

# The Effects of Marketing Mix and Service Quality on the Satisfaction and Loyalty of Customers at Mobile Business in Makassar (A Case Study on Telkomsel Customers in Makassar)

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**Abstract:** *Customer satisfaction has become part of the goal of most companies. This research aimed (1) to test and analyze the effect of the marketing mix on service quality and the marketing mix on the customers' satisfaction; (2) To test and analyze the effect of marketing mix and service quality on the loyalty of the customers; (3) To test and analyze the effect of the marketing mix on the satisfaction and loyalty of customers; (4) To test and analyze the effect of service quality on the satisfaction and loyalty of the customers. This research used the approach of quantitative research. The population included all the customers or the users of PT Telkomsel services. The Types and the sources of data used in doing the research were the primary and secondary data. The technique of data collection used were interviews, questionnaires, and observation. The data were analyzed using path analysis and the help of the application of Smart PLS 3.0. It was expected that the results of the analysis using the statistical descriptive analysis and the test of the data quality were the validity and the reliability test, and the hypothesis test. The research results indicated that the marketing mix and service quality had a positive and significant effect on the satisfaction of the customers. The marketing mix and the service quality had a positive and significant effect on the loyalty of the customer. This showed that when the marketing mix offered by PT Telkomsel was good or true then it could increase the loyalty of the customers. The marketing mix and the service quality had a positive and significant effect on the satisfaction and loyalty of the customers. This again indicated that the truer was the strategy of the marketing mix done by PT Telkomsel, the higher was the satisfaction and loyalty of the customers. Furthermore, the better was the service quality felt by the customers of PT Telkomsel, the higher was the satisfaction and loyalty of the customers.*

**Keywords:** marketing mix, service quality, satisfaction of customers

## 1. Introduction

Customer satisfaction has become part of the goals of most companies, in addition to obtaining the maximum profit, the company must be able to face increasingly fierce competition in order to maintain the survival of the company. In line with that, service quality is important in order to give more satisfaction to customers and ultimately become an added value for the company itself.

Building loyalty is the most effective way to achieve profit growth constantly. The best customers are loyal customers. Therefore, companies must be able to identify, maintain and strengthen loyalty. Parawansa (2017), in his research suggests that the best services provided to key customers are one of the common ways that commercial banks do to maintain good relations with their customers. In addition, gift programs, special rates, or special prices for customers who often conduct transactions with banks are also ways that companies do to maintain good relationships with customers. PT Telkomsel (Telkomsel) is a company engaged in the telecommunications sector, especially Cellular Mobile Phones with a GSM (Global System for Mobile Communication) system. Telkomsel products are divided into postpaid and prepaid products. The various brands of products marketed in Indonesia are KartuHalo, simPATI, Kartu As, Kartu As Flexi, Kartu Halo Flexi, Telkomsel Flash, Kartu Facebook, Simpati LOOP, and Kartu

LOOP. The high trust of cellular users towards the quality of Telkomsel services is reflected in the fantastic number of customer growth, namely 1.9 million new customers in just 1 month in January 2015. With the addition of 1.9 million, as of January 2015, Telkomsel is trusted to serve 67.2 million customers or around 50% of cellphone users in Indonesia. Of these, the Simpati and Kartu AS prepaid cards made the highest contribution, namely 65.3 million customers and 1.9 million postpaid Kartu Halo.

Along with the high customer growth and tariff reduction in 2016, Telkomsel's customer communication or often called the Minute of Usange (MoU) increased by 257 percent to 90.2 billion minutes from 25.2 billion minutes in 2015. Cellular penetration in Indonesia still around 60% of the 240 million population. From the 2016 new customers' estimated growth of around 20-30 million, Telkomsel targets to be able to serve 50% of that amount or around 10-15 million new customers. As the number 6 largest cellular operator in the world in terms of number of customers, Telkomsel is the market leader in the telecommunications industry in Indonesia, which is now believed to serve more than 196 million customers in 2017.

In an effort to develop the cellular telecommunications industry in Indonesia that entering a new era of mobile broadband services, Telkomsel consistently implements the 3G, HSDPA, HSPA + technology roadmap, and the

development of the Long Term Evolution (LTE) network. Now Telkomsel has more broadband networks in 100 major cities in Indonesia. To help service, customer needs, Telkomsel is now supported by 24-hour call center access and 430 service centers spread throughout Indonesia. With the number of customers in 2017 reaching more than 196 million customers, Telkomsel is now the largest company in Indonesia compared to 2 (two) other competitors, namely PT Indosat Tbk and PT XL Axiata Tbk. An interesting phenomenon is that in Jakarta users of cellular communication services are very diverse providers, but regular customers from other providers are also quite a lot. It is very contradictory to the conditions in Makassar, although the majority of the population has several cellular cards, but the fixed cellular card to communicate conventionally is Telkomsel. Whereas other cellular cards are used only for data package (internet) purposes.

Based on the above, this study aims to examine and analyze the effect of the marketing mix and service quality to customer satisfaction and loyalty.

## 2. Research Methods

### 2.1. Research Design

In this research we used a quantitative research approach. This approach is chosen because quantitative research is one type of research activity that its specifications, namely systematic, planned, and structured clearly starting from the beginning with the design of research, both about research objectives, research subjects, research objects, data samples, data sources, and the methodology. Quantitative research methods, used to examine certain populations or samples, sampling techniques are generally carried out randomly, data collection using research instruments, data analysis is quantitative/statistical in order to test the hypotheses that have been set.

### 2.2. Population and Samples

The population in this research is all of the Telkomsel customers or service users who use the product Simpati, As, Kartu Halo. Then determination the sample number of indicators used as the basis for determining the sample, where there are 19 indicators used. With a comparison of 5 observations, for each parameter estimate for each indicator, the number of samples used is  $5 \times 19$  parameters = 95 samples for customers Simpati, Kartu As, and Kartu Halo.

### 2.3. Types and Data Sources

The types and sources of data used in conducting research are Primary Data and Secondary Data. Primary data, namely data about the object of research obtained from the results of observations or research, both directly and indirectly. This is obtained by distributing questionnaires to customers of Telkomsel area Makassar. Secondary data, namely data obtained from the documentation or several reports and literature and library materials that are very relevant to the topic of discussion.

### 2.4. Data Collection Technique

Data collection techniques used in research are **structured interviews**, used as data collection techniques, if researchers or data collectors know for sure about the information to be obtained. **Questionnaire**, a data collection technique where the respondent fills out a question or after being filled in completely returns to the researcher. **Observation**, data collection techniques have specific characteristics when compared with other techniques, observation is not limited to people but also other natural objects.

### 2.5. Data Analysis

Analysis of the data used in this research is descriptive analysis, which is used to analyze data by describing or drawing the collected data as it is without intending to make conclusions that apply to the general or generalizations.

## 3. Research Limitation

In this research we did not measure the level of customer loyalty and are expected to be delivered in the next study.

## 4. Result

In table 1 states that 7 statements of service quality variables have an average of 4.59. The respondents gave responses to these variables with a higher category. The table shows that there are still customers who are still hesitant by giving a disagreeable assessment of the statements. The highest statement has an average score of 4.62 while the lowest average score is 4.53.

In table 2 states that 5 statements of commitment variables have above average 4.59. The respondents gave responses to these variables with a higher category. The table shows that there are still customers who are still hesitant by giving a disagreeable assessment of the existing statements. The highest statement has an average score of 4.65 while the lowest average score is 4.55.

In table 3 states that 4 statements of trust variables have an average above 4.60. The respondents gave responses to these variables with a higher category. The table shows that there are still customers who are still hesitant by giving a disagreeable assessment of the statements. The highest statement has an average score of 4.61 while the lowest average score is 4.58.

In table 4 states that 4 statements of service quality variables have an average above 4.59. The respondents gave responses to these variables with a higher category. The table shows that there are still customers who are still hesitant by giving a disagreeable assessment of the statements. The highest statement has an average score of 4.60 while the lowest average score is 4.58.

**Table 1:** Description of Respondents' Response regarding Telkomsel's Marketing Mix

Code	Statement	Average
X1.1	Telkomsel products are exactly what I want	4.61
X1.2	The rates offered are relatively affordable	4.58
X1.3	Has a Grapari Service office that is easy to reach	4.61
X1.4	Promotion of telephone and sms packages provided according to my needs	4.61
X1.5	Telkomsel employees are swift in serving customers	4.62
X1.6	The process of replacing a damaged or lost card is relatively easy and fast	4.59
X1.7	The Telkomsel Service Office has a comfortable atmosphere for customers	4.53
<b>The average response variable</b>		<b>4.59</b>

Source: Primary Data

**Table 2:** Description of Respondents' Response regarding the Quality of Telkomsel Services

Code	Statement	Average
X2.1	Telkomsel makes it easy for customers to adjust the size of the cellular card according to the customer's cellphone	4.65
X2.2	Telkomsel has an extensive network to remote areas	4.60
X2.3	Telkomsel call center employees gave a good response when I complained	4.57
X2.4	Telkomsel guarantees good and reliable signal quality	4.55
X2.5	Telkomsel has tried to understand my needs and desires as a customer	4.57
<b>The average response variable</b>		<b>4.59</b>

Source: Primary Data

**Table 3:** Description of Respondents' Response regarding Telkomsel Customer Satisfaction

Code	Statement	Average
Y1.1	I am satisfied after buying and using Telkomsel products with good product quality	4.58
Y1.2	I feel satisfied with the telephone rates offered	4.59
Y1.3	Complaint service either by telephone or to Grapari Telkomsel gives me the satisfaction to remain a customer	4.60
Y1.4	I feel proud to use Telkomsel cellular cards	4.61
<b>The average response variable</b>		<b>4.60</b>

Source: Primary Data

**Table 4:** Description of Respondents' Responses regarding Telkomsel customer loyalty

Code	Statement	Average
Y2.1	I often use Telkomsel services for daily communication needs.	4.60
Y2.2	I often use Telkomsel services for daily communication needs.	4.58
Y2.3	I recommend to my family to use the Tekomsel cellular card	4.59
Y2.4	For everyday telephone needs I prefer to use cellular cards from Telkomsel compared to other operators	4.60
<b>The average response variable</b>		<b>4.59</b>

Source: Primary Data

## 5. Discussion

The results of the analysis of the marketing mix and customer satisfaction obtained empirical findings that the marketing mix has a positive effect on customer satisfaction. Where the better the marketing mix that is owned by Telkomsel, it will increase customer satisfaction. It can be seen from the responses of respondents regarding the marketing mix with a high average score where Telkomsel customers give answers with the average score being between agreeing and strongly agree. One of them can be seen from the responses of respondents about the promotion of telephone and SMS packages provided by Telkomsel according to customer needs.

The results of this research are in line with the opinion of Kotler (2009), which states that the marketing mix as a set of technical marketing tools that can be controlled, which is integrated by the company to produce the desired response in the target market. The main goal that should be built is customer satisfaction. The results of this study support the results of research from Pianto et al (2014), with the title "The Effect of Marketing Mix and Service Quality on Customer Satisfaction at Gading Asri Cottage & Resto" found that the marketing mix had a positive and significant effect on customer satisfaction.

The results of the analysis of service quality with customer satisfaction obtained empirical findings that service quality has a positive effect on customer satisfaction (Hurriyati, 2005). Where the better quality of service that is owned by Telkomsel, it will increase customer satisfaction. Of the total respondents almost all of them agreed and strongly agreed with the statement about the quality of service from Telkomsel. The quality of services offered for example Telkomsel has a wide network to remote areas and Telkomsel's call center employees provide better responses when I I complain that they can increase customer satisfaction.

The results of this research are in line with the opinion of Purnama (2006), who argues that the quality of service perceived to be equal or exceeds the expected service quality, the service is said to be of high quality and satisfactory. The Wyckof in Tjiptono's book (2002), defines service quality as the expected level of excellence and control over these advantages to meet customer desires. The results of this study support the results of research from Pianto et al (2014), with the title "Effect of Marketing Mix and Service Quality on Customer Satisfaction at Gading Asri Cottage & Resto" found that service quality has a positive and significant effect on customer satisfaction.

The results of the analysis of the marketing mix with customer loyalty obtained empirical findings that the marketing mix has a positive effect on customer loyalty. Where the better the marketing mix owned by Telkomsel will be able to increase customer loyalty. The respondents responded with an average agreement and strongly agreed to show that the marketing mix offered by Telkomsel have been able to maintain customer loyalty, such as responses to

Telkomsel's products according to what I wanted. This shows that when other providers offer a wide variety of cellular products, Telkomsel has issued products that fit the needs of the community so that they have customers who are loyal to their products.

The results of this study are in line with customer loyalty theory from Kotler (2007), which states that the key for companies to generate high loyalty is to surrender high customer values such as the marketing mix offered should exceed the expectations of customers rather customers can have high loyalty. Telkomsel has created a marketing mix strategy which in this study proved to be able to increase loyalty from users of cellular services.

The results of this research support the results of research from Wijayanti & Sumekar (2009), with the title "The Effect of Service Marketing Mix on Member Loyalty in the BMT KJKS of the Lasem Prosperous Branch of Kudus Branch" to find that the product, price, place, promotion, people (service provider), process (service process), and physical evidence proven to have an effect on the loyalty of the Lasem Ummat Prosperous Members of the BMT KJKS.

The results of the analysis of service quality with customer loyalty obtained empirical findings that service quality has a positive but, it is not significant effect on customer loyalty. Where the better the quality of service owned by Telkomsel will be able to increase customer loyalty. The service quality of Telkomsel, like guaranteeing good and reliable signal quality, has not yet had a significant impact on customer loyalty. This shows that Telkomsel must further improve its quality of service.

According to Rangkuti (2003), which states that service quality is the delivery of services that will exceed the level of interest of consumers. In this case the loyalty of Telkomsel customers formed by service quality is still not maximized so, that the effect on loyalty is still not significant. This shows that Telkomsel customers who are currently loyal are not due to service quality factors but there are other factors that make Telkomsel customers loyal like the use of most customers who have used Telkomsel cellular cards for a long time so their cellular numbers are reluctant to be replaced to make it easier contact with relatives, friends, or colleagues. The results of this research does not support the results of research from Situmorang & Sutrisna (2017), with the title "The Effect of Marketing Mix and Service Quality on Customer Loyalty (Study at Dyan Graha Pekanbaru Hotel)" found that service quality has a positive and significant impact on customer loyalty.

## 6. Conclusions and Recommendations

Marketing mix and service quality and significant positive effect on customer satisfaction and customer loyalty. It shows when the marketing mix offered by Telkomsel is good or right it will increase customer satisfaction. In this research, the quality of service Telkomsel has gone up, but the still to be improved. At this time the quality of the services given by Telkomsel has been good, but to increase customer loyalty,

companies must increase service quality such as the addition of signal quality is uneven between urban and remote areas as well as to perform maintenance on equipment that can support the company's service quality.

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## Author Profile



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