

THE EFFECT OF PRICE PERCEPTION AND SERVICE QUALITY ON CUSTOMER SATISFACTION AT STIE GICI BUSINESS SCHOOL BOGOR WITH BRAND IMAGE AS AN INTERVENING VARIABLE

Dian Rusmana¹, Hari Muharam^{2*}, Yuary Farradia³

¹ Master's Program in Management, Graduate School, Pakuan University, Indonesia

^{2,3} Teacher Program in Management, Graduate School, Pakuan University, Indonesia

Email: dianrusmana22@gmail.com, hari.muhamaram@unpak.ac.id, yuary.farradia@unpak.ac.id

Abstrak

Keywords:

Price Perception,
Service Quality,
Brand Image,
Consumer Satisfaction.

This research was conducted to find out the influence of price perception and service quality on consumer satisfaction through brand image. This study aims to analyze the factors that affect consumer satisfaction on the campus of the GICI Business School Bogor College of Economics. This research method uses a quantitative method using survey techniques. The population used in this study are active students of STIE Gici Business School Bogor class of 2023 in the S1 Business Management and S1 Business Accounting study programs. The sampling technique uses Purposive Sampling, which is a sampling technique with certain considerations. The number of samples used in this study was 102 respondents. The analysis techniques used are Descriptive Statistics and Partial Least Square (PLS). The results of this study show that price perception has no effect on brand image, service quality has an effect on brand image, price perception has an effect on consumer satisfaction, service quality has an effect on consumer satisfaction, brand image has an effect on consumer satisfaction, price perception has no effect on consumer satisfaction through brand image, service quality has an effect on consumer satisfaction through brand image.

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INTRODUCTION

The era of globalization, marked by rapid advances in information and communication technology, has driven transformations in various sectors of life, including education. Education, as a fundamental pillar of national development and the primary source of quality human resources (HR), is increasingly receiving strategic attention (Suparyanto & Rosad, 2015). This aligns with the constitutional mandate of Article 31 of the

1945 Constitution of the Republic of Indonesia, which guarantees the right of every citizen to education and the government's obligation to organize a national education system.

The role of education is no longer limited to schools, but has evolved into a lifelong *learning experience*. The public, including in West Java, particularly Bogor City and Regency, is increasingly recognizing that higher education is key to increasing competitiveness and securing better job opportunities. This awareness has driven a growing interest in continuing their education to higher education.

This high demand has been met with a growing number of higher education institutions, both public and private. According to data from the Central Statistics Agency (BPS, 2018), there were 3,293 universities in Indonesia in 2018. Bogor alone has at least 43 of these institutions. This situation creates intense competition in the education services industry. To survive and win, every institution is required to implement effective marketing management, including understanding and addressing the factors that influence customer satisfaction (in this case, students) (Assauri, 2015).

One of the universities participating in this competition is the GICI Business School (STIE) in Bogor. However, according to internal data from the Bureau of Academic and Student Administration (BAAK) at STIE GICI Bogor (2024), this institution faces a serious challenge in the form of a consistent downward trend in the number of new student applicants from the 2020/2021 to 2023/2024 academic year. Even more concerning, there is a significant *dropout rate*, averaging above 15% and even reaching 26% during the transition from Semester 1 to Semester 2 (BAAK STIE GICI, 2024).

Internal satisfaction survey data further revealed the root of the potential problems. A total of 128% of respondents (on a maximum scale of 100%, indicating extreme dissatisfaction) expressed dissatisfaction with the service provided by the educational staff (STIE GICI Quality Assurance Unit). Meanwhile, 51% of students expressed dissatisfaction with the teaching staff (lecturers) (STIE GICI Quality Assurance Unit). Initial findings from a preliminary study of 30 students also indicated issues with perceived price and service quality (Researcher, 2024). Although STIE GICI's entrance fees are competitive compared to competitors, some students felt the fees did not match the quality and benefits received and expressed concerns. In terms of service, students highlighted inadequate facilities, unreliable and slow staff response in handling complaints, and a gap between expectations and actual service (Preliminary Study Results, 2024).

This suboptimal service quality is a concern because, according to Simamora (2016), quality service is, in principle, service that satisfies consumers. Furthermore, Limakrisna and Purba (2017) emphasize that service personnel must be able to cultivate a positive image and maintain customers as important assets. Another issue that also looms is the institution's brand image. STIE GICI was affected by the issue of the deactivation of the college several years ago, as well as the circulation of information (possibly false) online that its graduates are not eligible for the CPNS selection. This kind of negative image can significantly affect the perception and satisfaction of prospective and current students, considering that brand image is a description of consumer associations and beliefs towards a brand (Tjiptono in Lubis & Hidayat, 2017).

Price perception is also a crucial factor. According to Kurniawan (2020), price perception is related to how consumers understand price information and assign meaning to it. Price not only affects sales and profits but also consumer perceptions of quality (Assauri,

2015). Based on this phenomenon, there are indications that student satisfaction at STIE GICI Bogor is influenced by a combination of price perception, service quality, and brand image. Dissatisfaction with these three aspects is strongly suspected to contribute to the high rate of student withdrawal and decreased interest. Therefore, this study aims to empirically test the effect of price perception and service quality on consumer (student) satisfaction, taking into account the role of brand image as an intervening (mediating) variable. Thus, this study is expected to contribute to the development of educational services marketing theory as well as practical recommendations for improving the marketing performance of STIE GICI Business School Bogor.

RESEARCH METHOD

This study uses a quantitative approach with a survey method and causality design to test the causal relationship between the research variables. The research model examines the direct influence of price perception (X1) and service quality (X2) on consumer satisfaction (Z), as well as the indirect influence through the intervening variable brand image (Y). The study population was 136 active students of the Management and Accounting Bachelor's program at STIE GICI Bogor, class of 2023. The sample was determined using a purposive sampling technique with the criteria of active students of class of 2023, and a sample of 102 respondents was obtained based on the Slovin formula calculation with a margin of error of 5%.

The data collection technique used a closed questionnaire with a 5-point Likert scale that had been tested for validity and reliability on 30 respondents previously. The research instrument consisted of 27 items for price perception, 42 items for service quality, 20 items for brand image, and 30 items for customer satisfaction. All items were declared valid with a correlation value > 0.361 and reliable with a Cronbach's Alpha value > 0.70 for all constructs. The collected data were analyzed using Structural Equation Modeling (SEM) based on Partial Least Squares (PLS) with the help of SmartPLS 4.0 software.

Data analysis was conducted through two main stages: (1) evaluation of the measurement model (outer model) to test convergent validity (outer loading > 0.70 and AVE > 0.50), reliability (Composite Reliability > 0.70), and discriminant validity; (2) evaluation of the structural model (inner model) by assessing the R-square value, predictive relevance (Q^2), and testing the significance of the hypothesis through a bootstrapping procedure of 5,000 subsamples. The hypothesis is accepted if the t-statistic value is > 1.96 at a significance level of 5%, which indicates a significant influence between variables in the research model.

RESULTS AND DISCUSSION

This study aims to analyze the influence of price perception and service quality on consumer satisfaction with brand image as an intervening variable among students of STIE GICI Bogor. Data were collected through questionnaires distributed to 102 respondents who were undergraduate students of Management and Accounting. Data analysis was conducted descriptively and quantitatively using Smart PLS 3 *software*.

Respondent characteristics were analyzed based on gender, semester, study program, and residential address. The results are as follows:

Table 1. Respondent Characteristics Based on Gender

Gender	Frequency	Percentage
Man	47	46.1%
Woman	55	53.9%
Total	102	100%

Table 2. Respondent Characteristics Based on Semester and Study Program

Characteristics	Category	Frequency	Percentage
Semester	Two	102	100%
Study program	Management	68	66.7%
	Accountancy	34	33.7%

Table 3. Respondent Characteristics Based on Residential Address

Domicile	Frequency	Percentage
Bogor City	48	47.1%
Bogor Regency	54	52.9%
Total	102	100%

the outer model test, all research indicators meet the validity and reliability requirements. The *loading factor value* for each indicator is above 0.7 and *the Average Variance Extracted (AVE)* value is greater than 0.5, so it can be concluded that all indicators have good convergent validity. In addition, the results of reliability testing using *Cronbach's Alpha* and *Composite Reliability* showed values above 0.7 for all constructs, indicating that the research instrument is reliable and consistent in measuring the variables studied.

the inner model test indicate that the developed structural model has adequate predictive power and suitability. The coefficient of determination (R^2) value for the brand image variable is 0.233, which means that price perception and service quality are able to explain 23.3% of the variation in brand image. Meanwhile, the R^2 for consumer satisfaction reaches 0.646, indicating that 64.6% of the variation in consumer satisfaction can be explained by the independent and intervening variables in the model. The SRMR value of 0.078 indicates that the estimated model has a very good level of suitability (*perfect fit*), so it can be used to further test the relationship between variables.

The average score *for* each indicator was calculated to obtain a general overview of respondents' perceptions. For the price perception variable, the indicator with the lowest score was the suitability of price to facilities (mean = 3.686). For the service quality variable, *the reliability and responsiveness aspects* still need improvement, especially in complaint handling and staff response speed. For brand image, the attribute of the implementation of promotional banners was still rated low (mean = 3.578). Meanwhile, for customer satisfaction, staff attention to student complaints received the lowest score (mean = 3.549).

All indicators had *loading factor values* >0.7 and *Average Variance Extracted (AVE)* >0.5 , thus meeting convergent validity. Reliability tests showed *Cronbach's Alpha*

and *Composite Reliability values* above 0.7 for all constructs, indicating a reliable instrument.

The R^2 value for brand image is 0.233, meaning that the variables of price perception and service quality are able to explain 23.3% of the variation in brand image. Meanwhile, for consumer satisfaction, the R^2 of 0.646 indicates that 64.6% of the variation in consumer satisfaction is explained by price perception, service quality, and brand image.

Hypothesis testing used *bootstrapping* with a 5% significance level (t -table = 1.96). The test results are presented in Table 4.

Table 4. Hypothesis Testing Results

No	Hypothesis	Path Coefficient	t-Statistic	p-Value	Decision
1	Price Perception → Brand Image	0.144	1,843	0.066	Rejected
2	Service Quality → Brand Image	0.355	3,155	0.002	Accepted
3	Price Perception → Consumer Satisfaction	0.270	2,704	0.007	Accepted
4	Service Quality → Customer Satisfaction	0.453	5,145	0,000	Accepted
5	Brand Image → Consumer Satisfaction	0.272	3,698	0,000	Accepted
6	Price Perception → Brand Image → Consumer Satisfaction	0.039	1,619	0.106	Rejected
7	Service Quality → Brand Image → Customer Satisfaction	0.097	2,529	0.012	Accepted

DISCUSSION

The Influence of Price Perception on Brand Image. The test results show that price perception does not significantly influence the brand image of STIE GICI Business School Bogor. This finding indicates that students' perceptions of educational affordability have not yet become a major factor in shaping the institution's image. In the context of higher education, students tend to assess the campus image based on the perceived academic experience and service, rather than solely on price.

The Influence of Service Quality on Brand Image: Conversely, service quality has been shown to have a positive and significant impact on brand image. This indicates that the better the quality of service received by students, the more positive the resulting institutional image. The *responsiveness dimension* is the most dominant indicator, emphasizing the importance of staff's speed and accuracy in responding to student needs in building a positive brand perception.

The Influence of Price Perception on Consumer Satisfaction. The results of the study indicate that price perception has a positive and significant effect on consumer satisfaction. Students feel satisfied when the educational costs paid are considered commensurate with the quality received, especially the quality of the lecturer's teaching. This finding confirms

that perceived value *for money* plays an important role in increasing student satisfaction.

The Influence of Service Quality on Customer Satisfaction: Service quality also has a positive and significant impact on customer satisfaction. Fast, friendly, and solution-oriented service, particularly in administrative and academic aspects, can improve the overall student learning experience. Staff responsiveness is a key factor in creating student satisfaction with the institution.

The Influence of Brand Image on Consumer Satisfaction, The test results show that brand image has a positive and significant effect on consumer satisfaction. A positive image formed through the benefits of academic and non-academic experiences, such as organizational activities and work readiness, encourages increased student satisfaction with the institution.

The Role of Brand Image as an Intervening Variable The results of the path analysis show that brand image does not mediate the effect of price perception on consumer satisfaction. Price perception directly influences satisfaction without going through the formation of brand image. In contrast, brand image is proven to significantly mediate the effect of service quality on consumer satisfaction. Good service quality is able to build a positive brand image, which in turn increases student satisfaction. This finding confirms the strategic role of service quality in creating satisfaction through the formation of institutional image.

CONCLUSION

Based on the data analysis and discussion conducted using *Smart PLS 3*, this study concludes the following: **Price Perception and Brand Image:** Price perception is proven to have no significant influence on brand image. Students do not use cost as the main benchmark in assessing the image of STIE GICI Business School Bogor. **Service Quality and Brand Image:** Service quality has a positive and significant influence on brand image. *The responsiveness dimension* is the biggest contributor in building a positive image of the institution. **Price Perception and Consumer Satisfaction:** Price perception has a positive and significant influence on student satisfaction. The suitability between the cost paid and the quality of the product (lecturer competence) is the main determinant of satisfaction. **Service Quality and Consumer Satisfaction:** Service quality has a positive and significant influence on student satisfaction. Fast and responsive service is very effective in increasing student satisfaction. **Brand Image and Consumer Satisfaction:** Brand image has a positive and significant influence on consumer satisfaction. Perceived benefits, such as organizational experience, are the dominant indicators that drive satisfaction. **Mediating Brand Image on Price:** Brand image does not mediate the relationship between price perception and consumer satisfaction. Price directly impacts satisfaction without going through the image-building mechanism. **Brand Image Mediation on Service:** Brand image successfully mediates the relationship between service quality and customer satisfaction. Improved service quality will improve brand image, which in turn will increase student satisfaction (*partial mediation*).

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