

Pricing Strategy and Quality Perception in Maintaining Customer Loyalty: Evidence from Telkomsel Surabaya

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<https://doi.org/10.56427/jcbd.v5i2.1004>

ARTICLE INFO

Article History

Received: April 26, 2026

Revised: May 29, 2026

Accepted: May 31, 2026

Keywords

Price Strategy

Telkomsel

Service Quality

Market Share

Customer Perception

ABSTRACT

This study examines Telkomsel's pricing strategy in maintaining its market position in Surabaya amidst increasingly competitive conditions in the telecommunications industry. The research is motivated by the public perception that Telkomsel offers relatively higher prices than other providers but continues to maintain customer trust. Previous studies on pricing strategies mostly focused on sales volume, promotions, and market penetration, while research discussing how companies maintain relatively high prices through service quality and customer perception in the telecommunications industry remains limited. Therefore, this study aims to analyze Telkomsel's pricing strategy in maintaining customer trust and competitiveness in Surabaya. This study uses a qualitative descriptive approach through interviews, observation, and documentation involving internal Telkomsel personnel in Surabaya. The results show that Telkomsel strengthens its market position through stable network quality, broad signal coverage, digital services through the MyTelkomsel application, and adjustments to internet packages and promotions according to customer needs. Customers consider not only price, but also the benefits and quality of service received. The novelty of this study lies in discussing strategies for maintaining premium prices through customer perceptions of service value in the telecommunications industry.



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1. Introduction

The development of digital technology has increased public dependence on internet services in various daily activities, including communication, education, work, entertainment, digital transactions, and social media usage [1]. This condition has intensified competition among telecommunication providers in Indonesia, particularly in terms of internet package pricing, network quality, digital service innovation, and promotional strategies aimed at attracting and retaining customers [3]. As competition continues to grow, customers are becoming more selective in choosing providers that are able to offer not only affordable prices, but also reliable service quality and a better user experience [2].

Pricing strategy has become one of the important factors influencing customer decisions in selecting telecommunication services. Price is no longer viewed solely as the amount of money paid by customers, but is also associated with perceived value, service quality, and benefits received by consumers [5]. Kotler and Keller explain that pricing strategy is closely related to how companies create customer value perceptions in order to maintain market position and strengthen customer loyalty. In addition, theories of perceived value, quality perception, customer loyalty, and consumer behavior explain that customers tend to continue using services when the benefits and quality received are considered proportional to the costs incurred [4]. Therefore, pricing strategy in the telecommunications industry cannot be separated from network quality, customer experience, and the company's ability to maintain positive service perceptions [6].

Previous studies have shown that pricing strategies influence purchasing decisions, customer loyalty, customer satisfaction, and company competitiveness [7]. However, most previous studies mainly focused on the relationship between price, sales volume, promotional effectiveness, and market penetration in various business sectors. Existing studies also tend to use quantitative approaches that emphasize relationships between variables without exploring how companies maintain relatively high prices through service quality and customer trust. As a result, studies discussing premium providers in dealing with public perceptions of expensive pricing, particularly within the context of live customer perception in Surabaya, remain limited [8].

This research gap indicates that discussions regarding how telecommunication companies maintain customer loyalty through perceived quality and service value still require further exploration.

Telkomsel is widely recognized as one of the largest telecommunication providers in Indonesia with extensive network coverage and strong digital infrastructure [9]. The company continues to strengthen its services through the development of 4G and 5G networks in several regions, including Surabaya, which has a high level of internet usage. Company reports also show that Telkomsel consistently places network quality and customer experience as important parts of its business strategy [10]. On the other hand, Telkomsel is often perceived as a provider with relatively higher service prices compared to competitors such as XL and Indosat. This perception commonly emerges because customers compare internet package prices without fully considering network stability, signal coverage, and service reliability. Nevertheless, many customers continue using Telkomsel services because they consider the network quality and service performance more capable of supporting their communication and digital activities [11].

Based on these conditions, this study aims to analyze how pricing strategy and perceived quality are implemented by Telkomsel in maintaining customer trust and strengthening competitiveness in Surabaya. This study applies the concepts of pricing strategy, perceived value, quality perception, customer loyalty, and consumer behavior as the main theoretical foundations. Through a qualitative descriptive approach using interviews, observations, and documentation, this study is expected to provide a deeper understanding of how Telkomsel maintains its market position amid public perceptions regarding relatively higher service prices compared to other providers [12].

2. Research Methodology

This study employed a qualitative descriptive approach to analyze Telkomsel's pricing strategy in dealing with the issue of being perceived as the most expensive provider in Surabaya. A qualitative approach was considered appropriate because the research not only focused on pricing policies, but also examined how these strategies were implemented through marketing activities, customer services, and competition within the telecommunications industry. Creswell [11] explain that qualitative research is intended to understand social phenomena through direct interaction and interpretation of actual field conditions.

Informants in this study were determined using purposive sampling. This technique was selected because the research required informants who had direct involvement in Telkomsel's operational activities and understood pricing strategies, customer services, and market competition conditions. Sugiyono [13] states that purposive sampling is used to select informants based on specific considerations relevant to the research objectives. Therefore, the selection of informants was adjusted to the research focus and field conditions encountered during the study process.

The criteria for selecting informants in this study included

1. Involvement in marketing, customer service, sales support, and operational activities at Telkomsel Surabaya
2. Understanding of pricing strategies and competition among telecommunications providers
3. Direct interaction with customers during service and promotional activities
4. Ability to explain customer responses regarding internet package prices, promotional programs, and service quality.

Table 1. Informant Profiles and Interview Implementation

Informant Category	Position	Duration	Information Obtained	Supporting Evidence
Key Informant	Manager Mobile Branch Surabaya	60 Minutes	Pricing strategy, market position, and company policy	Interview transcript, observation notes, and company documentation
Main Informant	Sales Support Branch Surabaya	50 Minutes	Promotion strategy, package offers, and market competition	Promotional activity observations and field documentation
Supporting Informant	Customer Service Representative	40 Minutes	Customer responses toward prices and service quality	Service activity observations and interview transcript
Supporting Informant	Customer Service Representative	40 Minutes	Customer complaints, promotions, and service experience	Interview notes and promotional documentation

Source: Data Processed, 2026

The interview implementation presented in Table 1 shows that the research data were obtained from several operational divisions directly related to the research focus. Information regarding pricing strategies and market positioning was obtained from managerial and sales divisions, while customer responses related to internet package prices, promotional programs, and service quality were identified through customer service activities that interacted directly with customers in daily operations.

The involvement of customer service representatives strengthened the research findings because information related to customer complaints, comparisons between providers, customer experiences, and responses toward promotional offers was repeatedly encountered during service interactions. As a result, customer perspectives regarding Telkomsel services were considered to have been represented through explanations provided by customer service representatives during the interview process.

The interview findings among informants also showed relatively consistent information regarding pricing strategies, promotional activities, service quality, and customer responses toward Telkomsel services. Information obtained from one informant was supported by explanations from other informants, particularly regarding customer considerations in choosing

internet providers, responses toward package prices, and the company's efforts to maintain service quality amid market competition. This condition indicated that the data obtained had addressed the main issues discussed in the study and were considered sufficient to support the research analysis comprehensively.

Data collection techniques consisted of interviews, observations, and documentation. Semi-structured interviews were conducted to maintain discussion focus while still allowing informants to explain their experiences and perspectives more openly. Creswell [11] explain that semi structured interviews enable researchers to obtain deeper and more flexible information according to the research focus.

Interviews were conducted directly at informants workplaces and partially through online communication media depending on informant availability. Each interview session lasted approximately 40–60 minutes during the research period from January to March 2026. Observations were conducted by examining customer service activities, promotional activities, and the implementation of Telkomsel marketing strategies in Surabaya. Documentation techniques were used to support research findings through promotional data, company publications, product information, and research photographs related to Telkomsel services

The research instruments included interview guides, observation sheets, and documentation. Interview guides were used to maintain consistency in discussions according to the research objectives, while observation sheets were used to record field conditions, promotional activities, and customer service activities during the research process.

Data validity was examined using source triangulation and technique triangulation. Luthfiyani and Murhayati [12] explain that triangulation is conducted to strengthen research validity by comparing information obtained from different sources and data collection techniques. Source triangulation in this study was carried out by comparing information from managers, sales support staff, and customer service representatives regarding pricing strategies, promotional activities, and customer responses toward Telkomsel services.

Technique triangulation was conducted by comparing interview findings, observation results, and supporting documentation. Information regarding promotional strategies and internet package offers was compared with promotional activities observed through the MyTelkomsel application, social media promotions, and company documentation. Miles, Huberman, and Saldana [14] state that triangulation helps researchers ensure that research findings remain consistent with actual field conditions.

3. Results and Discussion

Telkomsel's Pricing Strategy in Dealing with the Issue of Being the Most Expensive Provider

Competition in the telecommunications industry has encouraged customers to compare internet package prices across providers more frequently. In this situation, Telkomsel is still often perceived as a more expensive provider, especially when compared in terms of data quotas and promotional offers with competitors such as XL and Indosat. However, purchasing decisions are not solely driven by price, as network quality remains a key consideration in service usage.

This condition is reflected in field findings where price perception and service quality are experienced simultaneously by customers [15]. The Main Informant stated that *"Most consumers said that Telkomsel's prices are indeed more expensive compared to other providers. However, consumers also admitted that Telkomsel's signal and network quality are better and more stable."* This shows that customers do not evaluate price in isolation, but also consider the benefits they receive from service performance.

Customer understanding of price differences is also influenced by service communication. Supporting Informant 1 stated that *"After being informed about network stability, signal quality, and available package options, customers usually understand better why Telkomsel's prices are different from other providers."* Similar response patterns also appeared across informants, particularly regarding customer perceptions toward pricing and network performance. These findings indicate that customer experiences and responses had already been substantially represented through direct service interactions conducted by customer service representatives.

However, price sensitivity still emerges when customers are exposed to competitive offers. The Main Informant stated that *"Customers who mainly look for cheaper internet quotas usually start comparing Telkomsel with other providers, especially when competitors offer large promotions."* This reflects that switching consideration remains possible when price advantages from competitors become more attractive.

Table 2. Findings on Telkomsel's Pricing Strategy in Dealing with the Issue of Being the Most Expensive Provider

Coding	Themes	Findings	Frequency	Categorization
HP	High Price Perception	Telkomsel is perceived as more expensive than competitors	High	Negative customer perception
QN	Network Quality	Stable network quality encourages continued usage	High	Main usage factor
VP	Value Perception	Customers perceive price as comparable with service quality	Medium	Service value perception
CS	Customer Service Explanation	Service explanations help customers understand pricing differences	Medium	Customer understanding support
RS	Risk of Switching	Some customers compare cheaper competitor services	Medium	Market competition risk

Source: Data Processed, 2026

The thematic coding results demonstrate that network quality became the dominant factor influencing customers to continue using Telkomsel services. Nevertheless, high-price perception remained a challenge, especially among customers

who were more sensitive toward internet package pricing and competitor promotions. This finding indicates that Telkomsel's pricing strategy is more strongly positioned toward service quality rather than direct low-price competition.

Promotion and Product Quality in Shaping Customer Perceptions

Service quality remained one of the strongest factors influencing customer loyalty toward Telkomsel. Field findings revealed that customers using internet services for work, communication, entertainment, and online learning tended to prioritize network stability over lower-priced internet packages.

This is supported by field findings showing that loyalty is closely linked to service reliability. Supporting Informant 1 stated that *"The main factor that keeps customers staying with Telkomsel is the strong and stable signal quality, including in remote areas and regions far from city centers."* This indicates that consistent network performance becomes the core reason for customer retention. These findings support customer loyalty theory, which explains that customer satisfaction significantly influences continued product usage decisions [15].

Customer satisfaction is also formed through the balance between price and service experience. Supporting Informant 2 stated that *"Customers usually feel satisfied when the price they pay matches the network quality, service, and convenience they experience while using the service."* This suggests that satisfaction is not driven by low prices alone, but by perceived value. This condition highlights that service quality remained Telkomsel's primary strength in maintaining customer loyalty within the highly competitive telecommunication market.

Although loyalty is generally formed through positive experience, initial price complaints still occur. Supporting Informant 2 also stated that *"Some customers initially complained about the prices, but after using the service, they usually continued because Telkomsel's network was considered more secure and stable."* This shows that experience can gradually reduce price resistance, although competitive promotions may still influence switching decisions.

Table 3. Thematic Coding of Promotion and Product Quality in Shaping Customer Perceptions

Coding	Themes	Findings	Frequency	Categorization
LP	Customer Loyalty	Customers continue using Telkomsel due to stable network quality	High	High Usage loyalty
UE	User Experience	Service experience influences customers' decisions to stay	High	High Service experience
CSAT	Customer Satisfaction	Customers feel satisfied when prices match service quality	Medium	Medium Service satisfaction
SQ	Signal Quality	Signal coverage in various areas supports customer retention	Medium	Medium Technical service factor
PS	Price Sensitivity	Some customers still consider competitor promotions	Medium	Medium Loyalty challenge

Source: Data Processed, 2026

Customer Responses to Telkomsel's Prices and Services

Customer responses toward Telkomsel's prices and services demonstrated varying perceptions regarding internet package pricing, service quality, and customer satisfaction. Based on the interview findings, most consumers perceived Telkomsel as having relatively higher prices compared to competing providers [14]. However, customers also considered network stability and service reliability as important factors influencing their decision to continue using Telkomsel services.

Supporting Informant 1 explained that *"customers usually prioritize internet stability because it supports communication activities, online learning, and digital work."* This finding demonstrates that service quality became one of the dominant factors influencing customer retention despite relatively higher package prices.

Supporting Informant 2 also stated that *"some customers compare Telkomsel packages with competitor providers because other providers sometimes offer cheaper prices and larger quotas."* This response indicates that pricing sensitivity remained an important consideration among several customers, particularly within the increasingly competitive telecommunications market.

Table 4. Thematic Coding of Customer Responses to Telkomsel's Pricing and Services

Coding	Themes	Findings	Frequency	Categorization
PP	Premium Price Awareness	Customers recognize Telkomsel as a provider with higher package prices	High	Negative Pricing Perception
SQ	Signal and Network Stability	Customers associate Telkomsel with stable internet performance and stronger signals	High	Service Quality Advantage
PC	Price Comparison Behavior	Customers compare Telkomsel packages with cheaper competitor offers	Medium	Competitive Evaluation
PR	Promotional Response	Promotional packages influence purchasing decisions and package usage intensity	Medium	Marketing Influence

PV	Perceived Service Benefits	Customers perceive prices as appropriate when supported by reliable service quality	High	Value-Based Acceptance
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Source: Data Processed, 2026

Based on the thematic findings, signal stability and network quality emerged as the strongest factors influencing customer loyalty and continued usage behavior. Customers consistently associated Telkomsel with reliable internet access, broader coverage, and fewer signal disruptions. This finding supports the concept of value-based pricing, which explains that customers are willing to accept higher prices when the perceived benefits are considered proportional to the service quality received [1]. The findings also align with the perceived value theory proposed by Kotler, which explains that purchasing decisions are influenced by customer evaluations regarding benefits, quality, and financial sacrifice [2]. In this study, customers perceived Telkomsel's pricing strategy as acceptable because the provider was considered capable of delivering more reliable services compared to competitors.

Telkomsel's Strategy in Strengthening Market Share

In an increasingly competitive market, telecommunication companies are required not only to maintain network quality but also to implement adaptive promotional strategies. Telkomsel responds to this condition by adjusting promotional activities based on customer needs, particularly price-sensitive segments.

This approach is reflected in how promotional programs are designed to match customer behavior. The Main Informant stated that *"Promotions are usually adjusted to customer needs, especially for customers looking for more affordable internet packages."* This indicates that promotional strategies are not general, but targeted according to market demand.

Promotional activities include data bonuses, flash sales, discounted packages, and digital campaigns through the MyTelkomsel application [7]. However, these strategies function as supporting tools rather than the main driver of customer retention.

Beyond promotion, customer trust is also strengthened through service quality and after-sales support. The Key Informant stated that *"Providing the best service through after sales support. So it is not only about pricing, but customer service is also maintained to keep customers trusting Telkomsel."* This highlights that customer retention is built through both service and promotional dimensions.

Price comparison with competitors still frequently occurs in customer decision making. Supporting Informant 2 stated that *"Some customers still complain about the prices, especially when comparing them with competitor promotions. However, most of them still consider network quality before switching providers."* This indicates that despite promotional pressure, service quality remains the dominant factor in final decisions [15]

Table 5. Factors Strengthening Telkomsel's Market Share

Coding	Themes	Findings	Frequency	Categorization
PR	Promotional Strategy	Promotions are used to maintain service attractiveness amid competition	High	Marketing strategy
DP	Digital Promotion	Promotions are conducted through MyTelkomsel and digital platforms	Medium	Promotional activity
SA	Service After Sales	After-sales service maintains customer relationships	High	Customer retention strategy
HC	Handling Complaints	Customer service receives complaints regarding pricing and network quality	Medium	Service response
CT	Customer Trust	Responsive service helps maintain customer trust	Medium	Loyalty support factor
CP	Competitive Pressure	Competitor promotions influence customer considerations	Medium	Market competition pressure

Source: Data Processed, 2026.

The findings demonstrate that Telkomsel's pricing strategy is more strongly oriented toward service quality rather than direct low-price competition. Network quality, customer service, promotional activities, and digital service development became the company's primary strengths in maintaining market position [9]. However, increasing customer sensitivity toward internet package pricing and aggressive competitor promotions remain ongoing challenges that require continuous strategic evaluation.

4. Conclusion

This study highlights that Telkomsel's pricing strategy is not merely aimed at maintaining profit or competing through price, but also at strengthening customer trust through service value offered in the telecommunications market in Surabaya. Customers tend to maintain their use of Telkomsel services because network reliability, service stability, signal coverage, and digital accessibility are considered able to support communication and internet needs more consistently. The implementation

of promotional programs and adjustments to internet packages also reflects the company's efforts to adapt to changing customer preferences and competitive market conditions.

Theoretical contribution of this study lies in enriching discussions related to pricing perception and customer loyalty, particularly in the telecommunications industry. This study shows that relatively high prices can still be accepted by customers when supported by service quality and perceived value that align with customer expectations. In addition, this research broadens the understanding of value-based pricing strategies within the context of digital telecommunications services.

Practical implications of this study indicate that companies need to balance pricing strategies with continuous improvements in service quality, customer experience, and digital service innovation. For Telkomsel, maintaining network performance, developing customer-oriented digital features, and designing promotional programs based on customer needs may help strengthen customer trust and sustain competitiveness in the market.

This study is limited by the relatively small number of informants and the research scope, which only focuses on the Surabaya area. Therefore, future studies are expected to involve broader research locations, compare several telecommunications providers, and apply quantitative methods to analyze the relationship between pricing perception, service quality, and customer loyalty more comprehensively.

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