

## The Effect of Promotion, E-Service Quality and Price on Customer Satisfaction and Its Implication on Loyalty of Tokopedia Customers

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### Abstract:

This study examined how consumer happiness and customer loyalty are affected by the quality of e-services, product prices, and promotions. This study aims to identify if a variable has a direct or indirect impact. A questionnaire with 40 questions that was sent using Google Form was used to gather the data for this investigation. A non-probability selection technique was used to select 100 participants as respondents for this investigation. Path analysis utilizing statistical product and service solutions (SPSS) is the analysis method used in this study. According to the study's findings, client loyalty and partial and simultaneous effects of e-service quality and promotion on customer satisfaction are both favorable. Customer loyalty is impacted by product prices, which also have a detrimental impact on customer satisfaction. Customer loyalty is indirectly impacted by consumer happiness, which is influenced by e-service quality, product prices, and incentives.

**Keywords:** e-service quality, product prices, promotions, consumer satisfaction, customer loyalty.

### Introduction

The internet is one example of how information and communication technology is now developing very quickly. The internet is a communication system that can connect to pre-existing networks all around the world and make it simpler for someone to access information. These changes have had an effect on a number of areas, including social, economic, political, and cultural. In Indonesia, where there are 272.1 million people, there were 175.4 million internet

users as of January 2020. As a result, it serves as the largest Southeast Asian target market for Indonesian e-commerce enterprises (Anggraini & Budiarti, 2020). Teenagers constitute the majority of internet users, accounting for 80% of all internet users between the ages of 15 and 19. Therefore, the existence of the internet has brought significant changes to people's lifestyles. One of the lifestyles of the people affected is the consumption pattern of the community in terms of shopping and how to sell, from face-to-face with sellers and buyers to what is called online to offline by only using the internet and no need to face-to-face with sellers or buyers (Iswahyudi, 2023).

In this era, with the increasing development of technology, especially the internet, there is the potential to grow opportunities in the trade sector. With the internet, it is easier for buyers and sellers to sell and buy goods or services via the internet. Customers merely use the internet network to conduct their online purchases, eliminating the need for them to physically visit a store (Abdullahi et al., 2017). This phenomenon is known as e-commerce. The trend of e-commerce is quite high, as indicated by the rising number of e-commerce users each year, which has increased with the expansion of e-commerce users in recent years. According to statistics, there were 139 million e-commerce users in 2017, 154.1 million in 2018, 168.3 million in 2019, and 212.2 million users by 2023, according to projections. Both in terms of employment and investment, Indonesia has benefited from the e-commerce sector's quick expansion. Currently, as many as 12,500 Indonesian workers have been recruited by e-commerce players, who are among the top 5 in Indonesia. From time to time, the increasingly dynamic e-commerce industry in Indonesia predicts excellent potential in the digital economy in this sector, both in terms of the quantity of players, product offerings, and investors. Therefore, this e-commerce phenomenon has an influence on people's shopping trends online. Around 90% of internet users in Indonesia have shopped online. Sales from internet businesses grow in value by 40% a year. With 71 million smartphone users and 93.4 million internet users, it firmly backs the e-commerce movement (Irwansyah & Mappadeceng, 2018).

According to Bank Indonesia, every month, transactions recorded in the e-commerce sector amount to Rp. 11–13 trillion. Based on the Research Institute for Development of Economics and Finance, e-commerce drove growth in the Indonesian economy by 0.71 percent in 2018. With a contribution to Indonesia's GDP of Rp. 814 trillion, or 5.5% of GDP, and creating jobs for 5.7 million, or 4.5% of the total workforce. The increase in the number of people doing online shopping every year has resulted in many e-commerce players, such as Tokopedia, Shopee, Bukalapak, Blibli, and Lazada. This has resulted in intense competition between the two marketplaces in Indonesia, namely Tokopedia and Shopee. Tokopedia is an e-commerce company that offers various product categories. E-commerce has a stable customer base in terms of gender, while Shopee has an advantage for female consumers. Shopee also has advantages in promotions such as cashback and free shipping and has been intensively holding promotional campaigns every month since February. The promotions carried out by Shopee, such as the 2.2 Men's Sale and the 3.3 Fashion Sale, are the latest 10.10 Brand Festival (Abdullah, 2017).

Therefore, e-commerce must continue to improve promotions, prices, and the quality of electronic services so that customers are satisfied. Customer satisfaction is influenced by five elements: costs, emotional aspects, service quality, product quality, and price. Customer satisfaction fosters customer loyalty and a positive working connection with the business, therefore satisfied customers are more likely to remain so. Good online service quality can provide convenience for consumers when shopping and speedy delivery of goods. This will lead to consumer satisfaction, and ultimately consumers will tend to repurchase and not switch brands. One of the elements that can affect a customer's loyalty is the quality of the service. Price is also a very important thing for consumers to consider when they want to buy something (Juniantara & Sukawati, 2018). Consumers will be satisfied if the price offered by a product is the same as the benefits it offers. So, the company must pay attention to pricing in order to compete with its competitors. Price has an effect on loyalty, which is mediated by consumer satisfaction. Promotion is also an important activity to market a product or service. To attract consumers, e-commerce actors carry out various kinds of promotions, such as advertisements in online media or on television, and provide promo vouchers. There is a tendency for consumers to shop, namely because of promos provided by e-commerce, with a percentage of 41%, followed by cashback of 37%, buy 1 get 1 of 13%, and 8% for direct gifts.

## **Literature Review**

E-commerce is the process of bringing buyers and sellers together online to conduct transactions. In e-commerce,

buyers can find many sellers, and vice versa, sellers can attract a wider range of consumers, so that buyers have no difficulty finding the product or service they need at the price they want. E-service quality (e-s-qual) is the ability of online media to efficiently and effectively facilitate shopping, purchasing, and delivery. The price of a product comes from the total value of the offer, including the costs incurred for raw materials and the services provided. Promotion is a marketing strategy used by a business to pique consumers' interest in a good or service. Consumer satisfaction is a consumer feeling that is generated regarding expectations and performance of the product, whether happy or disappointed (Tobagus, 2018). Loyalty is a form of behavior in making product purchasing decisions repeatedly. One of the factors that can make consumers satisfied is e-service quality. Customers will feel content if the service they receive meets their expectations. If the customer is happy, they are likely to repurchase the good or service. The amount of money spent to obtain the benefits and ownership of the goods or services. Therefore, in setting prices, they must set them appropriately so that they are in accordance with the benefits provided by the product or service being sold, so consumers will feel satisfied if their expectations for the product or service match the money spent. activities to provide information related to the advantages of a product so that consumers have a desire to buy the product (Iswahyudi, 2018).

Appropriate promotion will provide good information to consumers so that they feel satisfied. E-service quality can be said to be the overall interaction between the consumer and the website, including the effectiveness and convenience that the website provides when consumers make a purchase transaction. After making a purchase, consumers will usually immediately feel the service provided and evaluate the entire service process. Good service makes consumers tend to make transactions again because of its perceived effectiveness and convenience (Abdullah, 2017). Price can be a tool to measure customer loyalty. If the price set can compete with competitors and is affordable by various groups, it can provide satisfaction. This satisfaction will form customer loyalty because consumers usually have a tendency to buy products at low prices. In a company, promotion is one activity that must be done. In order for consumers to know about a product, the company can carry out promotions. The promotion must also be creative so that it attracts interested consumers so they buy and try it. If the consumer's expectations for the product or service are appropriate, then loyalty will be formed because the consumer will feel satisfied. Loyalty is formed when consumers are satisfied with a product. Satisfaction is a response between expectations and what consumers feel after consuming the product or service. When consumers are satisfied, they tend to reuse products or services or even encourage other consumers to buy them too (Sentiana, 2018).

## **Methodology**

All online shoppers who complete purchases are included in the study's population. An e-commerce consumer made up the study's sample. Non-probability sampling with purposive sampling was utilized in this investigation, and the sample size was 100 participants. Users of e-commerce who complete at least two transactions are the research's data source. The data in this study were taken using a questionnaire instrument from Google, which will be used using a Likert scale calculation. The next stage after the data from the questionnaires has been collected is the processing of the data by statistical regression testing. To get answers to the problems of this research, a correlation coefficient analysis will be carried out using the SPSS for Windows program. To calculate whether the instrument is consistent or not, there are several ways that are used, namely by calculating the alpha coefficient, or Cronbach's alpha, the split-half technique, and the Kuder-Richardson 20–21. The Coefficient of Determination formula is then used to determine the extent of the combined impact of the variables, which is indicated by the R square value.

## **Case studies**

According to the study's findings, the e-service quality variable has a t-count value of 6.307, which is higher than the t-table of 1.984.  $H_0$  is disregarded while  $H_a$  is accepted with a significance level of 0.000, which is less than 0.05. This supports the initial theory that there is a direct relationship between customer happiness and e-service quality characteristics. The findings of this study are consistent with those of earlier studies, which demonstrate that the quality of an e-service has a favorable and significant impact on customer satisfaction. According to the study's findings, the price variable has a t-count value of -2.882, which is higher than the t-table value of -1.984.  $H_0$  is

disregarded while  $H_a$  is accepted with a significance level of 0.005, which is less than 0.05. This supports the second hypothesis, which holds those factors affecting product price have a direct impact on consumer satisfaction. Price, however, has a detrimental direct impact on consumer satisfaction in this study. Accordingly, consumer happiness will climb as product prices rise.

One of the four factors, namely product prices, can compete with other e-commerce by 26%, according to the respondents' descriptive results on the four product price indicators. This means that 26% of customers think that product prices are relatively the same compared to other e-commerce sites, with a neutral (N) response of 11%, a disagreement (TS) of 11%, and a strongly disagree (STS) of 4%. When consumers make transactions in e-commerce, they no longer consider product prices because they are the same as in other e-commerce. This can be interpreted as meaning that even though product prices are not much different from other e-commerce, it still provides satisfaction, presumably because customers are quite satisfied with the shopping experience in e-commerce, so customers have trust in e-commerce. Product pricing has changed to the point where low prices are no longer a benchmark in product pricing and rely more on marketing strategies and creating good-quality products. This makes consumers insensitive to cheap product prices. The findings of this study concur with those of earlier studies in that price has a detrimental impact on satisfaction.

According to the research's findings, the promotion variable has a t-count value of 4.435, which is higher than the t-table of 1.984.  $H_0$  is disregarded while  $H_a$  is accepted with a significance level of 0.000, which is less than 0.05. That there is a direct correlation between promotion variables and customer satisfaction, which is the third hypothesis, is demonstrated by this. The findings of this study are consistent with those of other studies that have examined the impact of promotions on client satisfaction. The findings of the research suggest that  $H_0$  is rejected and  $H_a$  is accepted if the f-count value is 487.855 with a significance level of 0.000, which is less than 0.05. This supports the fourth hypothesis, which states that e-service quality, product pricing, and promotion all have an impact on customer satisfaction simultaneously. The findings of this study are likewise consistent with those of other studies; e-service quality, product prices, and promotions all have an impact on customer satisfaction. According to the research's findings, the e-service quality variable has a t-value of 4.547, which is higher than the t-table of 1.984.  $H_0$  is disproved with a significance level of 0.000, which is less than 0.05, but  $H_a$  is accepted. This supports the fifth hypothesis, according to which there is a direct correlation between customer loyalty and e-service quality characteristics. This study's findings concur with the previous one in that the caliber of an e-service directly affects a customer's loyalty.

According to the research's findings, the price variable has a t-count value of 6.777, which is higher than the t-table value of 1.984.  $H_0$  is disregarded while  $H_a$  is accepted with a significance level of 0.000, which is less than 0.05. This supports the sixth hypothesis, which states that price variables have a direct impact on client loyalty. The findings of this study are consistent with those of other studies that have examined the relationship between pricing and customer loyalty. According to the research's findings, the promotion variable has a t-value of 3.106, which is higher than the t-table of 1.984.  $H_0$  is disregarded while  $H_a$  is accepted with a significance level of 0.003, which is less than 0.05. That there is a direct correlation between promotion characteristics and client loyalty supports the seventh hypothesis. The findings of this study concur with those of earlier studies that have demonstrated the impact of promotions on customer loyalty. According to the research's findings,  $H_0$  is rejected and  $H_a$  is approved if the f-count value is 1468.630 and the significance level is 0.000, which is less than 0.05. This supports the eighth hypothesis, which states that consumer loyalty is simultaneously influenced by the factors of e-service quality, product prices, promotions, and customer satisfaction. The findings of this study are also consistent with those of other studies; e-service quality, product prices, promotions, and consumer happiness all have an impact on customer loyalty at the same time.

According to the research's findings, consumer satisfaction has a t-count value of 5.085, which is higher than the t-table of 1.984. less than 0.05 and a significance level of 0.000,  $H_a$  is welcomed whereas  $H_0$  is turned away. This supports the ninth hypothesis, according to which customer loyalty and consumer satisfaction metrics are directly correlated. The Sobel test results demonstrate the impact of customer happiness on customer loyalty by the t-count of 4.015, which is higher than the t table of 1.984 and a significance threshold of 0.05.  $H_a$  is welcomed whereas  $H_0$  is turned away. This supports the eleventh hypothesis, which states that customer happiness has an indirect impact on customer loyalty due to the quality of e-services. According to the results of the Sobel test,  $H_0$  is

accepted and  $H_a$  is rejected because the effect of price on customer loyalty through consumer pleasure results in a t-value of -2.468, which is higher than the t-table's -1.984, and a significance level of 0.05. This disproves the eleventh hypothesis, according to which consumer satisfaction has a direct bearing on client loyalty. The Sobel test results reveal that the relationship between customer pleasure and customer loyalty resulted in a t-count of 3.396, which is higher than the t-table of 1.984 and a significance level of 0.05, rejecting  $H_0$  and accepting  $H_a$ . This supports the twelfth hypothesis, according to which customer happiness has an indirect impact on customer loyalty.

## Conclusion

Consumer happiness among those who shop online is directly influenced by the quality of the e-services. Users of e-commerce experience customer pleasure directly as a result of product prices. Promotion has a direct impact on e-commerce consumers' levels of consumer satisfaction. Consumer happiness among those who use e-commerce is directly influenced by the quality of e-services, the cost of goods, and promotions. Customer loyalty among users of e-commerce is directly impacted by the quality of e-services. Customer loyalty is directly impacted by product costs among online shoppers. Customers that shop online are more loyal as a result of promotions. Customer loyalty among users of e-commerce is directly impacted by the quality of e-services, the cost of products, and promotional offers. Customer loyalty among those who shop online is directly influenced by customer pleasure. Customer satisfaction with e-commerce consumers has an indirect impact on customer loyalty through the quality of e-services. Consumer satisfaction with e-commerce users has an indirect impact on customer loyalty through product prices. Through consumer happiness with e-commerce customers, promotions have an indirect impact on client loyalty. Future researchers can use other relevant variables to develop study on the quality, price, promotion, customer happiness, and customer loyalty of e-services. This development can be done so that it can incorporate scientific references as reference material as the fields of marketing and technology continue to expand. The scope of the study may also be widened to include Jabodetabek or all of Indonesia.

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