

IMPACT OF PRODUCT QUALITY AND PRICE TO CUSTOMER LOYALTY

^{*1}Robby Purnama, ²Kosasih, ³Y.Oni Djogo, ⁴Farida Yulianty, ⁵Sri Rochani Mulyani, ⁶Fitriana

¹Magister Manajemen, Manajemen Pemasaran, USBYPPK, Bandung, Indonesia

²Magister Manajemen, Manajemen Pemasaran, USBYPPK, Bandung, Indonesia

³Magister Manajemen, Manajemen Pemasaran, USBYPPK, Bandung, Indonesia

⁴Magister Manajemen, Manajemen Pemasaran, USBYPPK, Bandung, Indonesia

⁵Magister Manajemen, Manajemen Pemasaran, USBYPPK, Bandung, Indonesia

⁶Magister manajemen, Manajemen Pemasaran, USBYPPK, Bandung, Indonesia

Author's email:

¹robby13purnama@yahoo.com; ²kosasih@usbypkp.ac.id; ³ony.djogo@usbypkp.ac.id

⁴farida.yuliaty@usbypkp.ac.id; ⁵sri.rochani@usbypkp.ac.id; ⁶fitriana@usbypkp.ac.id

*Corresponding author: ¹robby13purnama@yahoo.com

Abstract. Nowadays, we are faced with a global economic crisis situation. which directly has a negative impact on aspects of the economy, industry and trade in the country so that it requires us to be better prepared and able to survive in this crisis situation. The impact was also felt by PT Dian Kimia Putera, which is a company engaged in the procurement of goods/auxiliaries in the textile industry. In anticipation of this, it is necessary to collaborate with the use of information technology, besides that it is also necessary to evaluate good product quality and competitive prices. This study aims to describe product quality and price on customer satisfaction and loyalty. The research method used in this research is a quantitative descriptive method. The population in this study were customers of PT Dian Kimia Putera, in the city of Bandung. The research sample was 200 respondents using the Method of Successive Interval (MSI). The analysis technique uses path analysis with data processing using SPSS 25. The results of the study prove that product quality has a positive and significant effect on customer satisfaction while price has no positive and significant effect on customer satisfaction. Customer satisfaction has a positive and significant effect on customer loyalty.

Keywords: Product Quality, Price, Customer Satisfaction, Customer Loyalty.

1. INTRODUCTION

The Textile and Textile Products (TPT) industry has a strategic role in national development. The competitiveness of the textile industry in the country is supported by an integrated industrial structure from upstream to downstream, and is increasingly competitive with high domestic demand and exports. Consumption of clothing needs from each individual becomes an opportunity for the industrial world, in order to continue to increase productivity and ensure the availability of products in this sector. Ian Syarif, Deputy Chairman of the Indonesian Textile Association (API) admitted that he could not respond directly to the problems that plagued several textile companies, even so, he considered that the textile market in Indonesia had actually begun to improve. This is reflected in the utility level of textile factories which is in the range of 70%--80% thanks to the assistance of a 35% import substitution program from the Ministry of Industry. In general, the textile industry is currently faced with challenges such as the global energy crisis, rising commodity prices, to the ongoing impact of the Covid-19 pandemic. Another long-term challenge is the planned implementation of a carbon tax. This makes textile business actors have to change to run a sustainable business both in process and results (<https://industri.kontan.co.id>, Dimas Andi, 2021).

Previous research on customer loyalty in heirloom kebaya customers in Singaraja, showed that besides customer trust, what can affect customer loyalty is customer satisfaction. Customer satisfaction with the company can arise because there is an experience in transacting with the company so that it gives a positive reaction from customers (Supertini et al., 2020). Other previous studies on customer loyalty and

customer relationships showed similar results. In the research of star stores in Madiun shows the results that service quality has an impact on customers, especially customer loyalty, if the company can show better service quality, then customers will be satisfied and loyal to the company's products and services (Insani & Madiawati, 2022). Customer loyalty occurs when repeated purchases by the same customer and their willingness to recommend products to other customers without immediate benefits, and ultimately repeated use will result in positive and measurable financial results (Rommy & Murtiningsih, 2020). The reality of modern marketing communications exists a large and diverse range of touch points and communication options to help marketers create memorable, enjoyable, and persuasive experiences with consumers (Philip Kotler, 2016). Previous research that describes the phenomenon of declining sales on customer loyalty can be seen from the results of research on Customers on the Shopee marketplace, assuming that the decline in Customer Loyalty occurs due to too large consumer expectations for the Shopee marketplace while the offers and services provided by the Shopee marketplace have not been able to meet these consumer expectations. In this case, of course, the Shopee marketplace must be able to take actions that can increase customer loyalty (Salsyabila & Fadilla, 2022).

PT Dian Kimia Putera is a retail company engaged in the procurement of chemical goods / auxiliaries, especially the textile industry. Its market share covers West Java, Jabotabek, Central Java to East Java. With the arrival of the Covid-19 pandemic in early 2019, As well as the current state of the global crisis, which has a direct impact on the company's sales, causing the sales balance in 2019 until now to continue to experience a significant decline. So that in an effort to support the increase in sales in the textile auxiliaries procurement industry, collaboration and utilization of information technology / digitalization industry are needed, Where companies can use these technological advances in marketing products online. With an online sales system will facilitate the promotion of new products that will be offered, and make it easier for consumers to choose products according to their needs. To achieve customer satisfaction, including by looking at good product quality and competitive prices, so that it can have positive implications for customer loyalty. PT. Dian Kimia Putera tries to survive in the current New-normal era, with various ways and the right strategic steps, such as taking an intense approach to customers

2. LITERATURE REVIEW

2.1 Product Quality

Product quality is "the ability of a product in terms of durability, reliability, and also other attributes, easy to operate, repair, which is evaluated by customers from the performance of the goods or services" (Kotler and Armstrong 2007:347); (Mowen and Minor, 2002 cited by Ghanimata, 2012: 21). From the definition above, it can be said that products with good durability, good reliability, easy operation and repair, and after evaluating the performance of the goods are good by customers, it can be said that the product is of high quality. in the scholarly literature on a subject. Therefore, irrelevant citations can result in blurred research objectivity (Henry and Loupias, 2023).

2.2 Price

Price is the only element of the marketing mix that provides income or income for the company and is an element of the marketing mix that is flexible, meaning that it can be changed quickly (Sudarsono et al., 2022). From the definition above, it can be said that price is a sum of money that must be spent by buyers, to have a product or service that can be utilized by buyers, through the exchange of a product or service.

2.3 Customer Satisfaction

According to Philip Kotler and Kevin Lane Keller (2007) quoted by (Ahmad, 2023), consumer satisfaction is a person's feeling of pleasure or disappointment that arises after comparing the performance (results) of the product thought against the expected

performance.

2.4 Customer Loyalty

Loyalty or loyalty is defined as a strongly held commitment to buy or subscribe again to a particular product or service in the future despite the influence of the situation and marketing efforts that have the potential to cause behavior change (Yuwono & Semuel, n.d.).

3. RESEARCH METHODS

The method used in this study is quantitative descriptive with data collection techniques through the distribution of questionnaires. Quantitative research is a type of research that produces findings that can be obtained using statistical procedures, while descriptive is used with the aim of providing a systematic and accurate picture of a situation objectively (Sujarweni, 2015). In this study, data were obtained from customer respondent questionnaires PT. Dian Kimia Putera is bandung as a research instrument. Determination of the number of samples between 30 to 500 elements can use the Slovin method (Sujarweni, 2015). Based on the slovin formula, the number of samples in this study was 67 respondents. The technique used in sampling in this study uses the Proportionate Stratified Random Sampling method, meaning that this data is heterogeneous.

4. RESULTS AND DISCUSSION

1. Normality Test

a. One-Sample Kolmogorov-Smirnov Test

In this study to detect whether the data used is normally distributed or not, it was carried out using the Kolmogorov-Smirnov Test.

		Product Quality	Price	Customer Satisfaction	Customer Loyalty
N		67	67	67	67
Normal Parameters ^{a,b}	Mean	37.5224	19.0149	14.1045	14.7463
	Std. Deviation	6.12585	3.88662	3.51678	3.45685
Most Extreme Differences	Absolute	.098	.122	.128	.111
	Positive	.056	.087	.128	.111
	Negative	-.098	-.122	-.075	-.104
Test Statistic		.098	.122	.128	.111
Asymp. Sig. (2-tailed)		.179 ^c	.014 ^c	.008 ^c	.039 ^c

Source : Results of data processing using SPSS 25

Based on the table above it can be seen that the value of Asymp.Sig. (2-tailed) is greater than 0.05 for each variable, meaning that the residual data is normally distributed.

b.Histogram

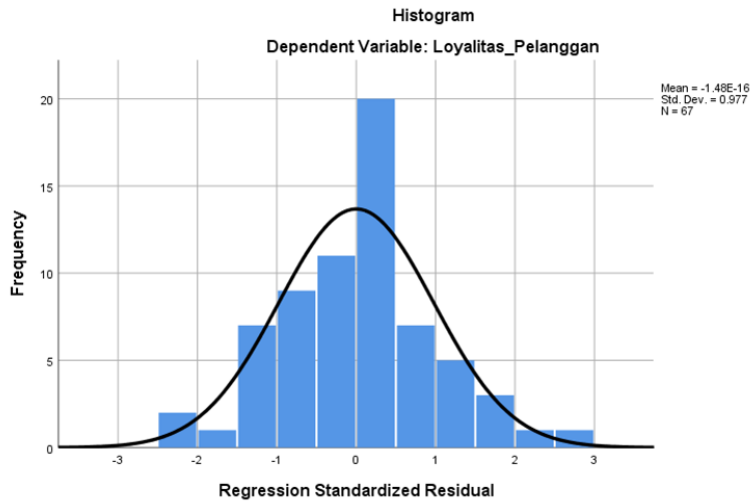


Figure 2 . Histogram

Source : SPSS 25 processing results

From the picture above, it can be seen that the histogram shape of the data is bell-shaped, which means that the data is normally distributed

2. Verifiative Test

Table 2. The Relationship of Product Quality and Price Variables to Customer Satisfaction

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
(Constant)	1.387	2.422			.573	.569
Kualitas_Produk	.276	.067	.481		4.124	.000
Harga	.123	.106	.136		1.168	.247

a. Dependent Variable: Kepuasan_Pelanggan

From the table above obtained consecutively:

1. $pyx_1 = 0.481$; t calculate = 4.124 with a sig of $0.000 < 0.05$, meaning that the product quality variable has an effect on the customer satisfaction variable.
2. $pyx_2 = 0.136$; t calculate = 1.168 with a sig of $0.247 > 0.05$, meaning that the price variable has no effect on the customer satisfaction variable.

These results conclude that variable X1 has a significant effect and X2 has no significant effect on Y

Table 3. The relationship of the independent variable (X1 & X2) to the dependent variable (Z) through the intervening variable (Y)

Variable	Coef.Jalur	Contribute		Total	Shared Contribute
		Direct	Undirect		
X1 towards Z (p_{zx_1})	0,197	0,197	0,283	0,48	48,0%
X2 towards Z (p_{zx_2})	0,074	0,074	0,080	0,154	15,4%
X1X2 towards Z and Y				0,634	63,4%

Source : Data Processing Results

Based on the results of the calculation above, it can be seen the details of the direct and indirect influence of each variable of product quality (X1) and price (X2) on customer loyalty (Z), with a total influence of 63.4% on the object of this study that has the greatest influence on customer loyalty is product quality.

3. t-Test (Partial)

Table 4. The Relationship of Product Quality Variables, Haga and Customer Satisfaction to Customer Loyalty

Coefficients^a					
		Unstandardized Coefficients		Standardized Coefficients	
Model		B	Std. Error	Beta	t
1	(Constant)	3.676	2.105		1.746
	Product Quality	.111	.065	.197	1.699
	Price	-.066	.093	-.074	-.714
	Customer Satisfaction	.578	.108	.588	5.337

Source : Results of Data Processing Using SPSS 25

From the table above, it can be seen that the significance value of the variable X1 = 0.094 and variable X2 = 0.478 are both greater than 0.05. These results conclude that the variables X1 and X2 do not have a significant effect on Z. The path coefficient value for product quality is 0.197 with a positive relationship direction which means that when product quality increases, it will cause customer loyalty to increase. The value of the price line coefficient is 0.074 with a positive direction of relationship, Which means that if the price is competitive, customer loyalty will increase.

4. F-Test (Simultaneous)

Table 5. The Relationship of Product Quality and Price Variables to Customer Satisfaction

ANOVA^a					
Model		Sum of Squares	df	Mean Square	F
1	Regression	253.473	2	126.737	14.412
	Residual	562.795	64	8.794	
	Total	816.269	66		

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Price, Product Quality

Source : Results of Data Processing Using SPSS 25

In the table above, it can be seen that the value of $r_{x1x2} = 0.483 > 0$, and a significant value of $0.00 < 0.05$, then H_0 is rejected and H_a is accepted and the F value is 14.412, while the table t value is 3.14 (63;2) so that the F value is calculated $> F_{table}$ ($14.412 > 3.10$), meaning that there is a positive and significant influence of product quality and price on customer satisfaction, simultaneously.

5. Coefficient of Detremination (R^2)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.687 ^a	.472	.447	2.57113

a. Predictors: (Constant), Customer Satisfaction, Price, Product Quality

The Adjusted R^2 coefficient is 0.447. This explains that the independent variables namely product quality, price, and customer satisfaction have an influence on the dependent variable, namely customer loyalty by 44.7%. While the remaining 55.3% was influenced by variables that were not studied in this study.

CONCLUSION

Based on data from research and discussion, regarding the influence of product quality and price which has implications for customer loyalty through consumer satisfaction in the Bandung City Textile Industry, the author concludes in the following research:

1. Product quality has a positive and significant effect on customer satisfaction which has positive implications for customer loyalty.
2. Price does not have a positive and significant effect on purchasing decisions and does not have implications for customer loyalty
3. Simultaneously, product quality and price have a positive and significant effect on customer satisfaction
4. Customer satisfaction has a positive and significant effect on customer loyalty
5. There is no direct positive and significant influence between product quality and customer loyalty.
6. There is no positive and significant effect of price on customer loyalty.

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