

# Product Influence, Promotion, and Price Perception on Customer Satisfaction and Its Impact on Broadband Internet Customer Loyalty at PT Indonesia Comnets Plus (PLN Group)

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## Abstract

*The purpose of this study is to analyze the influence of Products, Promotions, and Price Perceptions on Customer Satisfaction and Its Impact on Broadband Internet Customer Loyalty in PT. Indonesia Comnets Plus (PLN Group) The number of samples used in this study was more than 150 respondents, and data analysis techniques using SEM were carried out to thoroughly explain the relationship between variables in the study. SEM is used not to design a theory, but rather to examine and justify a model. Structural Equation Modelling (SEM) AMOS 22.0 is used in modeling and hypothesis testing. The result of proving the hypothesis in this study is that the product has a positive and significant effect on Broadband Internet Customer Satisfaction. The promotion has a Positive and significant effect on Broadband Internet Customer Satisfaction. Price has a Positive and significant effect on Broadband Internet Customer Satisfaction. Products have a positive and significant effect on Broadband Internet Customer Loyalty. The promotion has a Positive and significant effect on Broadband Internet Customer Loyalty. Price has a Positive and significant effect on Customer Loyalty.*

## Keywords

Product; promotion; and price perception towards customer satisfaction; customer loyalty



## I. Introduction

PT. Indonesia Comnets Plus or commonly called ICON+ is a subsidiary of PT PLN (Persero) which is engaged in Information and Communication Technology (ICT). Communication is the process of delivering messages by someone to other people to tell, change attitudes, opinions or behavior either directly orally or indirectly through the media. In this communication requires a reciprocal relationship between the delivery of messages and recipients namely communicators and communicants (Hasbullah, et al: 2018). The company, which initially aimed to serve telecommunications services for PLN, now aims as an enabler of business processes to create added value and increase PLN's competitiveness in order to grow and sustain. ICON+ has the advantage of supporting a capable fiber optic network through the use of infrastructure provided by PLN, namely RoW (Right of Ways).

ICON+ is a very trusted company, as evidenced by the many licenses and certifications it has as well as the awards it gets. In addition, ICON+ also has a wide scope, it has spread throughout Indonesia through the utilization of strategic assets of PT PLN (Persero). <https://icca.co.id/pt-indonesia-comnets-plus-icon-penyedia-solusi-di-bidang-teknologi-informasi-dan-komunikasi/>. 2022

Consumers are the main targets that need to be considered by producers or companies because each consumer has a different perception and attitude towards a product. The company must be able to promote its products according to the needs and desires of its target market so that its products can provide decisions consumers and similarly for producers to be able to offer products to be accepted by consumers. Dharu, Patricia, Maria (2016).

On the other hand, in order to encourage service quality and product quality, price perception can also have an impact on customer satisfaction. For Zeithaml, Bitner, and Gremler (Thungasal & Siagian, 2019) customer satisfaction is influenced by customer price perception. Customers will be satisfied if they have a higher price perception that the products and services offered provide benefits that outweigh the costs that customers have to spend. Rahayu, Siti (2022).

### 1.1 Research Objectives

The research conducted has the following objectives:

1. To analyze the effect of the Product on broadband Internet Customer satisfaction
2. To analyze the effect of Promotion on customer satisfaction
3. To analyze the effect of price perception on customer satisfaction
4. To analyze the effect of products on customer loyalty
5. To analyze the effect of Promotions on customer loyalty
6. To analyze the perception of price toward customer loyalty
7. To analyze the effect of the Product on broadband Internet customer satisfaction through customer loyalty
8. To analyze the effect of promotion on broadband Internet customer loyalty through customer satisfaction
9. To analyze the effect of price perception on broadband Internet customer loyalty through customer satisfaction
10. To analyze the effect of customer satisfaction on broadband internet

## II. Review of Literature

### 2.1 Marketing

Basically, marketing is an activity aimed at forming and retaining customers who provide an advantage for the company that marketing is carried out to create customers. The customer is an important factor that must be considered by the company because the customer is an asset that can determine the success of the company (Al- Haqam & Hamali, 2016). A company must focus on the customer because the customer is the benchmark for the success of change (Khadka & Maharjan, 2017).

### 2.2 Service

According to Christopher H. Lovelock in Larasati (2016:88) "Service is performance rather than a thing. But service, being intangible and ephemeral are experienced rather than owned: customer participated actively in the process of service creation, delivery, and consumption". The understanding of the above definition is that a service is more of an appearance of performance than an object, and because a service is something intangible, a service is only felt and experienced not owned. Customers are expected to be actively involved in the process of creating services, delivering, and using these services. According to Suparyanto and Rosad, (2015: 125) Services are any action or performance

that can be offered to another party, basically intangible and do not result in any ownership, the production of services may be related to physical products or not.

### **2.3 Service Quality**

Service quality is when consumers evaluate the quality of service obtained starting from the process and deliver results provided whether it is in accordance with consumer expectations, in determining whether the service obtained has been fulfilled properly will be returned to consumers because consumer views will vary according to consumer desires and expectations (Adam, 2015: 11) According to Zeithaml and Binter in (Adam, 2015: 11) service quality is excellent or superior delivery according to customer expectations by providing the best service according to needs and desires, customers will assess the results of the expected service.

### **2.4 Price**

Price is a marketing mix that generates income while others do not generate income. The price factor is not only based on the value of money spent (objective price) but based on consumer perception (Subjective price), meaning that consumers may perceive the price of the product because the product is of high quality.

### **2.5 Customer Satisfaction**

According to Philip Kotler and Kevin Lane Keller, customer satisfaction is defined as the level of happiness or regret obtained by a person when comparing the expectations of the product purchased with the original product. Customer satisfaction here is the main aspect of running a business because customer satisfaction is an assumption of consumers' assessment of the desired expectations of a business's products with actual product quality. Rahayu, Siti (2022)

Customer satisfaction plays an important role in the sustainability of use which is part of customer loyalty. Customer satisfaction is the main tool in the success of a business and the sustainability of use is an important factor in the difficulty of an application-based service. Although customer satisfaction is an important part of a business, self-satisfaction alone is not enough to bring the business to develop and become the top. Customers who already trust a business and use the services of the business continuity are more profitable because to get new customers costs are required. Cyntia, Innecentius (2021).

### **2.6 Product**

A product is everything that can be offered to the market to satisfy a desire or need" (Kotler, 2010). Meanwhile, according to Tjiptono (2010), the definition of a product is everything that can be offered by producers to be noticed, requested, sought, purchased, used, or consumed by the market as a fulfillment of the needs or desires of the market concerned. According to Utami (2010), a product is the entirety of the company's normal offering to consumers in providing services, store locations, and the name of its merchandise. Dharu, Patricia, Maria (2016).

### **2.7 Sales**

(Batubara & Hidayat, 2016) said that sales activities are an important process and very necessary for companies to do, namely by offering a product that it produces. This aims to achieve the expected level of product sales and can provide large profits for the company. Herlambang in Batubara & Hidayat (2016) stated that sales are the entire

product of goods sold in a certain period. Mulyadi in Khotimah & Irawati (2019), explained that the sales level is a measure to find out how much the number of products sold. Achieving a high level of sales is one of the main goals of a company or organization. Rahayu, Kumba, Deva (2022)

### III. Research Method

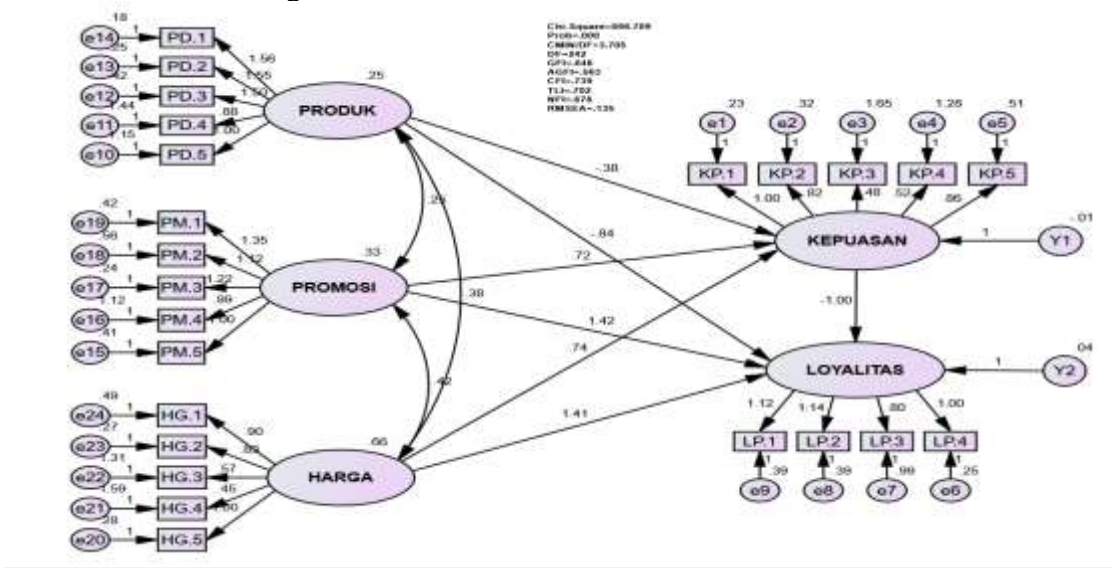
According to (Ferdinand, A.T,2007;121), the structural equation modeling model is a tiered causal model that includes two main types of variables, namely latent variables and observation variables.

The analysis technique used to answer the hypothesis in this study uses structural equation modeling (SEM) which is processed with the help of Amos software. SEM is a set of statistical techniques that allow simultaneous testing of a series of relatively complex relationships. The steps for forming a structural equation model (SEM) are (1) Development of a theory-based model (2) Development of a path diagram (3) Conversion of a path diagram into an equation (4) Choosing an input matrix and model estimation (5) Possible identification problems and (6) Evaluation of goodness-of-fit criteria.

### IV. Result and Discussion

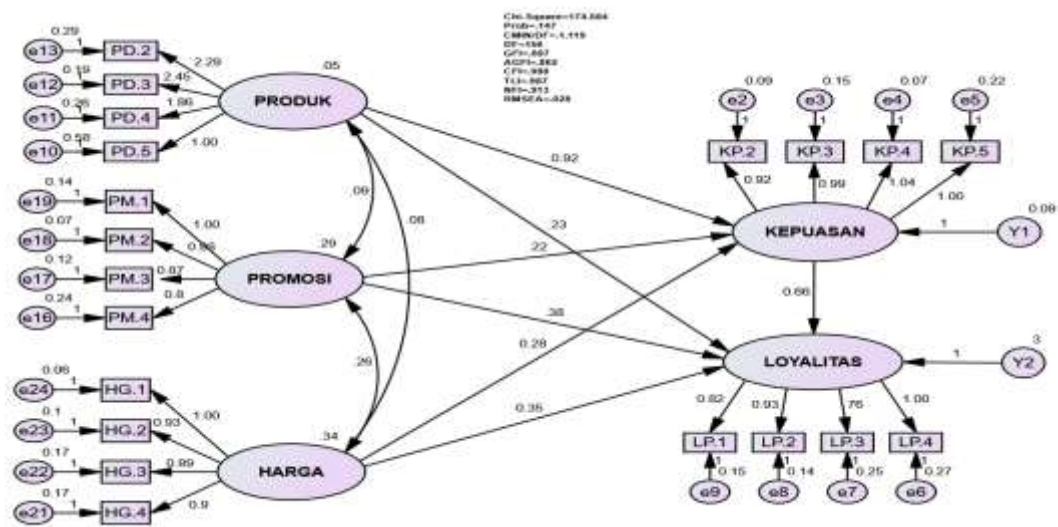
#### 4.1 Path Full Model

After the process of forming a full model path and processed using AMOS, the full model in this study in general has not met the components of the criteria set. More details can be seen in the image below.



Source: AMOS Output (2022)  
Figure 1. Path Full Model

From figure 1, it can be seen that the results of the full model path have not met the requirements.



Source: AMOS Output (2022)

Figure 2. Path Full Model

From figure 2, it can be seen that there are some changes, such as the Product variable PD.1 item is discarded, the Promotion variable pm.5 items are discarded, the HG.5 item Price variable is discarded and the Customer Satisfaction variable KP.1 is discarded. These items were discarded because they were judged to have a high error value addressed by MI. After making modifications, it can be seen that in general, all the criteria set have met the specified cut-off value.

#### 4.2 The goodness of Fit (GOF)

Test GOF was tested to measure the accuracy of the sample regression function in determining the actual value statistically. The GOF evaluation describes how well or matched a series of observations with a model (Ghozali, 2017). Here are the GOF values that have been formed in this research.

Table 1- GOF

<i>Goodness of fit</i>	<i>Cut Off Value</i>	<b>Hasil</b>	<b>Kesimpulan</b>
<b>DF</b>	> 0	156	<i>Goodness Of Fit</i>
<b>Uji Chi Square Statistik (X2)</b>	$\leq \alpha$ .df (Expected < chi square tabel) Probabilitas $\geq 0,05$	174.584	<i>Goodness Of Fit</i>
<b>RMSEA</b>	$\leq 0,08$	0.028	<i>Goodness Of Fit</i>
<b>GFI</b>	$\geq 0,90$	0.897	<i>Marginal Of Fit</i>
<b>AGFI</b>	$\geq 0,90$	0.862	<i>Marginal Of Fit</i>



<b>CMIN/DF</b>	< 2	1.119	<i>Goodness Of Fit</i>
<b>TLI</b>	$\geq 0,95$	0.987	<i>Goodness Of Fit</i>
<b>CFI</b>	$\geq 0,95$	0.990	<i>Goodness Of Fit</i>

*Source: AMOS Output (2022)*

From table 1, the statistical test results in this study did not have a very extreme value or were far from the specified Cut Off Value value. The GFI and AGFI values have values that are close to the Cut Off Value, which is still considered feasible because it does not have a very long distance. Therefore, it is concluded that in terms of the feasibility of the model, all the data in this study are feasible to continue.

### 4.3 Hypothesis

Testing After carrying out various steps of instrument testing, then at this point, the results of statistical testing will be presented to see the extent of proving the hypothesis that the researcher has built in the previous chapters. The hypothesis that accepts when the estimated value is positive and the P value must be  $< 0.05$ .

**Table 2.** Hypothesis Test

<b>Hipotesis</b>	<b>Estimate</b>	<b>S.E.</b>	<b>C.R.</b>	<b>P</b>
Products to Broadband Internet customer satisfaction	.918	.387	2.371	.018
Promotion of Broadband Internet customer satisfaction	.219	.098	2.248	.033
Price to Broadband Internet customer satisfaction	.283	.114	2.483	.013
Products to Broadband Internet Customer loyalty	.231	.079	2.933	.039
Promotion to Broadband Internet Customer Loyalty	.381	.188	2.022	.043
Price for broadband Internet Customer Loyalty	.346	.114	3.040	.002
Customer Satisfaction with Internet customer loyalty broadband	.660	.133	4.965	***

*Source: Processed data, 2022*

Table 2 it can be interpreted as follows:

1. The product has a significant and real effect on Broadband Internet customer satisfaction with an estimated value of 0.918 (positive) and a P value of  $0.018 < 0.05$ . So, it can be concluded that H1 in this study is accepted.

2. The promotion has a significant and real effect on Broadband Internet customer satisfaction with an estimated value of 0.219 (positive) and a P value of  $0.033 < 0.05$  (significant and real). So, it can be concluded that H2 in this study is accepted.
3. The price has a significant and real effect on Broadband Internet customer satisfaction with an estimated value of 0.283 (positive) and a P value of  $0.013 < 0.05$ . So, it can be concluded that H3 in this study is accepted.
4. The product has a significant and real effect on Broadband Internet Customer Loyalty with an estimated value of 0.231 (positive) and a P value of  $0.039 < 0.05$ . So, it can be concluded that H4 in this study is accepted.
5. The promotion has a significant and real effect on Broadband Internet Customer Loyalty with an estimated value of 0.381 (positive) and a value of  $0.043 < 0.05$ . So, it can be concluded that H5 in this study is accepted.
6. The price has a significant and noticeable effect on broadband Internet Customer Loyalty with an estimated value of 0.346 (positive) and a P value of  $0.002 < 0.05$ . So, it can be concluded that H6 in this study is accepted.
7. Customer Satisfaction has a significant and real effect on the loyalty of Internet customers broadband with an estimated value of 0.660 (positive) and a value of  $P^{***} (0.00001) < 0.05$ . So, it can be concluded that H7 in this study is accepted.

Test hypotheses 8-9 can be seen in the table of the Sobel test below because to see the influence of the mediation variable is not displayed in the AMOS output results. The hypothesis is accepted if the value of t counts  $> t$  of the table.

**Table 3. Sobel Test**

Path Relationship		Path Coefficient		Indirect Influence	Standard Error		t Count	t table
					Immediately	Indirect		
		a	b	a.b	sa	sb		
PD-KP-LP	PD-KP	0.918		0.6068	0.387		2.17	1.97
	KP-LP		0.660			0.133		
PM-KP-LP	PM-KP	0.219		0.14476	0.098		2.06	1.97
	KP-LP		0.660			0.133		
HG-KP-LP	HG-KP	0.283		0.18706	0.114		2.25	1.97
	KP-LP		0.660			0.133		

*Source: Processed data, 2022*

From table 3, the results of the Sobel test formed are as follows:

1. The product affects broadband Internet Customer Loyalty through Customer Satisfaction with a positive calculated t value and a calculated t value  $> t$  table or  $2.17 > 1.97$  (significant). So, it can be concluded that H8 in this study is accepted.

2. Promotion affects broadband Internet Customer Loyalty through Customer Satisfaction with a positive calculated t value and a calculated t value > t table or  $2.06 > 1.97$  (significant). So, it can be concluded that H9 in this study is accepted.
3. Price Perception affects broadband Internet Customer Loyalty through Customer Satisfaction with a positive calculated t value and a calculated t value > t table or  $2.25 > 1.97$  (significant). So, it can be concluded that H10 in this study is accepted.

#### 4.4 R-Square

R-square or often referred to as the coefficient of determination is the amount of value of an independent variable (X) against a dependent variable (Y). Hair et al., (2011) stated that the R square value of 0.75 belongs to the strong category, the R square value of 0.50 belongs to the moderate category and the R square value of 0.25 belongs to the weak category. The following is the R-square in the study.

<b>Table 4. R-Square</b>	
<b>Variable</b>	<b>Coefficient of Determination</b>
Customer satisfaction	0.619
Customer loyalty	0.893

*Source: Amos Output (2022)*

From table 4, the coefficient of determination of Customer Satisfaction is 0.619 (strong category). The variables of Product, Promotion, and Price had an influence on Customer Satisfaction by 61.9% while the remaining 38.1% were influenced by other variables that the researcher did not input into this study.

The coefficient of determination of Customer Loyalty is 0.893 (strong category). The variables Product, Promotion, and Price had an influence on Customer Loyalty by 89.3% while the remaining 10.7% was influenced by other variables that the researcher did not input in this study.

#### 4.5 Path Equation

The results of the Path equation aim to predict the influence of independent variables on dependents or to see the magnitude of the largest and smallest influence of independent variables on dependents. Two equations have been formed in this study.

$$KP = 0.918 PD + 0.219 PM + 0.283 HG.$$

1. The Product Path Coefficient of 0.918 shows that if the Product increases by 1, Customer Satisfaction will increase by 0.918.
2. The Promotion Path Coefficient of 0.219 shows that if the Promotion increases by 1, Customer Satisfaction will increase by 0.219.
3. The price path coefficient of 0.283 shows that if the price increases by 1, customer satisfaction will increase by 0.283.

$$LP = 0.231 PD + 0.381 PM + 0.346 HG + 0.660 KP.$$



1. The Product path coefficient of 0.231 shows that if the Product increases by 1, Customer Loyalty will increase by 0.231.
2. The Promotion Path coefficient of 0.381 shows that if the Promotion increases by 1, the Customer Loyalty will increase by 0.381.
3. The Price Path Coefficient of 0.346 indicates that if the price increases by 1, customer loyalty will increase by 0.346.
4. The Customer Satisfaction Path Coefficient of 0.660 shows that if Customer Satisfaction increases by 1, Customer Loyalty will increase by 0.660.

## V. Conclusion

After the analysis, the following conclusions can be drawn:

1. The product has a positive and significant effect on Broadband Internet Customer Satisfaction. The better the product offered, the more it will increase Customer Satisfaction.
2. The promotion has a Positive and significant effect on Broadband Internet Customer Satisfaction. The more Promotional activities provided, the higher the Customer Satisfaction.
3. Price has a Positive and significant effect on Broadband Internet Customer Satisfaction. The better the pris gave, the higher the Customer Satisfaction.
4. Products have a positive and significant effect on Broadband Internet Customer Loyalty. The better the product offered, the more it will increase Customer Loyalty.
5. Promotion has a Positive and significant effect on Broadband Internet Customer Loyalty. The more Promotional activities provided, the higher the Customer Loyalty.
6. Price has a Positive and significant effect on broadband Internet Customer Loyalty The better the price is given, the higher the Customer Loyalty will be.
7. Customer Satisfaction has a Positive and significant effect on the loyalty of Internet customers. The higher the Customer Satisfaction, the more it will increase Customer Loyalty.
8. Products have a positive and significant effect on broadband Internet Customer Loyalty through Customer Satisfaction. The higher the Customer Satisfaction because of the products offered, the more it will increase Customer Loyalty.
9. The promotion has a Positive and significant effect on broadband internet Customer Loyalty through Customer Satisfaction. The higher the Customer Satisfaction because of the Promotional activities offered, the more it will increase Customer Loyalty. The promotion has a Positive and significant effect on Broadband Internet Customer Loyalty. The more Promotional activities provided, the higher the Customer Loyalty.
10. Price has a Positive and significant effect on broadband Internet customer Loyalty The better the price is given, the higher the Customer Loyalty will be.

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