The Effect of Discount Prices and Competitiveness of Mobile Internet Services in Improving Customer Loyalty through the Quality of Telecommunication Provider Services as Moderation Variables in Communities in Medan City

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Abstract: Telecommunication providers are internet service providers. The purpose of the research was carried out to increase the growth and even distribution of telecommunication network infrastructure development which could further reach and improve access to information for the Indonesian people more broadly. This research method uses a quantitative approach, a type of quantitative descriptive research with the nature of research that is explanatory. The population in this study were people in the city of Medan from the District of Medan - Petisah. Sampling used in this study using the Slovin formula so that the number of samples used in this study was 100 people. Sampling uses a non-probability sampling approach. The type of sampling chosen is accidental sampling with a type of qualified volunteer sample. Research data analysis method is descriptive statistical analysis and multiple regression analysis. The results obtained in this study are that discount prices, service competitiveness and service quality as a moderating variable simultaneously have a positive and significant effect in increasing customer loyalty in the community in Medan City but on service competitiveness variables have a negative value and no significant effect in improving customer loyalty. Moderation variables are proven to be able to influence discount prices, service competitiveness in increasing customer loyalty in the community in the city of Medan, with a coefficient of determination of 15%.

1 INTRODUCTION

Information technology and communication are inseparable from people's lives and become one of the important needs to support activities, including communication without limitation of distance and time, getting up to date information, supporting business activities, and etc. One of them is by using internet services, the advancement of internet technology is changing the way people view the environment around and in the world in the era of globalization. On the one side, the era of globalization is expanding the product market, on the other side this situation has led to increasingly sharp competition, with the advancement of increasingly sophisticated information and communication technology.

Consumer needs to access data with an easy and flexible device has become a reality that the telecommunications industry cannot reject. Seeing the opportunity of the large number of internet users in Indonesia, especially the need for mobile internet, many companies provide mobile internet services or referred to as ISP Mobile (Internet Service Provider Mobile). Some of these companies include Smartfren, Telkomsel Flash, XL Broadband, Indosat M2, Tri '3', and Bolt. This phenomenon explains the intense competition between internet data service provider companies or ISP Mobile so that the company is aware of a need to maximize company assets for the survival of the company, especially for companies that provide internet data services or Internet Service Providers.

Medan is the third largest city in Indonesia after Jakarta and Surabaya, as well as the largest city outside Java. The development of trends and lifestyle of the Medan city community in the use of mobile internet to date reaches up to 3.5 million people with the criteria of internet users based on work, age, gender, type of device used both mobile and computer

and other social media usage. This is what underlies the community in the city of Medan using a telecommunications provider that is able to provide discounted prices at the time of purchase of internet data service quota, namely purchases can be made through services available to each telecommunications provider or direct purchase, as well as alternative price options at the time of purchase. In addition to discount prices, service quality will also have an impact on customer loyalty and whether customers remain loyal using the product from the telecommunications provider or not.

2 THEORICAL FRAMEWORK

2.1 Discounted Prices.

Price is the sum of all values that consumers exchange for the amount of benefits by owning or using an item and service (Aryani and Rosinta, 2010). The prices referred to here include the affordability of prices, price competitiveness, price compatibility with product quality and prices according to the services provided. Discounts are one type of sales promotion. A discount is a reduction in the product from the normal price in a certain period. While sales promotion is a form of direct persuasion through the use of various incentives that can be regulated to stimulate product purchases by and or increasing the amount of goods purchased by customers (Tjiptono, 2008: 229).

2.2 Competitiveness.

According to Muhardi (2007: 39), competitiveness is a function that is not only oriented internally but also externally, that is, responding to the market's business objectives proactively. The competitive advantage of a business in serving the market segment can be built by selling goods at a lower price than its competitors.

2.3 Customer Loyalty

According to Hasan (2008: 83), that customer loyalty is a customer who simply does not buy back an item and service for example by recommending someone else to buy. According to Griffin (2010: 04), loyalty is that a consumer is said to be loyal or loyal if the consumer shows buying behavior on a regular basis or there is a condition that requires consumers to buy at least twice in a certain time interval.

2.4 Quality of Service

According to Kotler (2009: 49), service quality is "All trait and characteristics of a product or service that affect the ability to satisfy the stated or implied needs". This is clearly a definition of quality that is customer-centered, a producer can provide quality if the product or service provided can meet or exceed consumer expectations.

3 RESEARCH METHOD

The type of research used is quantitative descriptive research. Quantitative descriptive research involves collecting data to test hypotheses or answering questions about the final status of the research subject (Sugiyono, 2010). The nature of research is explanatory research.

Population and Sample. The population in this study is the population of Medan City in Medan Petisah Subdistrict in 2016 as many as 70,610 people by using the Slovin formula, the number of samples is 100 respondent.

4 ANALYSIS

Statistical analysis used in this study using statistical analysis with moderated regression analysis (MRA) or interaction test is a special application of linear multiple regression where in the equation regression contains elements of interaction or multiplication of two or more independent variables. (Ghozali, 2013).

This research model is described based on the regression equation. Regression equation is multiple regression to test all hypotheses in the study between

1 Hypothesis 1 (H1)
   Influence of Discount Price (X1) on Customer Loyalty (Y)
   $Y = a + b1X1 + e$
2 Hypothesis 2 (H2)
   Influence of Competitiveness (X2) on Customer Loyalty (Y)
   $Y = a + b2X2 + e$
3 Hypothesis 3 (H3)
   Influence of Discount Price (X1) and Service Competitiveness (X2) together on Customer Loyalty (Y).
   $Y = a + b1X1 + b2 X2 + e$
4. Hypothesis 4 (H4)
   Interaction Test :
   $Y = a + b1 X1 + b2 X2 + b3 X3 + b4 X1X3 + b5 X2X3 + e$

Information :
a = Constants
b1, b2 ... b5 = Regression Coefficient of Each Variable
X1 = Discount Price

X2 = Service Competitiveness
X3 = Quality of Service as Moderating
Y = Customer Loyalty
e = % error (10%)

5 RESULTS

Data analysis method. Statistical analysis used in this study uses statistical analysis with moderated regression analysis (MRA) or interaction test is a special application of linear multiple regression in which the regression equation contains elements of interaction or multiplication of two or more independent variables. (Ghozali, 2013). This research model is described based on the regression equation. Regression equation is multiple regression to test all hypotheses in the study, among others:

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_1 X_3 + b_5 X_2 X_3 + e$$

Information :
a = Constants
b1, b2 ... b5 = Regression coefficient of each variable
X1 = Discount Price
X2 = Service Competitiveness
X3 = Quality of Service as Moderating
Y = Customer Loyalty
e = % error (10%)

Table 1: Research Analysis Model Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	19.487	7.349		2.652	.009
Discount Price*Quality of Service (X1*X3)	.077	.047	.987	1.621	.108
Service Competitiveness*Quality of Service (X2*X3)	.010	.025	.243	.424	.673
Discount Price (X1)	-.452	.627	-.304	-.722	.472
Service Competitiveness (X2)	-.233	.335	-.252	-.697	.488
Customer Loyalty (X3)	-.758	.532	-.747	-1.425	.157

a. Dependent Variable: Customer Loyalty (Y)
Source: Primary Data Processed, 2018 (SPSS)

Based on Table 1.1 above obtained multiple linear regression equation, as follows :
Y = 19,487 – 0,452 X1 - 0,233 X2 – 0,758 X3 + 0,077 X1X3 + 0,010 X2X3 + e

The regression equation model above can be interpreted that a constant of 19,487 means that if the value of the independent variable is discounted prices, service competitiveness and service quality is zero, it is considered non-existent, it will increase customer loyalty by 19,487%. Discounted price (X1) has a regression coefficient of 0.452 and is negative, this means that every reduction of one percent of the discount price variable will give a decrease in customer loyalty by 0.452 or 45.2% if other variables are assumed to be constant. This gives an explanation

that discount prices are part of the changes that are not in line with increasing customer loyalty. Service competitiveness (X2) has a regression coefficient of 0.233 and is negative, this means that every decrease of one percent of service competitiveness variables will provide a decrease in customer loyalty by 0.233 or 23.3% if other variables are assumed to be constant. This gives an explanation that service competitiveness is part of the change that is not in line with increasing customer loyalty. Service Quality (X3) has a regression coefficient of 0.758 and is negative, this means that every one percent reduction in service quality variables will provide a decrease in customer loyalty by 0.758 or 75.8% if other variables are assumed to be constant.

This gives an explanation that service quality is part of the change that is not in line with increasing customer loyalty. Interaction discount prices (X1) and service quality (X3) have a regression coefficient of 0.077 and are positive, this means that every increase of one percent of the discount price variable and service quality will increase customer loyalty by 0.077 or 7.7% if other variables assumed to be constant. This gives an explanation that discount prices and service quality are the parts that change in the direction of increasing customer loyalty. The interaction of service competitiveness (X2) and service quality (X3) has a regression coefficient of 0.010 and is positive, this means that every increase of one percent of service competitiveness variables and service quality will provide an increase in customer loyalty by 0.010 or 1.0% if other variables are assumed to be constant. This provides an explanation that competitiveness and service quality are parts that change in the direction of increasing customer loyalty.

Hypothesis Testing
1. Simultaneous Hypothesis Testing (Test F)
Table 2 : F Test Results (Simultaneous)

ANOVA[a]

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	134.717	3	44.906	5.626	.001[b]
	Residual	766.193	96	7.981		
	Total	900.910	99			

a. Dependent Variable: Customer Loyalty (Y)
b. Predictors: (Constant), Quality of Service (X3), Service Competitiveness (X2), Discount Prices (X1)
Source : Primary Data Processed, 2018 (SPSS)

Simultaneous testing or F test aims to see how the discount prices influence and the competitiveness of mobile internet services in increasing customer loyalty through the quality of telecommunications service providers as a moderating variable in the

community in the city of Medan. Based on the results of the above test, the Fcount value is 5.626 and the significance value is 0.001. The Fcount value will be compared with the Ftable value of 2.70 (obtained see Ftable with the criteria df1 = 2 and df2 = greater than 100), then the results obtained are Fcount > Ftable (5.626> 2.70) and a significance value of 0.001 < 0.05 so it can be concluded that discount prices, competitiveness of mobile internet services and the quality of telecommunications service providers together have a positive and significant effect in increasing customer loyalty to the community in Medan City.

2. Partial Hypothesis Testing (t-test)

Table 3: T Test Results (Partial)

Coefficients[a]		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	6.663	2.259		2.949	.004
	Discount Prices (X1)	.545	.147	.367	3.722	.000
	Service Competitiveness (X2)	-.082	.091	-.089	-.902	.369
	Quality of Service (X3)	.203	.096	.200	2.107	.038
a. Dependent Variable: Customer Loyalty (Y)						

Source: Primary Data Processed, 2018 (SPSS)

Based on Table 3 above, it appears that:

1. Test the partial hypothesis of the discount price variable from the table can be seen the value of tcount discount prices variable (X1) is equal to 3.722 with a significance of 0.000. Then the results of the study show that Ha hypothesis is accepted because tcount > ttable (2.005 >1.98447) and is significantly smaller than 0.05, which means that the discount price variable (X1) partially has a positive and significant effect on increasing customer loyalty to the people in Medan City

2. Partial hypothesis test of service competitiveness variables from the table can be seen the value of tcount variable service competitiveness (X2) is equal to -0.902 with a significance of 0.369. Then the results of the study showed Ha hypothesis was rejected because tcount < ttable (-0.902 < 1.98447) and significance was greater than 0.05, which means that service competitiveness variable (X2) partially had no effect and was not significant in increasing customer loyalty to the community in Medan City

3. Partial hypothesis testing variable service quality from the table can be seen the value of tcount service quality variable (X3) is 2.107 with a significance of 0.038. Then the results of the study show that the Ha hypothesis is accepted because t count > ttable (2.107 > 1.98447) and the significance is less than 0.05, which means that the service quality variable (X3) partially has a positive and significant effect on increasing customer loyalty to the community in Medan City .

3. Test of Moderating Variable Test Hypothesis Interaction

Table 4: Interaction Test Results for Moderation Variables

Coefficients[a]	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
Model	B	Std. Error	Beta		
(Constant)	19.962	6.671		2.992	.004
Discount Price (X1)	-.087	.332	-.059	-.262	.794
Service Competitiveness (X2)	-.464	.202	-.502	-2.302	.024
Quality of Service (X3)	-.312	.261	-.307	-1.195	.235
MODERATION	.003	.001	.852	2.114	.037
a. Dependent Variable: Customer Loyalty (Y)					

Source: Primary Data Processed, 2018 (SPSS)

The table shows that the moderating variable has proven significant in influencing discount prices and service competitiveness in increasing customer loyalty. Prediction of negative values indicates that the moderating effect provided is negative, meaning that service quality has the effect of reducing the influence of discount prices and service competitiveness in increasing customer loyalty. The insignificance of the X1 discount price coefficient (sig 0.794) and X3 service quality (sig 0.235) indicates that this variable is a pure moderator variable and cannot be placed as an independent variable. But if the results show that discount prices (X1) and service quality moderation (X3) are both significant then it can be concluded that the service quality variable is a quasi moderator variable or can be used as an independent variable as well as a moderator variable.

6 CONCLUSIONS

Increasing customer loyalty requires good quality of service and followed by price discounts and service competitiveness between telecommunications providers, this can be seen from the number of users of mobile internet services who move from one telecommunications provider to another telecommunications provider.

Discount prices, service competitiveness and service quality simultaneously have a positive and significant effect in increasing customer loyalty in the community in Medan City while partially competitiveness of services has a negative value and does not significantly influence customer loyalty to the people in Medan City.

Factors affecting the increase of customer loyalty in the community in Medan City are discount prices because they have the most dominant influence in increasing customer loyalty to the people in Medan City.

Service quality as a moderating variable has been proven to significantly affect discount prices and the competitiveness of telecommunications service providers in increasing customer loyalty to the people in Medan City.

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