

## **THE KEY OF CUSTOMER'S SATISFACTION AND LOYALTY: E-SERVICE QUALITY, PRICE, AND TRUST**

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### **Abstract**

Some companies do not reach sustainability because of the lack of innovation in products, services, and marketing. With the aim of growing the customer count as well as to maintain existing customers. Currently, competition in the telecommunications industry is very tight due to the increasing number of internet providers, such as Indihome, Biznet, Iconnet, and other official and unofficial local ISPs. Internet provider companies must be able to enhance the quality of services and products that are capable of reaching various economic levels, including upper, middle, and lower levels, as the demand for internet continues to grow, even in rural areas. This research endeavors to analyze e-service quality, web design, price, and trust affect the level of satisfaction and loyalty of Indihome customers. The quantitative research design is being utilized. The type of research used is descriptive. New Indihome users in the Datel Situbondo area were the focus of the study who started subscribing since the first semester period of 2022, which totalled 1059 people. Researchers used purposive sampling technique to collect sample of 290 respondents. This research covers Situbondo Representative Office area which is divided into 4 regions, consisting of Situbondo, Mlandingan, Besuki, and Asembagus. Drawing from the research results, e-service quality, price, and trust each have a positively effect on customer satisfaction and customer loyalty. Customer satisfaction is related to customer loyalty. As customer satisfaction rises, so does customer loyalty.

**Keywords:** Indihome, e-Service Quality, Price, Trust, Customer Satisfaction Customer Loyalty.

### **Introduction**

The number of competing internet service providers that have arisen in Indonesia, especially in Situbondo, East Java, is one of the major threats for Telkom Indonesia. The company should make various changes to increase the sales of its product, Indihome. At Telkom Situbondo, the gain of new customers still experienced fluctuations due to the large number of competitors, so Indihome should always be able to offer interesting and varied deals every month.

Situbondo residents are more interested in services that charge very low prices and ignore the quality of the internet itself. Indihome customers who eventually decided to terminate their subscription were mostly caused by the price factor. Situbondo residents, whose majority of jobs are fishermen, farmers, and factory workers, are very

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concerned about price so that in the first semester of 2022 Indihome customers who terminated their subscriptions were 592 customers.

Customer loyalty is what every company hopes for, whether in the field of services or retail. The more loyal a customer is to a product shows that the product has a value that is quite distinct from its competitors (Othman) There are many factors that can affect customer loyalty, such as e-service quality, customer trust, price, and customer satisfaction (Venkatakrishnan).

Previous research by (Venkatakrishnan) used qualitative methods to study web design, trust, e-service quality, loyalty of customer, and satisfaction of customer. Another study by (Gul) utilized quantitative methods, with variables limited to customer satisfaction, trust, and customer loyalty. As per the insights from this research, satisfaction of customer and loyalty of customer are considered as the main determinants of regular sales. (Ngo) conducted research on the reciprocal relationship between satisfaction of customer, service quality, and loyalty of customer, using quantitative methods. Study with similar variables and also conducted by (Zeithaml), where the outcomes revealed that the quality of service significantly influences both satisfaction and loyalty of customer. Likewise, customer satisfaction also significantly impacts customer loyalty. Another similar study by (Arrafi) showed service quality has a positively and significantly impact on customer satisfaction, and reciprocally, satisfaction of customer significantly and positively affects loyalty of customer.

Previous studies typically only examine three variables, with two of them are loyalty and satisfaction of customer. This study is an adaptation of previous study by (Venkatakrishnan) which focuses on the effect of e-service quality, pricing, and web design on satisfaction of customer and customer loyalty, using qualitative methods. The study's results serve as a point of reference for this research on Indihome customers in Situbondo using quantitative methods. This research is expected to provide information that could be helpful for Telkom companies to further improve services to maintain existing customers and increase new sales of Indihome, one of which is in Situbondo.

Regarding the explanation above, The research's objectives include gauging the effect of: (1) e-service quality on satisfaction of customer, (2) e-service quality on loyalty of customer, (3) pricing on customer satisfaction, (4) customer satisfaction on customer loyalty, (5) customer satisfaction on the relationship between e-service quality and customer, (6) trust on satisfaction of customer, and (7) loyalty of customer. web design and trust on e-service quality and satisfaction of customer.

### **Metode**

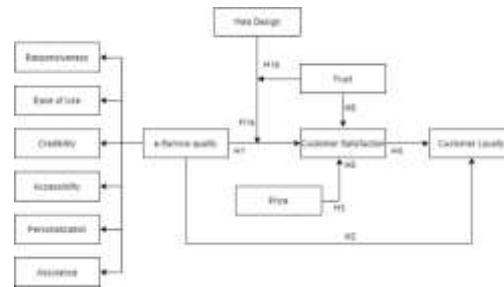


Figure 1. Research Framework (Venkatakrishnan, 2023).

The type of research is descriptive. In descriptive research, researchers describe the characteristics or function of a variable or several variables (Indrawati). The instrument used in this research is a questionnaire. Questionnaires are conducted to collect data by presenting a set of written questions or descriptions to respondents (dalam Sugiyono). Other data sources are literature study sources to obtain relevant and credible internal company data, such as the number of new sales obtained each month on Indihome internet service products.

The research location covers Situbondo area, which is divided into four, including Situbondo, Besuki, Mlandingan, and Asembagus. The study population consisted of Indihome internet service users in Datel Situbondo area who subscribed starting in the first semester period of 2022, totalling 1059 people. The sampling approach utilized was purposive sampling. Using the Slovin formula, the researcher obtained minimum sample size of 290.335, or if it is rounded up, it becomes 290 respondents.

This research used descriptive analysis by constructing a frequency distribution and continuum line analysis to describe respondent characteristics based on the variables used in identifying the level of satisfaction and loyalty of Indihome customers in Situbondo telecommunications area. Frequency distribution is made by creating interval classes which are grouped into 5 classes, i.e. very low, low, medium, high, and very high. This categorisation helps researchers to interpret scores to identify Indihome customer loyalty.

Another analysis technique utilized in this study is dependent multivariate analysis technique, in which the test of one or more dependent variables is conducted simultaneously. The analytical method used is variance-based SEM method that is used to predict the connection between constructs or independent and dependent variables in a model (Indrawati).

Outer model analysis is performed to assess the reliability and validity of the measurement tools employed. It includes assessments for composite reliability, convergent validity, discriminant validity, and Cronbach's Alpha. Inner model analysis, or structural model analysis is conducted to test the hypothesis between one latent variable and another latent variable. The inner model test is conducted by examining the R-square value (coefficient of determination) and the significance of the path coefficient.

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e-service quality is a measurement of the level to which a website can facilitate streamlined and successful procurement, shopping, and service delivery (Zeithaml). Pricing is the process of determine the value that will be received by producers in return for goods and services (Ariani). Trust in this research is customer trust (Venkatakrishnan).

Customer satisfaction is the emotional response of customers, which can range from contentment to disappointment, stemming from their assessment of performance, product results, or services they receive with their expectations. Customer loyalty is a dedicated devotion to consistently repurchase or favor a specific service or product over time (Kotler, A framework for marketing management.).

### Hasil dan Pembahasan Respondent Characteristics

**Table 1. Respondent Characteristics**

Charac- teristic	Category	Customer	
		Frequency	Percen- tage
Location	Situbondo	161	55.51
	Besuki	73	25.17
	Mlandingan	32	11.03
	Asembagus	28	9.65

Source: Processed Data (2023)

### Descriptive Analysis

According to the data processing outcomes, the majority of customers answered by selecting the response "strongly agree" on each questionnaire item, where the response has the highest value of 5.

**Table 2. Respondent Responses**

Variable	Average Score
e-Service quality	92.2%
Price	92.1%
Web design	88.1%
Trust	92.1%
Customer satisfaction	93.3%
Customer loyalty	92.5%

Source: Processed Data (2023)

### Outer Model Analysis

To assess convergent validity, the results of the outer loading values or loading factors. An indicator is classified as having strong convergent validity when its outer loading value exceeds 0.7. Regarding the ourcomes of data processing using smartPLS, it is found that all indicators used in this study show outer loading or loading factor value greater than 0.7, so that all indicators are considered to valid to describe the variables under study.

The examination of each indicator's AVE value is performed to assess discriminant validity.

**Table 3. Average Variant Extracted (AVE) Value**

Variable	Average Variant Extracted (AVE) Value
e-Service quality	0.606
Price	0.621
Web design	0.576
Trust	0.597
Customer satisfaction	0.648
Customer loyalty	0.721

Source: SmartPLS Data Processing Results (2023)

The criteria for good discriminant validity is that the value is  $> 0.5$ . Considering the obtained results, it can be concluded that each variable used by the researcher has very good discriminant validity.

Composite reliability is a measure utilized to assess the reliability of indicators within each variable. A variable is deemed to meet the criteria for composite reliability when its value is greater than 0.7 (Hair).

**Table 4. Composite Reliability**

Variable	Average Variant Extracted (AVE) Value
e-Service quality	0.902
Price	0.907

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Web design	0.980
Trust	0.899
Customer satisfaction	0.917
Customer loyalty	0.939

Source: SmartPLS Data Processing Results (2023)

Considering the data provided in the table above, it is evident that the composite reliability value obtained from each variable is  $> 0.7$ . It can be stated that each variable used by the researcher has a very good composite reliability, thus, it can be inferred that the measurement of the overall variables is highly reliable.

The composite reliability assessment in the previous section can be further supported by utilizing the Cronbach Alpha value. A variable measurement is considered reliable and satisfactory if it has a value  $> 0.7$ .

**Table 5. Cronbach Alpha Value**

Variable	Cronbach Alpha Value
e-Service quality	0.870
Price	0.877
Web design	0.979
Trust	0.865
Customer satisfaction	0.891
Customer loyalty	0.923

Source: SmartPLS Data Processing Results (2023)

Looking at the table results, it is clear that each variable utilized exhibits a strong Cronbach Alpha value. Consequently, we can conclude that all variables demonstrate strong reliability.

### Inner Model Analysis

**Table 6. Path Coefficient**

	Sample Mean (M)	T statistics
Customer loyalty	0.465	6.821

> Customer satisfaction		
e-Service quality		
> Customer loyalty	0.333	5.398
e-Service quality		
> Customer satisfaction	0.205	2.102
Price	>	
Customer satisfaction	0.294	3.614
Trust	>	
Customer satisfaction	0.285	3.328
Web design	>	
Customer satisfaction	-0.087	1.080
Trust x Web design	>	
Customer satisfaction	0.080	0.870
Trust x Web design x e-Service quality	>	
Customer satisfaction	0.035	0.723
Trust x e-Service quality	>	
Customer satisfaction	-0.199	2.481
Web design x e-Service quality	>	
Customer satisfaction	0.148	2.143

Source: SmartPLS Data Processing Results (2023)

Looking at the outcomes of the internal model framework that has been scrutinized, it is evident that the dominant path coefficient value is found in the customer satisfaction variable with a value of 0.465. By increasing customer satisfaction, customer loyalty will increase. Meanwhile, the lowest value is found in the web design x e-service quality variable on satisfaction of customer with a value of 0.148.

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The highest t-statistic value is found in customer satisfaction on loyalty of customer with a value of 6.821. By increasing customer satisfaction, customer loyalty will increase. Meanwhile, the lowest t-statistic value is in web design x e-service quality on satisfaction of customer with a value of 2.143.

Following data processing and the Goodness of Fit test performed with the smartPLS 4.0 software, the R-Square value is derived as follows:

**Table 7. R-Square Value**

<b>Variable</b>	<b>Average Variant Extracted (AVE) Value</b>
Customer Loyalty	0.504
Customer Satisfaction	0.587

Source: SmartPLS Data Processing Results (2023).

### **e-Service Quality and Customer Satisfaction**

The outcomes of the H1 test indicate that the effect of e-service quality on customer satisfaction is very favourable. One of the aspects of e-service quality is personalization. Personalization refers to the services provided to customers, which are different from each other by adjusting to the needs, expectations, and demands of customers (Lee). Companies save customer information when they make repeat purchases, connect the customer database to the website, and welcome them when entering the website for subscription or purchase (Ojasalo). When customers feel that the company pays attention to their familiarity, needs, and closeness will increase, which ultimately increases loyalty and satisfaction (Zeithaml).

### **e-Service Quality and Customer Loyalty**

The findings of the H2 test signify that the impact of e-service quality on loyalty of customer is very positive. High level of accessibility makes customers feel very well helped and can easily use services as needed (Zeithaml), so that it can exert a beneficial impact on customers such as loyalty of customer (Yang).

### **Price and Customer Satisfaction**

The outcomes of the H3 test indicate that the impact of price on satisfaction of customer is very positive. If consumers believe that the price is worth paying to receive quality service, then customers are likely to subscribe (Yang).

### **Customer Satisfaction and Customer Loyalty**

The findings of the H4 test indicate that the impact of satisfaction of customer on loyalty of customer is very positive. Highly satisfied customers will be more loyal, buy more services or products when the company introduces new products, provide positive



reviews about the firm and products, etc. (Kotler, A framework for marketing management.).

### **Customer Satisfaction, e-Service Quality, and Customer Loyalty**

The outcomes of the H5 test show that the impact of customer satisfaction on the association between e-service quality and loyalty of customer is highly favorable. If the quality of the service provided is to the customer's liking, the service does not frequently encounter problems, customer complaints are quickly handled, the service can be customised to customer needs, then the customer will experience contentment, which in turn affects loyalty (Venkatakrishnan).

### **Trust and Customer Satisfaction**

The findings of the H6 test signify that the impact of trust on satisfaction of customer is very positive. If the service received is consistent with expectations, the customer will feel satisfied (Venkatakrishnan).

### **Web Design and e-Service Quality**

The findings of the H7 test indicate that the impact of web design on e-service quality on satisfaction of customer is very positive. Customers who visit high-quality website can experience inherent contentment while exploring the web (Lee). These experiences that occur during each purchase will affect customer satisfaction (Venkatakrishnan).

### **Trust, Web Design, e-Service Quality, and Customer Satisfaction**

The outcomes of the H8 test indicate that there is no notable impact of trust as the second moderate variable in improving web services.

### **Conclusions**

Customers are very concerned about the quality of service provided. E-service quality positively impacts both satisfaction and loyalty of customer. Other variables that positively affect customer satisfaction are price and trust. However, to be specific, trust in the company's website "has no discernible influence on satisfaction of customer. Furthermore, satisfaction of customer positively influences customer loyalty. Consumer satisfaction can increase the value of service quality obtained on customer loyalty. The higher the service quality value felt by customers, the positive impact it will have on customer satisfaction, which will indirectly increase customer loyalty.

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