THE INFLUENCE OF PRICE AND SERVICE QUALITY ON CUSTOMER LOYALTY OF INTERNET SERVICE PROVIDERS IN JAMBI CITY

Gufron [1)], Johannes [2)], Andang Fazri [3)]

[1,2,3)] Faculty of Economics and Business, Universitas Jambi, Indonesia

Corresponding author: johannes@unja.ac.id

Abstract

This study aims to analyze the influence of price and service quality on customer loyalty toward internet service providers in Jambi City, with digital dependency as a moderating variable. The rising penetration of internet usage has intensified competition among service providers, making pricing strategies and service quality critical factors in retaining customers. A quantitative approach was employed through a survey of 384 customers, and data were analyzed using Partial Least Squares–Structural Equation Modeling (PLS- SEM). The results show that both price and service quality have a positive and significant effect on customer loyalty, with service quality exerting a stronger influence than price. Digital dependency significantly moderates the relationship between price and customer loyalty, weakening its impact, whereas it significantly strengthens the relationship between service quality and customer loyalty. These findings indicate that among customers with high levels of digital dependency, service quality becomes a more dominant factor than price. The implications of this study emphasize the need for internet service providers to combine competitive pricing strategies with continuous service quality improvement, while also considering customers' levels of digital dependency when designing effective retention strategies.

Keywords: Price, Service Quality, Customer Loyalty, Digital Dependency

Introduction

Advancements in information and communication technology, particularly the widespread use of the internet, have become essential aspects of modern society. As one of the most populous countries in the world, Indonesia recorded a population of 275.77 million people in 2022 (Zam et al., 2024; BPS, 2022). Among them, approximately 215.64 million individuals, or 78.19% of the total population, had internet access. A majority of these users actively engage with social media, accounting for 60.4% of the population (APJII, 2023). This data indicates that more than half of Indonesia's population regularly uses the internet and engages in social media (Ruth, 2015). The internet has become a crucial medium for fulfilling various needs, especially for accessing information that supports daily activities. During the Covid-19 pandemic, internet dependency among adults increased fivefold, from 3% to 14.4%, with 96% of users spending an average of 10 hours per day on the internet and mobile devices (Edi et al., 2024). The rapid growth of internet usage has now become an integral part of daily life. Activities such as reading news, communicating, navigating locations, enjoying entertainment, ordering food, working, completing academic tasks, purchasing tickets, and managing businesses have all been significantly facilitated by advancements in internet technology (Syahwi & Pantawis, 2021).

In line with the increasing use of the internet in Indonesia, internet services have also become more diverse, with providers such as Indihome, Icon+, Indosat, Lintasarta, MyRepublic, MNC Playmedia, and others. Each internet service provider (ISP) offers products with different characteristics and service quality, including bandwidth, connection stability, speed, pricing, network maintenance, and the devices used (Aksenta et al., 2023). Pricing and service maintenance also play significant roles in consumer decision- making. Load balancing techniques can improve server performance and network stability, potentially reducing user dissatisfaction (Mikola & Nurcahyo, 2022). Given the number of existing internet service providers, it is essential for ISPs to explore and analyze the factors influencing customer loyalty, especially regarding pricing and service quality offered to consumers. (Ramanta et al., 2021) state that customer loyalty is significantly influenced by perceived value, product quality, price, and customer satisfaction when considered collectively. Additionally, factors such as perceived value, product quality, price, and digital dependency also have significant individual effects on customer loyalty. This occurs when internet use takes place for extended periods and is driven by an internal urge to access the internet without external pressure or coercion (Yanti Juli, 2010).

The development of internet service providers (ISPs) in Jambi Province has demonstrated an increasingly positive and competitive trend in recent years. This is evident from the number of companies registered as members of APJII Jambi, with a total of 28 companies actively operating and providing internet services across various regions of the province, as follows:

Table 1. List of Internet Service Provider Companies in Jambi Province

No	Company Name
1	PT Telemedia Dinamika Sarana
2	PT Mora Telematika Indonesia
3	PT Indonesia Comnets Plus
4	PT Telkom Indonesia, Tbk.
5	PT Jembatan Citra Nusantara
6	PT Supra Primatama Nusantara
7	PT Java Digital Nusantara
8	PT Aplikanusa Lintasarta
9	PT PGAS Telekomunikasi Nusantara
10	PT Gading Bhakti Utama
11	PT 3D TECH
12	PT Eka Mas Republik
13	PT Fiber Networks Indonesia
14	PT Mitra Bestari Prima Solusi
15	PT Gelam Net Solusi
16	PT Sakti Media Telekomunikasi
17	PT Singoedan Media Network
18	PT Indo Tungkal Net
19	PT Buana VisualNet Sentra
20	PT Jaringan Angkasa Intermedia
21	PT Fajar Lestari Anugrah Sejati
22	PT Medialink Intercontinental
23	PT Aneka Teguh Jaya
24	PT Batanghari Baik Net
25	PT Digital Network Antanusa
26	PT Bakung Jaya Network
27	PT Multimedia Data Sentra
28	PT Bahar Mitra Net

Source: APJII Jambi, 2024

The diversity of companies, ranging from national-scale providers such as PT Telkom Indonesia, Tbk. and PT Mora Telematika Indonesia to local providers such as PT Gelam Net Solusi, PT Buana VisualNet Sentra, and PT Batanghari Baik Net, reflects the growth of a more evenly distributed digital ecosystem in Jambi. In addition, the presence of local ISPs is essential for reaching areas not fully covered by national networks, thereby accelerating equitable internet access. Healthy competition among providers also encourages improvements in service quality and technological innovation, ultimately supporting digital transformation in the education, business, government, and public sectors across Jambi Province.

In this study, the authors refer to several previous studies as a theoretical foundation. One relevant study is conducted by Mediasiwaskito Budi Susetyo, which concludes that service quality significantly affects customer loyalty. Furthermore, Pongoh states that the price variable positively influences customer loyalty (Pongoh, 2013). Based on these explanations, the authors analyze the influence of service quality and price on customer loyalty, with digital dependency as a moderator. Digital dependency plays a strong role in consumer decision-making; it suggests that the more individuals rely on media to meet their needs, the more significant media becomes in their lives (Mohd. Rafiq, 2012).

Literature Review

Price

According to Kotler & Keller (2016), price is one of the elements of the marketing mix that generate revenue, followed by other elements that incur costs. Price also conveys the value proposition a company offers through its products or brands. It reflects the specific value given in exchange for the benefits associated with owning or using a product or service. Kotler & Keller (2018) state that price consists of four dimensions: Price List, Discount, Allowance, and Payment Period. The sale of high-quality products is typically associated with higher prices and superior quality. When the relationship between high costs and high quality is well understood, consumers tend to associate higher prices with the expectation that the product possesses superior quality (Sutiyono & Hadibrata, 2020).

Service Quality

Tjiptono (2016) defines service quality as the degree of excellence that is anticipated and managed to meet customer expectations. It refers to efforts to satisfy customer needs and preferences by ensuring that the delivered service aligns with their expectations. According to Tjiptono dan Chandra (2016), the dimensions of service quality consist of Tangibles, Empathy, Responsiveness, Reliability, and Assurance. Service quality is one of the primary factors contributing to customer satisfaction. According to Sinurat et al. (2017), service

quality has a significant impact on customers, particularly in building their loyalty. The higher the quality of service, the greater the customer satisfaction, which ultimately encourages loyalty to the company's products and services. Furthermore, service quality in the internet service industry refers to a service provider's ability to ensure optimal data transmission. It includes various performance aspects that contribute to customers' satisfaction when using the service (Alya Insani & Nina Madiawati, 2020)

Dependensi Digital

According to Gonçalves et al. (2022), digital dependency refers to the lack of autonomy or independence in performing tasks without digital devices such as the internet, mobile phones, tablets, social networks, and similar tools. Dependency Theory explains that individuals rely on external resources, in this case, digital media, to fulfill specific needs or achieve certain objectives (Schrock, 2006). In particular, digital technology has also transformed the way society conducts economic and business activities (Hidayat, 2016). Dependency Theory, proposed by Sandra Ball-Rokeach and Melvin L. DeFleur (1976), explains that social structures within a society shape the effects of mass media.

Customer Loyalty

According to Kotler & Keller (2016a), customer loyalty is a relationship between a company and its customers, characterized by satisfaction, which provides a solid foundation for customers to make repeat purchases and recommend the product through positive word of mouth. He explains further that customer loyalty reflects a strong, close relationship between consumers and companies. So, customer loyalty represents a customer's commitment to a brand, store, or supplier, as reflected in a highly positive attitude and consistent repeat purchases. Its dimensions include: Repeat Purchase, Recommendation, Relationship Continuity, and Commitment. Customer loyalty is a deep commitment by customers to continue using a particular product or service over time, despite external factors or marketing strategies that may influence their behavior (Ridha Maisaroh et al., 2021). Customer loyalty can also be understood as an effort to deliver high-quality services that meet customer expectations (Sinollah & Masruroh, 2019). The concept of customer loyalty is therefore crucial for every business organization (Bhat et al., 2018).

Conceptual Framework

This research proposes that Price (X1) and Service Quality (X2) directly influence Customer Loyalty (Y), with Dependency Digital (M) as a moderating variable that shapes the relationship between price and customer loyalty.

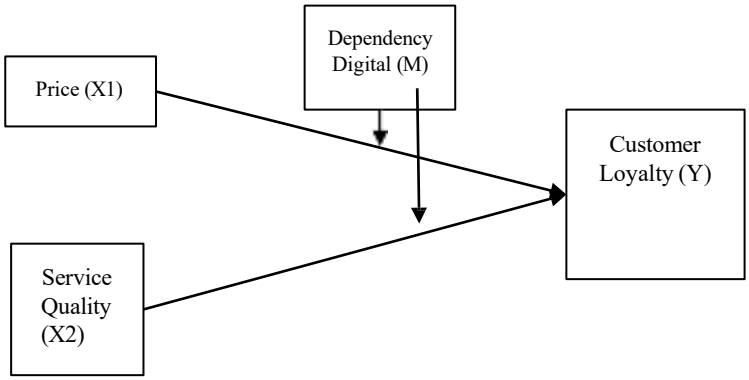

Figure 1. Research Framework

Hypotheses

H1: There is a positive and significant influence of price on customer loyalty.
H2: There is a positive and significant influence of service quality on customer loyalty.
H3: Digital dependency moderates the effect of price on customer loyalty.
H4: Digital dependency moderates the effect of service quality on customer loyalty.

Methods

This study employs a quantitative, survey-based approach. The population consists of customers of Internet Service Providers (ISPs) in Kota Jambi, covering 12 service providers. The sample was selected using simple random sampling, based on Cochran's formula, yielding 384 respondents. Primary data were collected through observation and a 4-point Likert scale questionnaire (1 = strongly disagree to 4 = strongly agree). Secondary data were obtained from institutional documents and reports. The variables include price (X_1), service quality (X_2), customer loyalty (Y), and digital dependency (Z) as the moderating variable.

Data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS. Model evaluation included the outer model (convergent validity, discriminant validity, composite reliability) and inner model (R^2, Q^2, and significance of relationships using bootstrapping).

Results and Discussion

Convergent Validity

Convergent validity indicates the extent to which indicators correlate with the latent variable they measure. Indicators are considered valid if their loading factor values exceed 0.70.

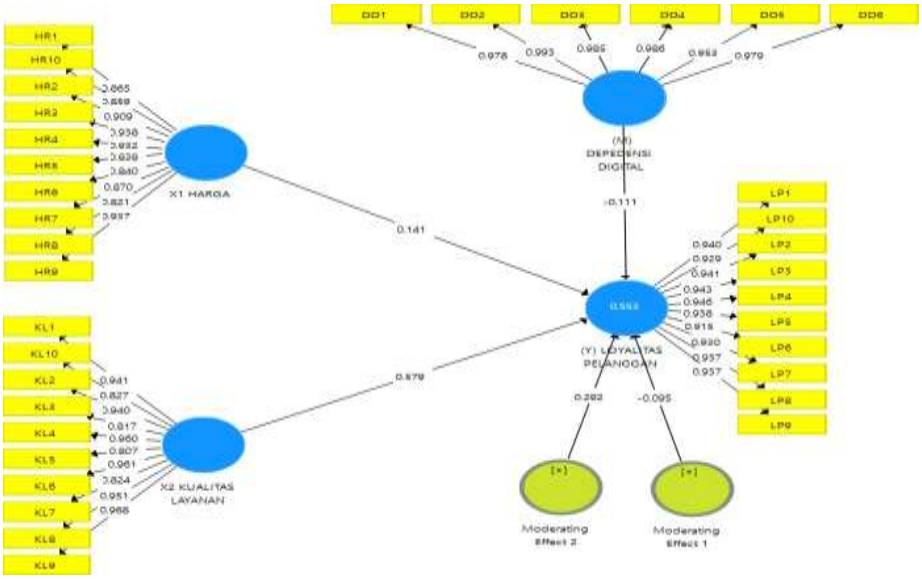

Figure 2. Outer Model of Price, Service Quality, Customer Loyalty, and Digital Dependency

Based on Figure 2, all loading factor values are above 0.70, indicating that each indicator meets the criteria for convergent validity. Detailed results are presented in Table 2 below.

Table 2. Outer Loading Values

Variabel	Item	Outer Loading	Result
Price (X1)	HR1	0,865	Valid
	HR2	0,909	Valid
	HR3	0,939	Valid
	HR4	0,932	Valid
	HR5	0,838	Valid
	HR6	0,840	Valid
	HR7	0,870	Valid
	HR8	0,821	Valid
	HR9	0,937	Valid
	HR10	0,859	Valid
Service Quality (X2)	KL1	0,941	Valid
	KL2	0,827	Valid
	KL3	0,940	Valid
	KL4	0,817	Valid
	KL5	0,960	Valid
	KL6	0,961	Valid
	KL7	0,824	Valid
	KL8	0,951	Valid
	KL9	0,968	Valid
	KL10	0,827	Valid
Customer Loyalty (Y)	LP1	0,940	Valid
	LP2	0,941	Valid
	LP3	0,943	Valid
	LP4	0,946	Valid
	LP5	0,938	Valid
	LP6	0,915	Valid
	LP7	0,930	Valid
	LP8	0,937	Valid
	LP9	0,937	Valid
	LP10	0,929	Valid
Dependency Digital (M)	DD1	0,978	Valid

	DD2	0,993	Valid
	DD3	0,985	Valid
	DD4	0,986	Valid
	DD5	0,953	Valid
	DD6	0,979	Valid

Source: Data Processed using SmartPLS, 2025

Based on Table 2, it is shown that all items in the variables Price (X1) with 10 items, Service Quality (X2) with 10 items, Customer Loyalty (Y) with 10 items, and Digital Dependency (M) with six items are valid, as all loading factor values exceed 0.70. Thus, this study can proceed to further analysis using these indicators as valid measurement variables within the model.

Discriminant Validity

Discriminant validity indicates the ability of a construct to be distinguished from other constructs. This assessment is conducted through cross-loading, in which each indicator is expected to have the highest loading on its respective construct.

Table 3. Cross-Loading Values

	X1 Price	X2 Service Quality	(Y) Customer Loyalty	(M) Dependency Digital
HR1	0,865	0,575	0,484	-0,024
HR2	0,909	0,641	0,554	-0,086
HR3	0,938	0,685	0,586	-0,091
HR4	0,932	0,635	0,556	-0,086
HR5	0,838	0,494	0,424	-0,060
HR6	0,840	0,550	0,458	-0,048
HR7	0,870	0,586	0,459	-0,047
HR8	0,821	0,580	0,473	-0,007
HR9	0,937	0,634	0,554	-0,082
HR10	0,859	0,517	0,479	-0,073
KL1	0,624	0,941	0,573	-0,026
KL2	0,625	0,940	0,567	-0,032
KL3	0,589	0,817	0,666	-0,045
KL4	0,590	0,960	0,618	-0,023
KL5	0,492	0,807	0,632	-0,052
KL6	0,590	0,961	0,616	-0,055
KL7	0,525	0,824	0,646	0,002
KL8	0,586	0,951	0,625	-0,057
KL9	0,578	0,968	0,613	-0,045
KL10	0,840	0,827	0,640	-0,087
LP1	0,551	0,668	0,940	-0,161
LP2	0,530	0,651	0,941	-0,153
LP3	0,548	0,644	0,943	-0,140
LP4	0,544	0,660	0,946	-0,152
LP5	0,530	0,650	0,938	-0,141
LP6	0,538	0,640	0,915	-0,121
LP7	0,544	0,645	0,930	-0,103
LP8	0,525	0,651	0,937	-0,140
LP9	0,542	0,628	0,937	-0,137
LP10	0,520	0,635	0,929	-0,085
DD1	-0,072	-0,050	-0,139	0,978
DD2	-0,067	-0,044	-0,134	0,993
DD3	-0,064	-0,041	-0,134	0,985
DD4	-0,063	-0,050	-0,141	0,986
DD5	-0,074	-0,042	-0,140	0,953
DD6	-0,072	-0,049	-0,149	0,979

Source: Data Processed using SmartPLS, 2025

Based on Table 3, the cross-loading values of each indicator are higher on their respective constructs than on other constructs. It demonstrates that all indicators adequately explain their corresponding constructs and confirms that discriminant validity is satisfied. In addition to cross-loading values, discriminant validity can also be evaluated using the Fornell–Larcker criterion, which compares the square root of the Average Variance Extracted (AVE) of each construct with its correlations with other constructs. Discriminant validity is fulfilled when the square root of the AVE is greater than the inter-construct correlations.

Table 4. Fornell–Larcker Values

	X1 Price	X2 Service Quality	(Y) Customer Loyalty	(M) Dependency Digital
(M) Dependency Digital				0,979
X1 Price	0,882		0,574	-0,070
X2 Service Quality	0,673	0,902	0,692	-0,047
(Y) Customer Loyalty			0,936	-0,143

Source: Data Processed using SmartPLS, 2025

Based on Table 4, the square roots of the AVEs for all constructs exceed their correlations with other constructs. It confirms that the discriminant validity requirement for all constructs in the study has been met according to the Fornell-Larcker criterion.

Composite Reliability

Construct reliability for reflective indicators is assessed through composite reliability, Cronbach's alpha, and Average Variance Extracted (AVE). Composite reliability is considered acceptable when it is above 0.70, Cronbach's alpha must exceed 0.60, and AVE values must be greater than 0.50.

Table 5. Reliability Values

	Cronbach's Alpha	Rho-A	Composite Reliability	Average Variance Extracted (AVE)
X1 Price	0.974	0.981	0.976	0.696
X2 Service Quality	0.959	0.961	0.962	0.587
(Y) Customer Loyalty	0.959	0.960	0.963	0.622
(M) Dependency Digital	0.963	0.965	0.967	0.617

Source: Data Processed using SmartPLS, 2025

Based on Table 5, all variables in this study meet the criteria for reliability and convergent validity. All Cronbach's alpha values exceed 0.60, composite reliability values exceed 0.70, and the AVE values for each construct are above 0.50. It indicates that the indicators for each variable are consistent and reliable in measuring their respective constructs.

Evaluation of the Structural Model (Inner Model)

The inner model, or structural model, describes the relationships among variables, whether in the form of correlations or causal relationships (Hair et al., 2022)

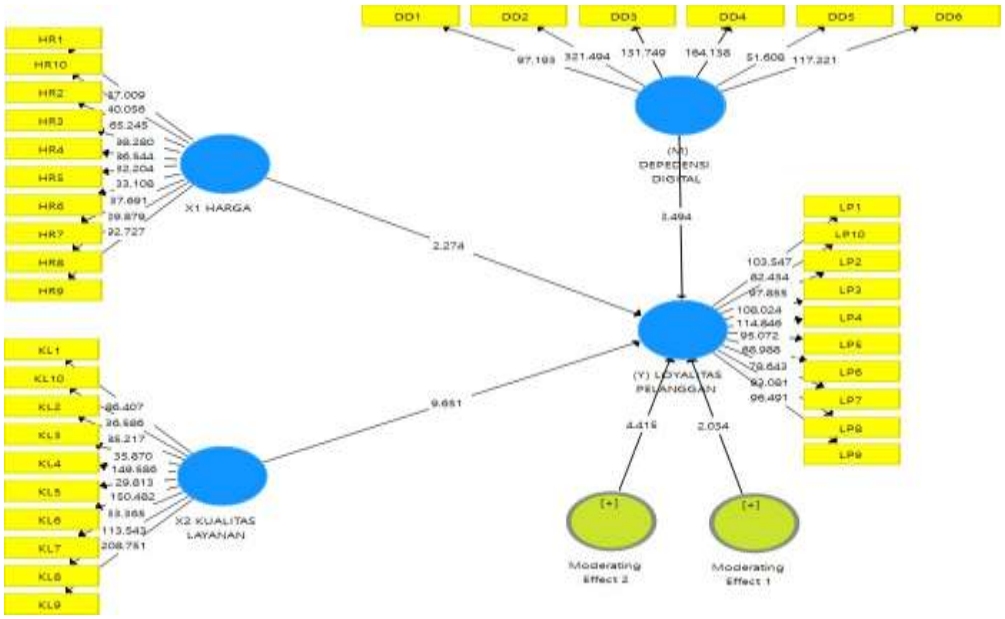

Figure 3. Inner Model

R – Square (R2)

R-squared represents the extent to which independent (exogenous) variables influence the dependent (endogenous) variable. The R^2 value ranges from 0 to 1, indicating the proportion of variance in the dependent variable explained by the independent variables collectively (Ghozali, 2014). According to Hair et al., R^2 values are classified as high (0.75), moderate (0.50), and weak (0.25).

Table 6. R-Square Values

	R Square	R Square Adjusted
Customer Loyalty (Y)	0.553	0.547

Source: Data Processed using SmartPLS, 2025

Based on Table 6, the R-Square value for Customer Loyalty (Y) is 0.553, which falls into the moderate classification. It indicates that the model's exogenous variables explain 55.3% of Customer Loyalty. The rest, 45.3%, is explained by other variables.

Predictive Relevance (Q2)

Predictive relevance (Q^2) indicates the model's ability to predict observed values. A Q^2 value greater than 0 indicates that the model has predictive relevance, while a value less than 0 indicates otherwise.

Table 7. Predictive Relevance (Q^2)

	SSO	SSE	Q^2 (=1-SSE/SSO)
X1 Price	3840,000	3840,000	
X2 Service Quality	3840,000	3840,000	
(Y) Customer Loyalty	2304,000	2304,000	
(M) Dependency Digital	3840,000	1993,603	0,481

Source: Data Processed using SmartPLS, 2025

Based on Table 7, the Q^2 value for Customer Loyalty (Y) is 0.481, which is greater than 0. It indicates that the model has good predictive capability in estimating Customer Loyalty. The other constructs do not have Q^2 values because they are exogenous variables. Therefore, the model is considered valid in terms of its predictive relevance.

Bootstrapping (Hypothesis Testing)

The significance of the relationships among variables is assessed through bootstrapping, which resamples the original dataset. A relationship is considered significant if the t-statistic > 1.96 or the p-value < 0.05 at a 5% significance level.

Table 8. Hypothesis Testing Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics	P Values
X1 -> Y	0,141	0,142	0,062	2,274	0,024
X2 -> Y	0,579	0,581	0,060	9.651	0,000
Moderating Effect 1 -> Y	-0,095	-0,089	0,047	2,034	0,043
Moderating Effect 2 -> Y	0,292	0,283	0,066	2.034	0,000

Source: Data Processed using SmartPLS, 2025

Discussion

Effect of Price on Customer Loyalty

Based on the statistical testing results for Hypothesis 1 (H1), the t-statistic is 2.274, and the p-value is 0.024. Since the t-statistic exceeds the critical value of 1.96 and the p-value is below 0.05, the hypothesis is accepted. Thus, it can be concluded that price has a positive and significant effect on customer loyalty toward internet service providers in Jambi City. It means that the more competitive the price offered by internet service providers, the higher the level of customer loyalty.

This finding supports the understanding that price is a key factor influencing customers' long-term decisions to continue using a service. In the context of internet service providers, prices perceived as reasonable, affordable, and aligned with the quality of service received will create a positive perception among customers, which in turn encourages loyalty.

According to Kotler & Keller (2016), price is the only element of the marketing mix that generates revenue, while the other elements incur costs. Price serves as a value signal, communicated by a company to consumers, about the product or service offered. Furthermore, Kotler & Keller (2008) emphasize that price reflects the specific value exchanged between the benefits consumers obtain and the costs they incur. Therefore, effective pricing strategies create a balanced value perception, leading customers to feel satisfied and motivated to remain loyal.

Customer loyalty, as described by Tjiptono, is a customer's commitment to a brand or service provider formed through positive experiences, including satisfaction with the price paid. Loyal customers tend to make repeat purchases and voluntarily recommend the service to others.

This study's results align with previous research. For instance, Joko found that price positively affects consumer loyalty, with competitive pricing increasing satisfaction and loyalty. Research by (2020) also supports this, showing that appropriate pricing strategies contribute significantly, up to 83%, to customer loyalty. Similarly (2015) concluded that price and satisfaction significantly influence loyalty, whereas promotional strategies did not. However, not all studies report similar findings. A study by Aissyah et al.

(2022) on Indihome WiFi services in Semarang found that most respondents perceived subscription prices as too high and not aligned with service quality, negatively affecting loyalty. It indicates that the influence of price on loyalty is contextual, depending on customers' perceived value relative to the cost incurred.

Overall, this study confirms that in the highly competitive internet service industry, appropriate and competitive pricing is crucial in building customer loyalty. Providers must pay attention to price structure, package flexibility, and cost transparency to ensure customers feel valued and continue using the service over time.

Effect of Service Quality on Customer Loyalty

The statistical testing results for Hypothesis 2 indicate that the Service Quality variable has a t-statistic of 9.651 and a p-value of 0.000. Since $t > 1.96$ and $p < 0.05$, the hypothesis is accepted. It indicates that service quality has a positive and significant effect on customer loyalty toward internet service providers in Jambi City. The very high t-value and extremely low p-value show that the relationship between these variables is strong and not coincidental. Substantively, these findings indicate that the better the quality of service provided, the higher the resulting customer loyalty. It aligns with conditions in the internet service industry, where aspects such as responsiveness to complaints, network reliability, ease of accessing information, and friendliness of customer service staff play central roles in shaping satisfaction and loyalty.

Theoretically, this finding supports the concept of service quality proposed by Tjiptono (2016), who defines service quality as a level of service excellence anticipated and managed to meet customer expectations. Tjiptono also describes service quality through five key dimensions: tangibles, reliability, responsiveness, assurance, and empathy, which serve as an evaluative framework for customers. When customers perceive that internet service providers offer responsive staff, clear and trustworthy information, and empathetic problem-handling, they tend to develop positive perceptions and feel satisfied. Over the long term, this satisfaction strengthens customer commitment and encourages them to remain loyal and recommend the service, which are key components of loyalty (Tjiptono, 2016).

Several previous studies also support these findings. Santoso et al. (2019) found that service quality and price directly influence customer satisfaction and loyalty. Gea (2021) also identified that service quality contributes significantly to satisfaction and loyalty, with satisfaction acting as a mediator. In contrast, (2021) found that service quality did not significantly affect satisfaction among Indihome customers in Semarang, suggesting that the effect of service quality on loyalty is context-dependent and depends on customer expectations, local market conditions, and perceived value.

Thus, this study reinforces both theory and a majority of prior empirical findings by demonstrating that in technology-intensive service sectors such as internet services, service quality is a key determinant of customer loyalty.

Moderating Role of Digital Dependency on the Relationship between Price and Customer Loyalty

The moderation test results show that digital dependency moderates the relationship between price and customer loyalty, with a t-statistic of 2.034 and a p-value of 0.043. Since $t > 1.96$ and $p < 0.05$, the hypothesis is statistically accepted. It indicates a significant moderating effect of digital dependency on the relationship between price and loyalty. However, the negative original sample value (-0.095) indicates a weakening moderation effect. It means that as customers' digital dependency increases, the influence of price on loyalty decreases. In other words, for customers who are highly dependent on the internet and digital technologies in their daily activities, price becomes less of a determining factor in fostering loyalty to an internet service provider.

This finding suggests that customers with high digital dependency prioritize continuous connectivity over price sensitivity. These customers tend to remain loyal even if prices increase, as long as service quality and reliability are maintained. Theoretically, this aligns with Gonçalves et al. (2023), who define digital dependency as reduced autonomy in performing tasks without digital devices such as the internet, mobile phones, tablets, and social media. Customers who are highly dependent on digital services for work, education, entertainment, and communication are less price-sensitive and more concerned with service reliability. In relation to customer loyalty, this emphasizes that loyalty is not always shaped solely by rational considerations, such as price.

In some cases, loyalty emerges from emotional and functional dependency on the service. Therefore, digital dependency illustrates that customer loyalty in the digital era is increasingly complex and influenced by factors beyond traditional marketing elements. In a broad context, every provider should establish a distinct strategy to overcome market challenges, especially in the digital age (Johannes, 2019).

This finding has practical implications for internet service providers. They must understand that highly digitally dependent customers have different preferences and sensitivities. Providers may need to emphasize customer experience, including enhanced speed, personalized services, and accessible technical support, rather than relying solely on price competition.

Although these results differ from Hypothesis 1, which finds a positive direct relationship between price and loyalty, the introduction of digital dependency as a moderator weakens this relationship. This indicates that moderation can alter the strength and even the direction of variable relationships depending on customer characteristics.

Moderating Role of Digital Dependency on the Relationship between Service Quality and Customer Loyalty

The statistical results show a t-statistic of 2.034 (> 1.96) and a p-value of 0.000 (< 0.05), meaning the hypothesis is accepted. The original sample coefficient of 0.292 indicates that digital dependency strengthens the relationship between service quality and customer loyalty. It means that the higher the customer's digital dependency, the stronger the influence of perceived service quality on loyalty. Customers who are highly dependent on digital connectivity will react more strongly to service quality, making it a critical determinant of their long-term loyalty.

Logically, in today's digital era, customers evaluate services not only based on technical performance (such as speed and stability) but also based on ease of access, availability of digital customer support (e.g., live chat, apps), and the reliability of service platforms. High-dependency customers experience greater disruption when service quality declines, leading them to place higher value on superior service quality. This finding is consistent with the Expectation-Confirmation Theory (ECT), which states that loyalty is formed when customer expectations are met or exceeded by actual performance (Oliver, 1980). When digitally dependent customers feel that service performance aligns with or surpasses expectations, their loyalty increases. This result also aligns with Aissyah et al. (2022), who found that digital dependency strengthens the relationship between digital service quality and user loyalty. Similarly, Tjiptono (2017) found that digital dependency strengthens the relationship between digital service quality and user loyalty. Similarly,

Conclusion

This study demonstrates that price and service quality positively and significantly influence customer loyalty among internet service providers in Jambi City, with service quality exerting a stronger influence than price. While competitive pricing remains important, superior service quality plays a greater role in building and sustaining customer loyalty. Digital dependency is found to moderate the relationship between price and loyalty, with a negative effect, indicating that for customers with high digital dependency, price's influence on loyalty weakens. Conversely, digital dependency significantly strengthens the relationship between service quality and loyalty, meaning that the higher the digital dependency, the stronger the impact of service quality on loyalty. In practice, the findings underscore the importance of internet service providers combining competitive pricing strategies with continuous improvements in service quality. Additionally, providers should consider customers' digital dependency levels when designing retention strategies, prioritizing service quality improvements for customer segments with high digital dependency.

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