

THE INFLUENCE OF PRICE ON CUSTOMER SATISFACTION WITH SERVICE QUALITY VARIABLES AS MEDIATION IN THE MONTH OF JANUARY TO JUNE 2023 AT PT KAY OCEAN INDONESIA

Putra Tulus Senjaya^a, M Ariefandani^b, Dinar Dewi Kania ^c, Agus Setiawan^d

^{abcd} Faculty of Management and Business, Institut Transportasi dan Logistik Trisakti,
Jakarta, Indonesia

Corresponding author: putrajja8890@gmail.com

Abstract: The purpose of this study is to determine the magnitude of the effect of price on customer satisfaction through the quality of service of PT Kay Ocean Indonesia. PT Kay Ocean Indonesia is engaged in logistics services and transportation modes, export and import transportation services abroad and domestically. Kay Ocean Indonesia serves door to door delivery services from sender to receiver effectively and efficiently with competitive advantages. The method used in this study is descriptive statistics and uses the SEM model. This research data is customers who have used the services of PT Kay Ocean Indonesia by distributing questionnaires to 56 respondents analyzed with SmartPLS 4.0 software. The results showed that price did not have a positive and insignificant effect on customer satisfaction. But the quality of service has a positive and significant effect on customer satisfaction.

Keywords: *Price, Quality of Service, Customer Satisfaction.*

Introduction

Transportation and logistics in Indonesia over the past few years have continued to increase and have a significant influence on economic growth (Murti et al. 2021)(Harmanto et al., 2022). In the current era of globalization, many people are venturing into the shipping service industry. In addition, supported by existing technological advances, transportation systems that are better than before, and the need for sharing kinds of goods, both those that only exist in other regions and from abroad are becoming increasingly important, making shipping more difficult. The transportation service industry experienced significant growth compared to previous years.

In general, every activity in this world requires a transportation and logistics system to achieve the desired goals, both individually and in groups. Transportation is the movement of people or goods from one place to another using means of transportation, while logistics itself is a means to ensure the efficiency of planning and execution, Starting from supervision to delivery and assurance that the resources desired by consumers are available in the right quantity, time and place. Companies must be able to create customer satisfaction as an effort to get loyal customers (Setyowati, 2017) (Gasing et al., n.d.). So that customers have satisfaction with what they want.

PT Kay Ocean Indonesia specializes in logistics services and transportation modes of export and import transportation services to foreign and domestic countries with a combination of land cargo, sea cargo, and air cargo. Established in 2014, Kay Ocean Indonesia also serves door to door delivery services from shipper to receiver effectively and efficiently with competitive advantages.

PT Kay Ocean Indonesia recorded the successful experience of thousands of export and import and domestic shipments that should be relied on for all your expedition shipping needs, based on an integrated information system implemented by a professional team.

Various challenges and obstacles experienced by clients have always been an important focus and philosophy for Kay Ocean Indonesia in implementing the best solutions, services and prices for all business partners.

According to (Tjiptono, 2004) customer satisfaction is the level of a person's feelings after comparing perceived performance with his expectations, it can also be interpreted as the evolution of perceived mismatch between previous expectations and actual product performance. Customers will judge the service they receive, for that service improvement is often done by each company in keeping the dealership running. Improving service quality to achieve customer satisfaction is not an easy task that can be completed quickly, so it must be pursued continuously and oriented towards improvement to achieve client customer satisfaction. This study aims to determine the extent to which aspects of service providers affect service quality to customer satisfaction of PT. Kay Ocean Indonesia.

According to (K. L. K. Philip Kotler, 2016) Kotler & Keller (2016: 147) price is a sum of money charged for a product or service, or the amount of value exchanged by consumers. The amount of competition of similar companies with varied prices makes Kay Ocean Indonesia companies adjust prices so that many consumers settle at prices determined by the company. Companies must have a strategy so that PT Kay Ocean Indonesia customers can put more trust in the price that has been determined. with prices that have been determined by PT Kay Ocean Indonesia, the quality of service provided to customers must match the prices issued by customers.

PT Kay Ocean Indonesia is a freight forwarding company that prioritizes increasing monthly shipments for profit. Each part plays a continuous role in improving import and export shipments. The operations department is responsible for handling paperwork and tracking shipments. Therefore, to achieve this goal, employees must be prepared with all the necessary skills to retain and serve customers. However, there are still obstacles in the implementation process, employees have not adapted to changing working conditions, lack of communication between executives and customer service staff, there is a miss communication on Customer Service and Customers in checking data on documents causing problems during implementation. Delivery.

Literature review

Price

According to (Kotler, P and Amstrong, 2016) the amount of money charged for a product or service, or the amount of value that customers exchange to benefit from owning or using a product or service. According to (K. L. K. Philip Kotler, 2016) Kotler & Keller (2016: 147) price is a sum of money charged for a product or service, or the amount of value exchanged by consumers.

Price Indicators

According to (G. A. Philip Kotler, 2008) Kotler and Armstrong (2008: 278), there are four indicators that characterize prices, namely:

1. Affordability
2. Price Compatibility with Product Quality
3. Price Competitiveness
4. Price Match

Quality of Service

According to (Wijaya, 2011) service quality is something decided by customers or quality based on the actual experience of customers or consumers of products or services measured

based on these requirements.

According to Kotler (2001: 134), service is a service that is useful and can satisfy consumers, therefore the quality of service must be considered so that consumers are not disappointed and switch to other companies, while, Engel Blac will and miniard, (1995: 257) advertising, location, quality, price, personnel, facilities, service, customer nature, promotion, sales, are important factors to generate interest and response from consumers in the satisfaction of buying while Alma (2004; 169), price, utility and value have a very closely related relationship with each other (Darunanto et al., 2016).

Service Quality Indicators

According to Heterogeneity (Zaenal Mukarom, 2015) (in Mukarom & Laksana, 2018, pp. 68-69) to measure the quality of service expected by customers, it is necessary to know the criteria, dimensions, or indicators used by customers in assessing the service, where the five indicators of service quality include the following.

1. Tangibility
Namely physical appearance, personal performance and communication materials
2. Reliability
That is the ability to provide promising services accurately, on time and reliably
3. Responsiveness
That is the willingness to help customers by providing good and fast service
4. Empathy
That is trying to know and understand the needs of customers individually
5. Assurance
That is knowledge and hospitality and personal and trustworthy abilities

Customer Satisfaction

According to (Tjiptono, 2004) customer satisfaction is the level of a person's feelings after comparing perceived performance with his expectations, it can also be interpreted as the evolution of perceived mismatch between previous expectations and actual product performance.

Customer Satisfaction Indicators

(Umar, 2005) states that there are five indicators of customer satisfaction that need attention:

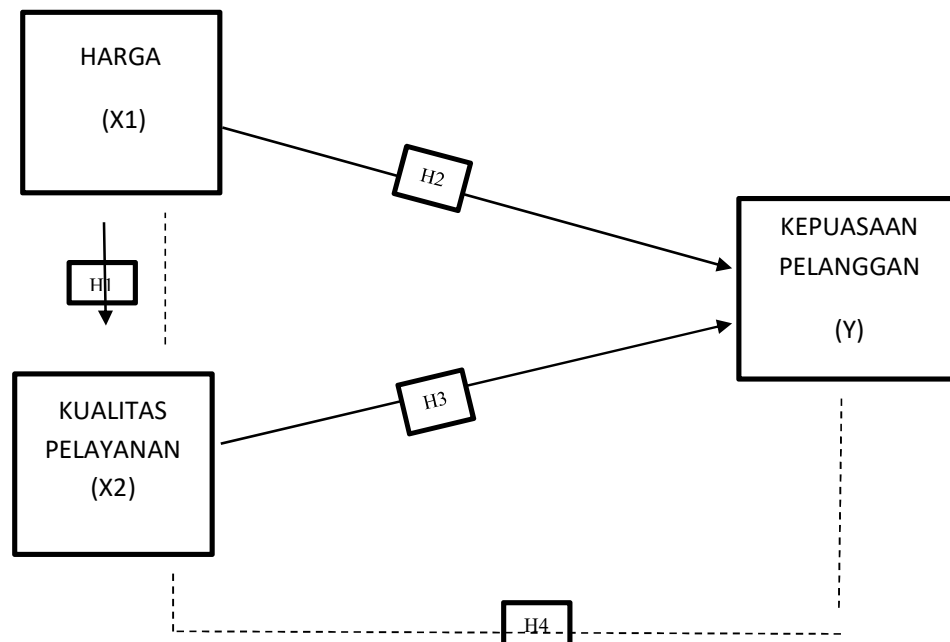
1. Product quality
Customers will feel satisfied if the results of the evaluation they do state that the products they consume are of high quality.
2. Quality of service
Good service will give satisfaction to every customer who comes.
3. Emotional factor
Customers will feel proud and believe that others will be amazed by these customers when using products with certain *brands* that have a *high value* record.
4. Price
Products that have the same quality but cheaper selling prices will provide higher value for their customers.
5. Cost and ease of obtaining products or services
The level of comfort and efficiency in obtaining a product or service is also one of the things that are highly considered by customers.

Hipotesis

H1 : The Effect of Price on Customer Satisfaction In running a business, price is one of the dominant influences that determine customer satisfaction. If the selling price set is very high, then the level of satisfaction will decrease. Conversely, if the selling price is affordable, then the level of satisfaction will increase.

H2 : The Effect of Service Quality on Customer Satisfaction Service quality is a way of working for companies that strive to continuously improve the quality of processes, products and services produced by the company. The relationship between service quality and customer satisfaction in this study is based on the thought that: (Normasari, 2013) which states that service quality has a positive effect on customer satisfaction.

H3: The effect of price, quality on customer satisfaction in running a business, price and quality become one of the important roles to determine customer satisfaction. If the selling price set is very high, but not comparable to what is given, then the customer feels dissatisfied with the service.

Research Model**Figure 1. Thinking Framework****Research method****Populasi**

According to (Sugiyono, 2019) Population is a portion of the number and characteristics of a population. To determine the size of the sample to be taken from the population, researchers used a formula proposed by Isaac and Michael. The population of this study is all consumers who use PT Kay Ocean Indonesia's services in North Jakarta in 2023. For the number of secondary data, the number of Kay Ocean Indonesia service users in North Jakarta in 2023 is 56 users, Sugiyono (1997) provides an understanding that population is a generalized area consisting of objects or subjects that become certain quantities and characteristics set by researchers to be studied and then drawn conclusions (Dameria Sinaga, 2014) (Pribadi et al., 2022)

Sample

The sample is part of the number and characteristics possessed by that population. Sampling technique is a sampling technique (Soegiyono, 2010). The sampling technique is used saturated sampling technique, which is a sampling technique when all members of the sample are a population. This means that the samples used in this study amounted to 56, According to Malik & Haryanti, (2018), Samples are a collection of sampling units, drawn from a frame (Suryobuwono et al., 2021).

Data Retrieval Methods

The sampling method uses non-probability sampling techniques *according to* (Sugiyono, 2014) Non-probability sampling is a sampling technique that does not provide equal opportunities for every element or member of the population to be selected as a sample.

1. Library Research

According to (Hasan, 2002) M Iqbal (2002) Literary studies refer to theories that can be applied and can be found or studied in textbooks or in the results of other people's research, both unpublished and announced theories. Researchers can conduct research by looking for various theories related to research as a research foundation and the purpose of analyzing problems.

- Teknik Observasi (Technical Observation)

According to (Crystallography, 2016) Sugiyono, (2018) Observation technique is a data collection technique that has distinctive characteristics compared to other techniques, especially interviews and questionnaires. If interviews and questionnaires always communicate with people, then observation is not only limited to humans but also to other natural objects.

1. Teknik Accidental

This research is an analytical survey with a cross sectional approach, where all data related to research variables are measured at the same time (point time approach). This research was conducted at PT Kay Ocean Indonesia. This research will be conducted from January to June 2023. The population in this study is customers who use Kay Ocean Indonesia's services, the average user of PT Kay Ocean Indonesia's services from January to June 2023 is 86 users. Samples taken by Accidental sampling technique For the sampling method used a formula (Ge et al., 2007), the sample taken was 56 people, in accordance with the inclusion criteria, namely service users who are willing to be respondents.

Data Sources**1. Data Primer**

According to (Prof. Dr. Suharsimi Arikunto, 2013) Primary data is data in the form of words or statements, gestures or behaviors carried out by reliable subjects, in this case the research subject (informant) is involved in the variables studied.

2. Data Seconds

According to (Crystallography, 2016) Sugiyono, (2018) shows that secondary data is a data source that does not directly provide data to data collectors. Secondary data of this study were obtained from reference books, research journals, internet and other sources.

Variable	Indicator	Source
Price	1. Affordability,	Kotler dan Keller (2005)
	2. Price compliance with product quality,	
	3. Price competitiveness, and Suitability of prices to production benefits	
Quality of Service	1. Tangible	Indrasari (2019:92)
	2. Reliability	
	3. Responsiveness	
	4. Assurance	
	5. Empathy	
Customer Satisfaction	1. Product Quality	Dinitz (2010:35)
	2. Quality of Service	
	3. Emotional Factors	
	4. Price	
	5. Cost and Ease of Getting Products or Services	

Validity Testing

Figure 2. PLS Algorithm Results

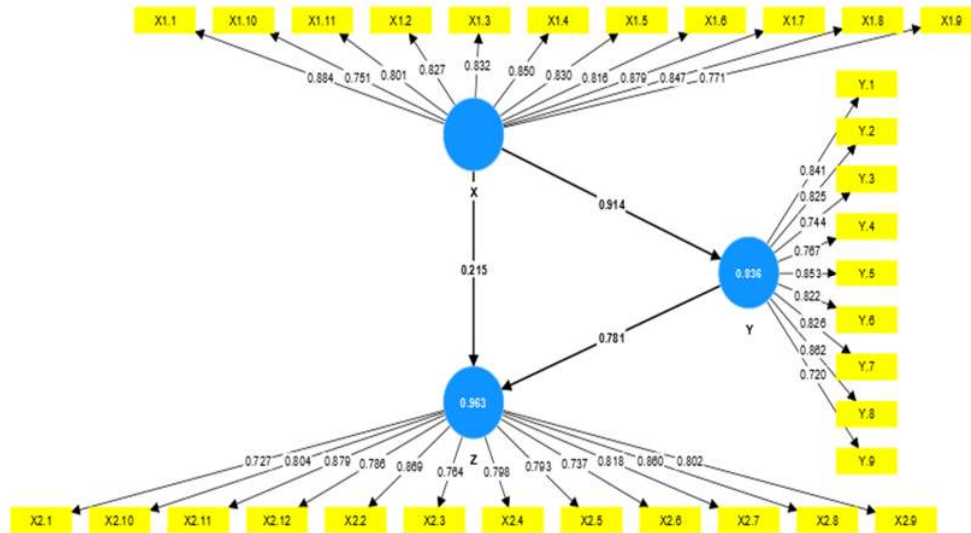


Figure 3. Validity Test

Variable Price Service Quality Customer Satisfaction

	X1	X2	And
X1.1	0.884		
X1.2	0.751		
X1.3	0.801		
X1.4	0.826		
X1.5	0.832		
X1.6	0.850		
X1.7	0.830		
X1.8	0.816		
X1.9	0.879		
X1.10	0.847		
X1.11	0.771		
X2.1		0.730	
X2.2		0.805	
X2.3		0.880	
X2.4		0.786	
X2.5		0.869	

X2.6	0.764
X2.7	0.796
X2.8	0.791
X2.9	0.736
X2.10	0.817
X2.11	0.859
X2.12	0.802
Y.1	0.843
Y.2	0.827
Y.3	0.744
Y.4	0.764
Y.5	0.854
Y.6	0.822
Y.7	0.825
Y.8	0.862
Y.9	0.719

In this study has several stages of testing measurement models that aim to prove the requirements to meet the validity of the study, namely, having a *loading factor* limit of > 0.7 (greater than zero point seven). An indicator can be said to be valid can be expressed by satisfying the convergent validity test with an *outer loading* value of > 0.7 (greater than zero point seven),

Reliability Testing

Figure 4. Reliability Test

Variable	Cronbach'a alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)	Average Variance Extracted (AVE)
Price (X1)	0.945	0.945	0.960	0.684
Quality of Service (X2)	0.950	0.951	0.956	0.647
Customer Satisfaction (Y)	0.933	0.935	0.944	0.653

From the figure in table 4 above, it is known that *Cronbach's alpha* value for each latent variable measured is greater than 0.70 and can be said to have an accepted or high reliability value. Furthermore, it is known that the *value of composite reliability* for each latent variable measured is greater than 0.70 so that it can prove that all variables in this study have high reliability. The value of *the Average Variance Extracted* (AVE) of each variable is greater than the coefficients of the other variables. This measure is acceptable for any variable that has a

good value determinant. From the discriminant validity test, all variables Price, Service Quality, and Customer Satisfaction were validated with an AVE value of more than 0.50.

Model Conformity Test

Figure 5. Model Conformity Test

	R square	R square Adjusted	Result
Quality of Service (X2)	0,865	0,863	Moderate Strong
Customer Satisfaction (Y)	0,956	0,954	Moderate Strong

The value for the R-squared value of 0.75 is strong, 0.50 is medium, and 0.25 is weak. Based on the R² value of the two variables, it involves the relevance of Q2 predictions. From the table above shows that Service Quality has a value of 0.865 or 86.5% which means it has a strong level of value, and then the results of Customer Satisfaction have a value of 0.956 or 95.6% means it can be said to have a strong value level, because it is above 0.50 and above 0.75.

Variable Match Test

Gambar 6. Uji Path Coefficients and T-values

Path	Original Sampel (O)	T Statistics	P Values	Results
X1 -> X2	0,930	36.376	0,000	Accepted
X1 -> Y	0,029	0,371	0,711	Not Accepted
X2 -> Y	0,951	12.949	0,000	Accepted
X1->X2->Y	0,885	12.961	0,000	Accepted

Hypothesis testing in this study uses statistical T values and table T, if the statistical T value obtained is greater than the T table, it means that the hypothesis is supported (accepted). It can be stated that the Price to Service Quality is 0.930, the statistical T table is greater than 36.376 than 1.96, and the p value of $0.000 < 0.05$ is declared accepted, Price to Customer Satisfaction is 0.029, the statistical T table is 0.371 than 1.96, p value is $0.711 < 0.05$ then it is declared not accepted because it is greater than 0.005; Service Quality to Customer Satisfaction is 0.951, the statistical T table is greater than 12.949 than 1.96, and

the p value is $0.000 < 0.05$ then it is declared accepted, Price and Service Quality have an effect of 0.885, the T statistics table is greater 12.961 than 1.96, p value $0.000 < 0.005$.

Based on the research that has been done, it can be concluded that there is a significant relationship between price, customer satisfaction, and service quality. The results showed that price not only affects customers' purchasing decisions, but also has an impact on their level of satisfaction with the services provided. The service quality factor also proves to be a key element in influencing customer satisfaction. This confirms the importance of a holistic approach in marketing strategy, where companies not only need to consider the competitive aspect of pricing, but also must pay serious attention to improving the quality of services they offer. Product is the first and most important element in the marketing mix, so one of the main values expected by consumers is quality, because quality is closely related to consumer satisfaction (Kotler and Armstrong, 2008: 272) (Aditia et al., 2021).

Conclusion

Research conducted at PT KAY Ocean Indonesia found several key findings that can be used as the basis of the company's strategy. First, there is a significant positive relationship between price and service quality. This indicates that pricing strategy can affect the level of service provided to customers. Secondly, although price affects the quality of service, it does not have a significant effect on customer satisfaction. Factors other than price seem to play a more important role in determining customer satisfaction levels. This research confirms the importance of maintaining and improving high service standards to increase customer satisfaction.

In addition, these findings show that service quality significantly affects customer satisfaction. This emphasizes the importance of maintaining and improving service standards to increase the level of customer satisfaction. The strategic advice for company management is to adopt a balanced strategy between competitive pricing and improving service quality. Effective communication with customers has also proven crucial, given that customers' perception of the relationship between price and service quality can affect their level of satisfaction. Nonetheless, the study faced limitations such as time constraints and difficulty in reaching respondents, which might affect the generalizability of the results. Even so, this research remains a valuable foundation for companies in developing effective marketing strategies by considering in a balanced way the price and quality of service factors to increase customer satisfaction and maintain their loyalty.

Implications

Practical Implications

This study shows that the facilities and human resources of PT. Kay Ocean Indonesia affects the performance of goods delivery, including price and service quality. The researcher's suggestion: improve service quality and price optimization to increase customer satisfaction. The results of the study emphasize that purchasing decisions are not only influenced by price, but also by the quality of service. Management is advised to adopt a holistic approach in setting pricing strategies, focusing on improving service quality. Effective allocation of resources can increase customer satisfaction and loyalty.

Studies provide insights for the development of pricing strategies. Pricing decisions are supposed to reflect the quality of service. Price adjustments based on quality can attract and retain different customer segments. Effective communication between the company and the customer is important. Transparency and clear communication can minimize customer dissatisfaction regarding prices that do not match the expected

quality. Studies help companies identify operational efficiency opportunities. Wise allocation of resources, such as investments in employee training or technology, can improve aspects of service that affect customer satisfaction, contributing to a company's reputation and brand image.

Research limitations

This study has several limitations that can be used as a reference for future research to produce better research, namely:

1. This research was conducted by distributing questionnaires to Kay Ocean Indonesia service users.
2. This study only used 56 respondents who had used Kay Ocean Indonesia's services.
3. This study was conducted with a time limitation of approximately 2 months.
4. This research uses *Observation Technique* and *Accidental Technique*.

First of all, it is important to recognize that time constraints can limit the scope and depth of this research. Research carried out within a certain time limit may not be able to dive into the more complex or in-depth aspects of the phenomenon being studied. Sometimes, more detailed research takes longer to collect data, conduct in-depth analysis, and interpret results comprehensively. Therefore, time constraints can hinder the ability to gain very deep insight into the relationship between the variables studied, such as the effect of price on customer satisfaction.

Furthermore, difficulties in meeting respondents can be a serious obstacle in this study. Factors such as limited access or geographical constraints can affect the number and representativeness of samples taken. This can affect the validity of the results and the generalizability of the findings. If respondents who are willing to participate do not reflect the diversity of views or experiences of the entire population, then the results of the study may not be able to accurately reflect existing perceptions and views related to the effect of price on customer satisfaction.

Suggestion

PT Kay Ocean Indonesia can expand its routes and services to increase its growth potential. In addition to expanding its geographic reach, the company may consider establishing new routes or expanding its services to include different types of transportation, such as cargo ships, ferries, or even fast expeditions. This will help the company capture a larger market segment and meet the diverse needs of its customers.

If a company wants to improve its operational efficiency, they can consider investing in the latest technology and advanced transportation management systems. Technologies such as real-time tracking systems, automated inventory management, and data analytics can help make operations management and monitoring more efficient. Automation of administrative processes can also increase productivity and reduce overhead costs.

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