in using information and telecommunications services in Indonesia. The government explains that consumer rights are the right to comfort, security, and safety in consuming goods and or services; the right to choose goods and or services and obtain said

goods and or services according to the exchange rate and conditions and guarantees by the agreement; the right to receive proper and honest treatment and service and not discriminate; the right to receive compensation, compensation and or reimbursement, when receiving goods and or services that are not by the agreement or not as they should be; etc. In addition, business actors must also be able to be sensitive to any changes that occur and place an orientation towards customer satisfaction as their primary goal. (Foster & Sidharta, 2019; Solimun & Fernandes, 2018; Strenitzerová & Gaňa, 2018)

Based on the results of the pre-survey data for the Customer Satisfaction variable, the Product Quality dimension scores 4.17 in the Very Good category, and the Emotional dimension scores 3.95 in the Good category. The Price dimension scores 3.30 in the Fairly Good category. The Service Quality dimension scores 3.88 in the Good category. Then the Cost/Efficiency dimension scores 3.85 in the excellent category. Based on the pre-survey results, the average satisfaction score is 3.83. This condition proves that customers feel satisfied or good with the satisfaction felt by customers.

According to Kurniawan & Sidharta (2016); Kusumawati & Rahayu (2020); Zhou et al. (2019) consumer satisfaction has several factors that determine consumer satisfaction, including product quality, service quality, price, consumer emotion, and convenience. A consumer tends to be satisfied if he gets these factors in a product or service that uses these factors, of course, affects the price according to what the consumer receives.

Based on comparative data on Internet package prices, Internet package I am relatively more expensive than its main competitors. With a relatively high price comparison compared to its competitors, this condition makes customers feel dissatisfied with the company's pricing for internet packages.

In addition to price, product quality is a factor that can create consumer satisfaction. (Cao et al., 2018; Wahyuni et al., 2022; Waluya et al., 2019) The higher the quality of the product customers receives and feel, the higher the fulfillment of customer needs as evidence of customer satisfaction. (Putri & Rahmizal, 2022; Waluya et al., 2019) However, if there is a gap between the level of product quality and customer needs, the problem of customer dissatisfaction will arise. (Aditia et al., 2021; Bahadur et al., 2018) For this reason, companies must be able to continuously improve their production capabilities to be able to produce quality products, especially according to the current needs of society. (Kaveh et al., 2021; Moghavvemi et al., 2018)

Based on the previous paragraph, the conclusion was formed that product quality is the ability of a product to provide performance, that is, by its function to meet consumer needs so that it can lead to satisfaction for consumers who use it.

Based on the results of the pre-survey data for the Product Quality variable, the Service Center's statement that customers can reach it gets a score of 3.88 in the excellent category. In all weather and conditions, signal statements score 3.12 with a pretty good category. Then the Service Center Service statement towards customers is fast and friendly, scoring 3.16 with a pretty good category. A signal for good satellite

phone equipment scores 3.68 in the excellent category. The statement that signals are spread throughout Indonesia scores 3.92 in the excellent category. Based on the results of the pre-survey, the average product quality score of 3.55 can prove that customers are satisfied or good with the product.

The pre-survey and price comparisons between providers show that the price and quality of prepaid card products could be more optimal and in line with customer expectations. Pricing strategy is very significant in providing value to consumers. Appropriateness of price and product quality is very important to find out more about the needs and expectations from the customer's point of view so that it will make it easier for companies to develop customer service and satisfaction strategies and increase long-term growth and company profitability.

According to the amount of value, customers benefit from having or using a product or service. In general, consumers will choose products with a price comparable to the benefits they will receive. (Afthanorhan et al., 2019; Islam et al., 2021; Ofori et al., 2018) Based on the research results of Komari et al. (2020), Pardiyono et al. (2022) saw that price and product quality had an essential role in customer satisfaction.

Based on the problems that the authors have chosen; the formulation of the research problem is as follows how much influence do price and product quality have on prepaid card customer

satisfaction? In this study, researchers hope to obtain, process, and analyze data as a source of information to determine the influence of price and product quality on prepaid card customer satisfaction.

METHOD

This study uses descriptive and verification methods. Descriptive research is research that aims to obtain a description of the characteristics of a variable and aims to determine the value of one or more variables without making comparisons or connecting with other variables. Verification research is a research unit that aims to test theories, and research will try to produce new scientific information in the form of conclusions on whether to accept or reject the hypothesis.

According to the research title, the variables in this study are independent or independent variables that influence or cause the emergence or change of the dependent variable (Dependent). In this study, the independent variable is the price as "X1". The dimensions are price affordability, price compatibility with product quality, price compatibility with benefits, and price according to ability or price competitiveness. While Product Quality with the dimensions of Performance, Additional Features, Reliability, Conformance and Specifications, Durability, and Aesthetics as

"X2". The dependent or dependent variable is a variable that influences or becomes a result because of the independent variable (Independent). For example, this study's dependent variable is Customer Satisfaction as "Y." The dimensions are Satisfaction Toward Quality, Satisfaction Toward Value, and Perceived Best.

Based on the results of calculations using the infinite population formula, the minimum sample size is 99.34 or rounded up to 100. Meanwhile, the researchers took a sample of 100 respondents. After the data is collected, validity and reliability tests will be used to test quality. To find out the purpose of the research, the writer uses a verification analysis technique to examine the relationship between one variable and another. Verification analysis in this study tests the hypothesis's value on the independent variable (X), namely price and product quality which affect the related variable (Y), namely prepaid card customer satisfaction.

Then the path analysis technique, which is an extension of multiple linear or path analysis, uses regression analysis to estimate the causal relationship between variables (causal model) that has been previously appropriate based on theory.

RESULT and DISCUSSION

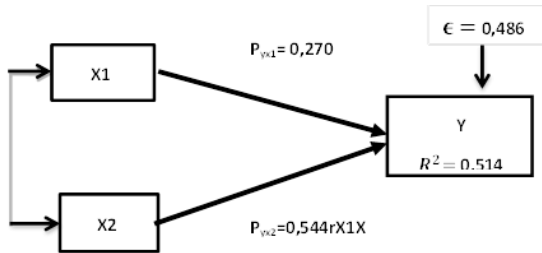
Based on the results of data calculations, the

Table 1. Validity and Reliability Test

	X1	X2	Y
No	R Count	R Count	R Count
1	0,838	0,674	0,683
2	0,722	0,517	0,437
3	0,822	0,642	0,561
4	0,496	0,605	0,589
5	0,684	0,645	0,636
6	0,865	0,499	0,646
7	0,689	0,484	0,678
8	0,501	0,447	0,503
9	0,447	0,672	0,559
10	0,482	0,424	0,470
11	0,838	0,423	0,559
12	0,722	0,464	0,589
13	0,822	0,462	0,636
14	0,496	0,443	0,646
15	0,684	0,654	0,503
Reliability Result			
Variable	Value	Result	
(X1)	0,761	Reliabel	
(X2)	0,758	Reliabel	
(Y)	0,746	Reliabel	

Based on Table 1 above, the research variables consist of statements above 0.300, so all items are declared valid. The reliability test results are based on Table 1 that all variables are included in the Reliable category because the score is > 0.70. Thus, the research

instrument of each variable in this study can be reliable evidence and, indeed, a reliable measuring tool and has a high level of stability, in the sense that if the measuring instrument is repeated, the results of testing the instrument will show results fixed.



Based on Figure 1, illustrating the results of path calculations, that variable X1 has a path coefficient of 0.270, and variable X2 has a path coefficient of 0.544. So, it is described in the following path equation.

$$Y = 0,270X1 + 0,544X2 + \epsilon$$

Where:

Y = Customer Satisfaction

X1 = Price

X2 = Product Quality

The magnitude of the influence of each independent variable on the dependent variable is either a direct effect or an indirect effect. Based on the calculation results, it appears that the direct effect of the Price variable (X1) on the Customer Satisfaction variable (Y) is 0.073 or 7.3%, and the indirect effect of the Price variable (X1) on Customer Satisfaction (Y) through the Product Quality variable (X2) that is equal to 0.085 or 8.5% so that the total effect of the price

variable (X1) is equal to 0.158 or 15.8%. While the direct effect of the Product Quality variable (X2) on the Customer Satisfaction variable (Y) is equal to 0.271 or 27.1%, and the indirect effect of the Product Quality variable (X2) on Customer Satisfaction (Y) through the Price variable (X1) is equal to 0.085 or 8.5% so that the total effect of the Product Quality variable (X2) is 0.356 or 35.6%.

From the results of the calculation of the coefficient of determination (R squared) listed as a percentage, it describes the total influence of all independent variables, namely Price (X1) and Product Quality (X2) on Customer Satisfaction (Y), which is equal to 0.514 or 51.4% and the epsilon or factor other variables that also influence customer satisfaction, namely $P_{y\epsilon} = 0.486$ or 48.6%, such as service quality, performance, consumer emotion, and facilities.

Based on the results of the calculation of the direct and indirect effects regarding the effect of Price (X1) on Customer Satisfaction (Y), it can be seen that the direct effect of Price (X1) on Customer Satisfaction (Y) has a value of 0.073 or 7.3%. On the other hand, the indirect effect of price (X1) on customer satisfaction (Y) through product quality (X2) has a value of 0.085 or 8.5%. The total effect of price (X1) on customer satisfaction (Y) is 15.8%. However, the price can contribute to increasing prepaid card customer satisfaction. It is proven empirically that there is an effect of price on customer satisfaction.

By proving the hypothesis put forward in this study, it proves previous research by Alzoubi et al. (2020); Pardiyono et al. (2022); Rohiman et al. (2022) where the price is one of the factors that influence consumer satisfaction, the price of a product with the same quality but setting a relatively low price will provide high value to its customers. The statement of this influence is interpreted that if the price decreases, customer satisfaction will increase, and vice versa can occur. Based on the explanation above, the price affects customer satisfaction with prepaid cards, with a total effect of 15.8%.

Based on the results of the calculation of the direct and indirect effects regarding the effect of Product Quality (X2) on Customer Satisfaction (Y), it can be seen that the direct effect of Product Quality (X2) on Customer Satisfaction (Y) has a value of 0.271 or 27.1%. On the other hand, the indirect effect of product quality (X2) on customer satisfaction (Y) through price (X1) has a value of 0.085 or 8.5%.

The total effect of Product Quality (X2) on Customer Satisfaction (Y) is 35.6%. Therefore, based on the research results, Product Quality (X2) can increase Prepaid Card Customer Satisfaction. Therefore, it is proven empirically that there is an effect of Product Quality on Customer Satisfaction.

By proving the hypotheses listed in this study, it proves previous research by Moghavvemi et al. (2018); Solimun & Fernandes

(2018); Waluya et al. (2019) product quality is "The Ability of A Product To Perform Its Function," the meaning of this understanding is the ability of a product to provide performance according to its function. Excellent quality will build consumer trust so that it supports consumer satisfaction. Based on the explanation above, it can be concluded that product quality affects customer satisfaction on prepaid cards, with a total effect of 35.6%.

Based on the results of the calculation of the direct and indirect effects regarding the effect of Product Quality (X2) on Customer Satisfaction (Y), it can be seen that the total effect of Price (X1) on Customer Satisfaction (Y) has a value of 15.8%. The total effect of Product Quality (X2) on Customer Satisfaction (Y) has a value of 35.6%. The total effect of price (X1) and product quality (X2) on customer satisfaction (Y) is 0.514 or 51.4%, and the magnitude of epsilon is $P_{y\epsilon} = 0.486$ or 48.6%, namely service quality, performance, consumer emotion, and facilities.

Customer satisfaction measures whether or not a company is successful in marketing its products and how the market responds in making and offering products or services. Satisfaction is a behavioral assessment that occurs after the experience of consuming a service, so to achieve reasonable customer satisfaction, it is necessary to pay attention to affordable product prices and provide optimal product quality to customers. (Afthanorhan et al.,

2019; Juhana et al., 2015; Sidharta & Affandi, 2016)

Price review is increasingly essential in addition to product quality because every price the company has organized will result in a different level of demand for the product. Usually, demand and price are inversely related; the higher the price, the lower the demand for the product. Vice versa, the lower the price, the higher the demand for the product. (McColl et al., 2020; Nuriadi, 2021) Therefore, companies must view that setting the right price requires excellent attention to achieve customer satisfaction. In essence, the determination of the price by the cost of the product. If the company's pricing is correct and by consumer purchasing power, then the choice of a particular product will fall on that product so that, in the end, the customer will be satisfied with the accuracy of the price. (Al-Weshah et al., 2019; YuSheng & Ibrahim, 2019)

Paying attention to customer satisfaction is very important. Determination of customer satisfaction from product quality at the will of the customer, so that quality assurance is a top priority for every company, which is currently a benchmark for the company's competitive advantage. To fulfill consumers' desires, companies must pay attention to the quality of their products so that they can compete with other similar company products. Product quality (both goods and services) contributes significantly to customer satisfaction. Therefore,

companies must pay attention to the quality of the products sold to satisfy consumers who buy them. Moreover, expect consumers to return to buy the product.

According to the amount of value customers provide to benefit from having or using a product or service. In general, consumers will choose products that will have a price that is comparable to the benefits they will receive; this is to the results of research from Huang et al. (2019), Sudari et al. (2019), Zhong & Moon (2020) which explains that price and product quality influence customer satisfaction.

CONCLUSIONS

Based on the results of the study illustrates the total influence of all independent variables, namely Price (X1) and Product Quality (X2), on Customer Satisfaction (Y), the size of epsilon or other variable factors, and influences Customer Satisfaction, such as Service Quality, Performance, Consumer Emotional, and Facilities. Based on the results of research on the effect of price and product quality on customer satisfaction, expect companies to be able to re-analyze pricing based on existing market segmentation, adjust prices with the quality that customers get, and make promotions that are far more reliable for each customer, not just specific customers. , and expect Product Quality to increase due to Product Quality as a

bridge that connects the Company and Customers.

Based on the research results, increasing customer satisfaction by providing varied package prices superior to competing products gets a pretty good category. The package price is affordable, with competing products getting a good category.

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