The Effect of Promotional and Prices on Consumer Satisfaction as Mediated by Service Quality at Akela Meubel, Medan City

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Abstract. This study aims to examine and analyze the impact of promotions and prices on customer satisfaction, mediated by service quality in Medan City. The research is quantitative in nature, using an accidental sampling technique. Data collection was done through questionnaires and interviews. Data analysis was performed using SMART PLS. The population consisted of 50 respondents, all of whom were included as the research sample. The findings reveal that promotion has a positive and significant effect on service quality in Medan furniture stores. Price also positively and significantly impacts service quality at Akela Meubel in Medan. Promotions positively and significantly influence customer satisfaction at Akela Meubel, while price has a positive and significant effect on customer satisfaction in Medan furniture. Furthermore, promotion positively and significantly affects customer satisfaction at Akela Meubel in Medan through service quality, and price positively impacts satisfaction through service quality at Medan furniture.

Keywords: Price, Promotion, Customer Satisfaction, Service Quality, Akela Furniture.

1. INTRODUCTION

Examples of strategic planning are actions taken to ensure client pleasure. The cost of obtaining a new customer is five times higher than the cost of keeping an existing one if customer satisfaction is not adequately handled(Surya & Suwarno, 2023). However, if the company keeps putting the needs of its customers first, executives won't be as focused on figuring out how to grow its market share. (Fornell Research, 2007).

The demands and expectations of the client determine how well a customer is served. Tjiptono's viewpoint in (Sumarsid & Paryanti, 2022) states that a customer's satisfaction or lack thereof comes from using a product that fulfills their expectations(Purba & Surya, 2024).

Akela Meubel's poor customer satisfaction record stems from the following customer complaints that were filed with the company between 2021 and 2023:

Table 1

No.	Dimensi	2021	2022	2023
		Average Dimensional Ordinal Scale		
1	Access	6,0	6,0	0
2	Competency	6,0	6,0	0
3	Courtesy	6,0	6,0	1,0
4	Reliability	6,0	2,7	9,0

5	Responsiveness	6,0	4,3	4,0
6	Speed	6,0	6,0	0
7	Security	6,0	4,3	0
8	Reality	6,0	6,0	0
	Total	5,375	5,17	14

Source : Akela Meubel, 2023

From the table above, it is explained that customer satisfaction in 2021 is at a value of 5,375, in 2020 it is 5.17, in 2021 it is 14, and in 2022 it is 5,166, meaning that there is a fluctuation in customer dissatisfaction at Akela Meubel with the lowest dimensions in 2022, namely in the dimensions of reliability, and in 2023 the lowest dimension will be the politeness dimension Akela Meubel's customer satisfaction level is influenced by a number of elements, including emotionality, pricing, cost, emotionality of the product, and service quality (Indrasari, 2019). According to (Lena et al., 2021), there are a number of indications that may be used to determine whether or not consumers are happy with a product or service. These indicators include consumer assessment, perception of service performance, and compliance to service expectations(Surya et al., 2023).

A product or service's price plays a significant role in motivating consumers to purchase it. Price is the amount of money that can be spent on an item or service in order to purchase it. Desy and Rahmat (2017) cited Kotler.

The price listed for customers or purchasers is the cost incurred for anything, according to (Nasution et al., 2018). Kotler and Keller state in (Indrasari, 2019) that there are four (four) different ways to determine prices: profit-based, cost-based, competition-based, and demand-based. comprehensive approach to the marketing mix price according to demand, Pricing is determined by taking into account expenses, earnings, and rivalry. price depending on cost, In order to pay direct expenses, overhead costs, and profits, prices are set depending on marketing, manufacturing costs, and specific quantities(Surya et al., 2018). Profit-based pricing is a strategy that is chosen in accordance with three objectives: a target profit price, a target return on investment, and a target profit price. Pricing according to demand: Prices are determined by considering a variety of factors, including. Customer complaints regarding the price of Akela Meuble products are wrong, namely that the product price is still too high given to consumers so that consumers feel it is too difficult to buy products from Akela Meuble.

Kotler asserts in (Indrasari, 2019) that pricing characterizes five (five) indications, which include the following: Price affordability, pricing and product quality alignment, Price competitiveness, price-benefit matching, Pricing may have an impact on customers' decisions. Delivering excellent service makes customers happy. Businesses need to take their time considering the value of providing excellent customer service through service quality, as it is becoming more widely acknowledged that this is a necessary component for business development and competitiveness (Tjiptono, 2014) in (Rijal et al., 2024). Promotions, according to Kotler and Keller (2009) in (Astono & Susilo, 2023), are a collection of short-term incentive tactics intended to persuade customers to buy particular goods or services rapidly and in bulk.

Based on the customer satisfaction problems mentioned above, customer satisfaction cannot be separated from the promotions carried out by the company to potential customers. According to Kotler and Armstrong (2014) in (Astono & Susilo, 2023)an indicator such as the following is required to address the issue of customer complaints: 1) Public relations, 2) direct marketing, 3) sales promotion, 4) personal selling, and 5) advertising. A service's ability to strengthen a company's ties to the community is what constitutes a strong service level. Affairs To do this, the community's numerous difficulties must be identified and evaluated, and an efficient service plan must then be developed (Gafar, 2021). The author is interested in doing a study named "The Influence of Price, Promotion on Consumer Satisfaction as Mediated by Service Quality at Akela Meubel, Medan City" in light of the previously provided explanation and the issues that arise at Akela Meubel that affect community satisfaction.

2. OVERVIEW

Promotion

According to Amstrong & Kotler (2019), promotion is an activity to convey product benefits as well as persuade customers to buy the products offered. There are three main indicators in promotion. First, advertising, which is a non-personal promotional channel that uses media such as television or digital to attract consumer interest. Second, sales promotion, in the form of efforts such as discounts or coupons to encourage purchases. Third, public relations, which are activities designed to build and protect the company's image through strategic programs such as CSR or sponsorship. This strategy aims to introduce products while strengthening the company's positive image.

Price

According to Amstrong & Kotler (2019), price is the amount of money charged for a product or the value exchanged by customers to benefit from owning or using the product. Price reflects not only monetary value but also consumer perceptions of the benefits. There are four key indicators that characterize product pricing. First, affordability, meaning the price should be within reach of consumers, with varying price ranges for different market segments. Second, price compatibility with quality, where higher prices often signal better quality to consumers. Third, price-benefit fit, which refers to consumers purchasing a product when the benefits outweigh or match the cost. Fourth, price competitiveness, where consumers compare prices with similar products to ensure the best value. These indicators guide companies in setting competitive prices that align with consumer expectations.

Consumer Satisfaction

According to Kotler and Keller (2013) in Thung (2019), consumer satisfaction is the level at which someone feels satisfied after comparing the perceived performance or results with their expectations. This satisfaction can be measured through two main indicators. First, expectations, which is the extent to which the goods or services provided match what is promised and expected by consumers. This suitability is an important basis for building consumer confidence in a product or service. Second, performance, namely the quality of service or performance that is able to provide a satisfying experience to consumers. When the performance of a product or service exceeds expectations, consumers tend to feel satisfied, and can even become loyal to the brand. These two indicators are interrelated in creating and maintaining consumer satisfaction.

Service Quality

Service, according to KBBI (2012), is an effort to assist, prepare, or take care of others' needs. Tjiptono (2007) in Garnis Savitri et al., (2023) defines service quality as the effort to appropriately meet consumers' needs and desires to align with their expectations. Quality service not only provides outcomes but also ensures satisfaction through the delivery process. Parasuraman (1988), as cited by Rambat 2(006), identified five key dimensions in evaluating service quality. These include physical evidence (tangible), reliability, responsiveness, assurance, and empathy. These dimensions form the foundation for delivering service that meets or exceeds consumer expectations.

3. METHODS

This study uses a quantitative research method based on positivism, focusing on specific populations or samples with random sampling. Data is collected using research instruments, and statistical analysis is conducted to test hypotheses. The research aims to examine "The Influence of Price and Promotion on Consumer Satisfaction Mediated by Service Quality at Akela Meubel, Medan City." Conducted over three months at Akela Meubel, Medan, the study sampled 50 consumers using saturated sampling. Data was analyzed using Structural Equation Modeling (SEM) based on Partial Least Squares (PLS) with SmartPLS 3.3.3 software. Validity and reliability tests were performed on the measurement model, while the internal model was tested with bootstrapping and evaluated using R-square values, Stone-Geisser Q-square, and t-tests.

4. RESULTS AND DISCUSSION

The statistics used to measure composite or construct reliability are as follows: a composite reliability value exceeding 0.6 indicates that the construct is reliable or has high reliability as a measurement tool. A value of 0.6 or higher is considered acceptable, while a range between 0.8 and 0.9 signifies a highly satisfactory level of reliability.

Table 3 Result Composite Reliability

	Composite Reliability
Price (X1)	0,772
Promotion (X2)	0,687
Customer Satisfaction (Y)	0,734
Service Quality (Z)	0,771

Data Source : Data SEM-PLS 2024

The composite reliability testing aims to measure the extent to which the variables in the research have consistency and reliability as measurement tools. Based on the testing results, the conclusions for each variable are as follows:

- **Price Variable** is considered reliable, as it has a composite reliability value of **0.772**, which is above the minimum threshold of 0.6, indicating good consistency in measuring this construct.

- **Promotion Variable** is also considered reliable, although its composite reliability value is **0.687**, which is slightly above the minimum threshold of 0.6, and thus still acceptable as a consistent measurement tool.

- **Customer Satisfaction Variable** is considered reliable, with a composite reliability value of **0.734**, indicating an adequate level of reliability in measurement.
- **Service Quality Variable** is considered reliable, as its composite reliability value reaches **0.771**, reflecting a high level of reliability as a measurement tool in the research.

Overall, these results show that all four variables have sufficient internal consistency, making them suitable for further analysis.

Average Variance Extracted (AVE)

The Average Variance Extracted (AVE) compares the variance explained by items with measurement error. An AVE score above 0.5 indicates strong convergent validity, where latent factors explain more than 50% of the variance in the indicators.

Table 4 Result in Average Variance Extracted

	Composite Reliability
Price (X1)	0,798
Promotion (X2)	0,721
Customer Satisfaction (Y)	0,705
Service Quality (Z)	0,718

Data Source: Data SEM-PLS 2024

The Average Variance Extracted (AVE) testing aims to measure the level of variance captured by a construct compared to the variance due to measurement error. A construct is considered reliable if its AVE value exceeds the threshold of **0.5**, indicating that the majority of the variance is explained by the construct rather than random error. Based on the testing results, the following conclusions are drawn:

- **Price Variable** is considered reliable, as it achieves an AVE value of **0.798**, which is well above the threshold, demonstrating excellent construct validity.
- **Promotion Variable** is reliable, with an AVE value of **0.721**, reflecting a strong ability to explain the variance of its indicators.
- **Customer Service Variable** is reliable, with an AVE value of **0.705**, indicating sufficient reliability in explaining the variance of its measurements.
- **Service Quality Variable** is reliable, with an AVE value of **0.718**, demonstrating a high level of construct validity.

In summary, all variables meet the AVE reliability criteria, showing that the constructs are valid and capable of capturing the majority of the variance from their respective indicators.

Inner Model Analysis

R-Square

R-Square (R^2) is a measure that indicates the extent to which the variation in a dependent variable can be explained by the influencing independent variables. It reflects the model's ability to explain the relationship between variables and helps assess the quality or strength of the model (Juliandi, 2018).

Table 5 R-Square

	R-Square	R-Square Adjusted
Image Public	**0,875**	**0,887**

Data Source : Data SEM-PLS 2024

The Adjusted R-Square value of 0.875 indicates that 87.5% of customer satisfaction is explained by the combined effect of price, promotion, and their interaction, classifying the model as substantial (moderate).

F-Square

F-Square (F^2) is a metric used to evaluate the strength of the impact an exogenous variable (independent variable) has on an endogenous variable (dependent variable) within a structural equation model. It helps assess the extent to which removing an exogenous variable affects the model's explanatory power. Specifically, F-Square measures the change in R^2 when an exogenous variable is excluded from the model. A significant change in R^2 suggests that the excluded variable has a meaningful impact on the endogenous variable (Juliandi, 2018).

Table 6 Result from Average Variance Extracted

	P	P	CS	SQ
Price (X1)			0,580	
Promotion (X2)			0,532	
Service Quality (Z)				0,554

Data Source : Data SEM-PLS 2024

The conclusions from the F-Square test in the table indicate the strength of the effect that the exogenous variables (Price, Promotion, and Service Quality) have on the endogenous variables (Service Performance and Customer Satisfaction). Here's the breakdown:

- **The Price variable on service performance with $F^2 = 0.580$:** This value indicates a **strong effect** of the Price variable on Service Performance. The removal of the Price variable from the model would significantly reduce the ability of the model to explain service performance, highlighting that the Price variable plays a crucial role in influencing this aspect of the business.

- **The Promotion variable on customer satisfaction with $F^2 = 0.532$:** Similarly, the Promotion variable has an **strong effect** on customer satisfaction. The F^2 value suggests that Promotion is an important factor in determining customer satisfaction. Omitting the Promotion variable from the model would lead to a substantial decrease in the model's explanatory power regarding customer satisfaction.

- **The Service Quality variable for customer satisfaction with $F^2 = 0.554$:** The F^2 value for Service Quality indicates a **strong effect** on customer satisfaction. This means that Service Quality has a significant impact on how customers perceive their satisfaction with the service or product. If Service Quality were removed from the model, the ability to explain customer satisfaction would decrease considerably.

In summary, all three variables (Price, Promotion, and Service Quality) have strong effects on their respective endogenous variables (Service Performance and Customer Satisfaction), as evidenced by the F^2 values above 0.5. This suggests that these exogenous variables are critical to understanding and explaining the variation in the endogenous variables within the model.

Direct Effect

The conclusion from the direct effect values in the table above is as follows:

- Price on Customer Satisfaction : Path coefficient = 1.813 > T-Table = 1,675, This means that the influence of X1 on Y is significant.

- Promotion on Customer Satisfaction: Path coefficient = 1.798 > T-Table = 1,675, This means that the influence of X2 on Y is significant.

- Service Quality on Customer Satisfaction: Path coefficient = 1.775 > T-Table = 1.675, meaning that the moderator variable (Service Quality) moderate the influence of an endogenous variable (Price, Promotion) on an exogenous variable (Customer Satisfaction).

Table 7

Direct Effect

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
X1 -> Y	0,553	0,487	0,531	1,813	0,054
X1 -> Y	0,507	0,498	0,502	1,798	0,043
Z -> Y	0,512	0,512	0,567	1,775	0,003

Data Source : Data SEM-PLS 2024

The conclusions drawn from the direct effect values in the table are as follows:

Price on Customer Satisfaction:

- The **Path Coefficient** is 1.813, which is **greater** than the T-Table value of 1.675.

- This means that the **influence of Price on Customer Satisfaction** is statistically significant. The positive path coefficient indicates a significant, direct relationship where changes in the price variable significantly affect customer satisfaction.

Promotion on Customer Satisfaction:

- The **Path Coefficient** is 1.798, which is also **greater** than the T-Table value of 1.675.

- This indicates that the **influence of Promotion on Customer Satisfaction** is significant as well. The positive path coefficient suggests that promotional efforts have a significant direct impact on customer satisfaction.

Service Quality on Customer Satisfaction (moderator effect):

- The **Path Coefficient** is 1.775, which is **greater** than the T-Table value of 1.675.

This suggests that Service Quality moderates the relationship between Price and Promotion (independent variables) and Customer Satisfaction (dependent variable). In other words, the quality of service affects how strongly price and promotion influence customer satisfaction, indicating that service quality plays a moderating role in the relationship.
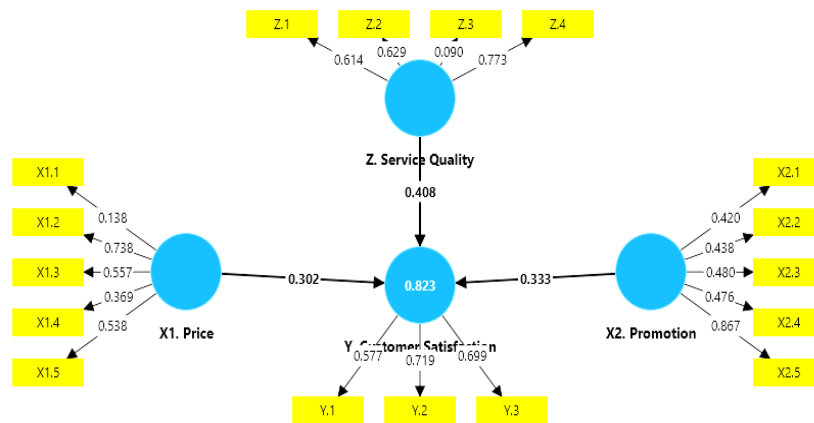

Figure 1.

T-Value Inner and Outer Model

The t-test conducted is based on the results from bootstrap calculations. The t-test results shown above will then be compared with the t-table value. The analysis of the results of this research is an analysis of the suitability of theories, opinions and previous research that has presented the results of previous research as well as behavioral patterns what must be done to overcome this. Below there are two (2) main parts will be discussed in the analysis of the findings of this research, namely as follows:

The Influence of Price on Customer Satisfaction

Based on the statistical test results, price (X1) significantly affects customer satisfaction (Y). This is evident from the tcount value of 0.302, which is less than the ttable value of 1.659, and the P-Value of 0.000, which is less than 0.05. Therefore, Ha is accepted, indicating a positive and significant influence of price on customer satisfaction at Akela Mebel Medan City. Kotler and Keller state in (Indrasari, 2019) that there are four (four) different ways to determine prices: profit-based, cost-based, competition-based, and demand-based. comprehensive approach to the marketing mix price according to demand, Pricing is determined by taking into account expenses, earnings, and rivalry. price depending on cost, In order to pay direct expenses, overhead costs, and profits,

prices are set depending on marketing, manufacturing costs, and specific quantities(Surya et al., 2022).

The Influence of Promotion on Customer Satisfaction

The statistical test results show that promotion (X2) significantly impacts customer satisfaction (Y). This is evident from the t-count value of 0.333, which is less than the t-table value of 1.660, and the P-value of 0.000, which is below 0.05. Therefore, Ha is accepted, confirming that promotion has a positive and significant effect on customer satisfaction at Akela Meubel, Medan City. Promotions, according to Kotler and Keller (2009) in (Astono & Susilo, 2023), are a collection of short-term incentive tactics intended to persuade customers to buy particular goods or services rapidly and in bulk

The Influence of price, promotion on customer satisfaction, Resource Mediated by Service Quality

Based on the results of the statistical tests, price and promotion have a positive and significant effect on customer satisfaction, mediated by service quality. This is evident from the t-count value of 0.408, which is smaller than the t-table value of 1.675, and the P-value of 0.000, which is less than 0.05. Therefore, Ha is accepted, indicating that price and promotion positively and significantly influence customer satisfaction, with service quality acting as a mediator at Akela Meubel, Medan City. A service's ability to strengthen a company's ties to the community is what constitutes a strong service level. Affairs To do this, the community's numerous difficulties must be identified and evaluated, and an efficient service plan must then be developed (Gafar, 2021).

5. CONCLUSION

Based on the results and discussion of the research, it can be concluded that both price and promotion have a positive and significant impact on customer satisfaction. This finding highlights the critical role that pricing strategies and promotional activities play in shaping customer perceptions and satisfaction levels. When prices are perceived as fair and align with the value customers expect, satisfaction tends to increase. Similarly, effective promotional strategies, whether through discounts, special offers, or advertisements, directly contribute to customer satisfaction by meeting or exceeding consumer expectations.

Furthermore, the research also reveals that service quality plays a crucial mediating role between price, promotion, and customer satisfaction at Akela Mebel,

Medan City. Service quality is not only an independent factor that influences satisfaction but also acts as a bridge, enhancing the effect of price and promotion on customer satisfaction. This suggests that even when a company offers competitive pricing or attractive promotions, the quality of service must be consistently high to fully realize the benefits of these strategies in terms of customer satisfaction.

In practical terms, this means that Akela Mebel can leverage well-structured pricing and promotional campaigns to boost customer satisfaction, but these efforts must be complemented by delivering excellent service at all customer touchpoints. The combined impact of competitive pricing, appealing promotions, and high-quality service creates a strong foundation for customer loyalty and positive word-of-mouth, which can lead to sustained business growth.

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