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THE EFFECT OF PRODUCT QUALITY AND PRICE ON CONSUMER LOYALTY WITH CONSUMER SATISFACTION AS AN INTERVENING VARIABLE (CASE STUDY OF SCARLETT BODI LOTION CONSUMERS IN NIAS RAYA UNIVERSITY STUDENT)

Sri Endang Putri Zagoto¹, Saidah Khairiyah Hasibuan², M Ardy Rafian³, Dede Ruslan Asria Sapti³, Raina Linda Sari⁴

Program Studi Magister Ilmu Ekonomi Universitas Sumatera Utara

Program Studi Magister Ilmu Ekonomi Universitas Sumatera Utara

Program Studi Magister Ilmu Ekonomi Universitas Sumatera Utara

Universitas Negeri Medan

Universitas Sumatera Utara

Abstrak

penelitian ini merupakan studi tentang pengaruh kualitas dan harga terhadap loyalitas konsumen dengan kepuasan konsumen sebagai variabel intervening (studi kasus konsumen body lotion scarlett pada mahasiswa fakultas ekonomi dan bisnis universitas nias raya). Metode penelitian yang digunakan yaitu analisis jalur (path analysis). hasil penelitian menunjukkan bahwa berdasarkan persamaan struktural pertama kualitas produk dan harga berpengaruh terhadap kepuasan konsumen baik secara gabungan mau secara parsial. Berdasarkan persamaan struktural kedua kualitas produk, harga dan kepuasan konsumen secara signifikan mempengaruhi loyalitas konsumen baik secara gabungan mau secara parsial.

Abstract

The purpose of this research is to investigate the effect of product quality and price on consumer loyalty, with consumer satisfaction serving as a moderator (case study of Scarlett body lotion users, Nias Raya, a university student). The method used in this study is path analysis. The results showed that based on the first structural equation, product quality and price have an effect on customer satisfaction both partially and combined. Based on the second structural equation, product quality, price and customer satisfaction significantly affect customer loyalty both partially and combined.

INTRODUCTION

Product marketing, whose conditions are very dynamic, makes market players and producers compete to win this very tight competition. One way to win the competition is by retaining customers. In order to retain customers, it is necessary to determine the right price and have good management. Companies must be able to maintain product quality so that customers do not switch to competing brands. The way that can be done is by paying attention to the concept of the marketing mix, which consists of the 4 Ps: product, price, place, and promotion.

Product quality is one of the determinants of consumer loyalty, because consumers will be loyal to a product with high quality. When buyers are satisfied with a product's quality, they are more likely to make repeat purchases. Repurchasing by a consumer can result in product ownership. Consumers' requirements and wishes must be satisfied for a product to be deemed of high quality.

A consumer's purchasing decisions may be influenced by price. Prices commensurate with the quality of the product will result in consumer pleasure and can be a factor in brand loyalty. Consumers continue to examine the multiple benefits they will obtain and are willing to pay more for the convenience, appearance, and perceived superiority of the things they possess as consumer awareness increases.

Consumer satisfaction is the fundamental degree of a consumer's feelings about the quality of a service or product after comparing expectations to what the product actually delivers. Consumer happiness is one indicator of a company's effectiveness in creating a quality product, a factor that influences sales levels. When buyers are pleased with the products they have purchased, they tend to make more purchases.

Consumer loyalty is the repurchase of a product or service by customers or consumers on a frequent basis. For a corporation or manufacturer to sell more of a product, they must maintain or continue to improve the product's quality.

LITERATURE REVIEW

Product Quality

Consumer loyalty is the repurchase of a product or service by customers or consumers on a frequent basis. For a corporation or manufacturer to sell more of a product, they must maintain or continue to improve the product's quality.

Price

According to Kotler and Armstrong (2012), pricing is the amount of money charged for a product or service, or the amount of value people trade for the benefits of having or utilizing the product.

Consumer Satisfaction

According to Kotler and Keller (2009:173), "satisfaction is a feeling of pleasure or dissatisfaction that follows from comparing perceptions and impressions of a product's performance or results with its expectations." According to Tjiptono and Gregorius (2011:

292), customer satisfaction or discontent is the customer's reaction to the appraisal of discrepancies or confirmations that are felt between prior expectations and the actual performance of the product after use. Sagadji and Sopiah (2013) define "customer satisfaction" as the fulfillment of a consumer's expectations regarding a product by the product itself.

Consumer Loyalty

Consumer loyalty is an expression of the loyalty of every consumer to use or consume an item and service repeatedly due to their high level of happiness with the product or service utilized, followed by an inclination to promote it to others. According to Kotler and Keller (2009, p. 138), "customer totality" is the strong desire to purchase or continue using a preferred product or service in the future, despite the fact that circumstances or marketing efforts could cause the customer to switch.

Variable Indicator

Product quality indicators

Product quality is influenced by several indicators or factors that determine that the quality of goods meets business objectives. Kotler and Keller (2007:94) put forward several indicators of product quality, namely as follows:

- a. Features
- b. Reliability
- c. Conformance to specification
- d. Durability
- e. Esthetic

Price Indicator

Companies use the price indication as a guide for deciding the price of a product so that consumers can afford it, purchase it, and it can compete with other items on the market. According to Kotler (2007:94), four indicators characterize prices: demand, supply, competition, and margin, as follows:

- a. Price affordability
- b. Compatibility of price with product quality
- c. Price competitiveness
- d. Price compatibility with product benefits

Indicators of Consumer Satisfaction

To mitigate consumer dissatisfaction with a company's product, the company must understand the indicators that contribute to dissatisfaction as well as the needs and expectations of the consumer. According to Hawkins and Lonney in Tjiptono (2001:32), the factors that influence consumer behavior are:

- a. Conformity of expectations
- b. Interested in visiting again
- c. Willingness to recommend

Consumer Loyalty Indicator

According to Selnes (2003:3) there are some consumer loyalty indicators, such as:

- a. Transaction habits, how often consumers make transactions,
- b. Repurchasing, making transactions using the services provided,
- c. Commitment, the willingness of consumers to continue to use the services provided.

METHODS

Data

The data utilized in this study are primary data. Through the delivery of questionnaires, primary data is collected directly from the subject or respondent. The information was gathered using a questionnaire issued online using Google Form. The survey utilized closed-ended questions and a Likert scale.

The sample was selected using a non-probability sampling technique called purposive sampling, which means that the sample has certain criteria or characteristics that are in accordance with the objectives of the study. Determination of the sample using the Slovin formula (Sugiyono 2010: 87), as follows:

$$n = \frac{N}{1 + N(e^2)}$$

Description:

n : sample size/number of respondents

N : population size

e : percentage allowance for sampling error

With the following conditions:

Value e : 0.1 (10%) for large populations

The value of e : 0.2 (20%) for a small population. The total population in this study was 565 female students, with an error tolerance percentage of 10%. So, determining the number of samples is done through the following calculations:

$$n = \frac{565}{1 + 565(0,1^2)}$$
$$n = \frac{565}{6,65} = 84,9625$$

therefore, this study will use a sample of 85 female students as respondents to collect data

analytical method

The analytical method used to test the hypothesis in this study is path analysis. Path analysis is used to analyze the pattern of relationships between variables in the form of cause and effect, with the aim of knowing the direct or indirect effect of a set of independent variables on the dependent variable (Riduwan 2007:3). The effects of the independent (exogenous) variable on the intervening (mediation) variable, the

independent (exogenous) variable on the dependent (endogenous) variable, and the intervening variable (mediation with the dependent (endogenous) variable) were studied in this study using data from the questionnaire results.

The substructural equation in this study is as follows:

$$Y = PYX_1 + PYX_2 + e1 \text{ (substructural equation 1)}$$

$$Z = PZX_1 + PZX_2 + PZY + e2 \text{ (substructural equation 2)}$$

Description:

X_1 = consumer satisfaction

X_2 = consumer loyalty

P = The coefficient of each variable

PYX_1 = Product quality path coefficient on consumer satisfaction

PYX_2 = Price path coefficient on consumer satisfaction

PZX_1 = Product quality path coefficient on consumer loyalty

PZX_2 = Price path coefficient on consumer loyalty

PZY = path coefficient of consumer satisfaction to consumer loyalty

$e1$ = Standard error 1

$e2$ = Standard error 2

FINDING AND DISCUSSION

This study used the path analysis technique, which determines whether exogenous variables exert direct or indirect influence on endogenous variables.

1. Direct effect

Based on calculations performed using IBM SPSS 25 software, the direct effect is as follows:

Effect of product quality variables on consumer satisfaction:

$$X1 \text{ to } Y = 0,275$$

Effect of price variable on consumer satisfaction:

$$X2 \text{ to } Y = 0,610$$

Effect of product quality variables on consumer loyalty:

$$X1 \text{ to } Z = 0,594$$

Effect of price variable on consumer loyalty:

$$X2 \text{ to } Z = -0,539$$

The influence of consumer satisfaction variables on consumer loyalty:

$$Y \text{ to } Z = -0,454$$

2. Indirect Effect (IE)

Based on calculations made with IBM SPSS 25 software, the following are the indirect effects:

- a. The influence of product quality variables on consumer loyalty through customer satisfaction, namely:

$$PYX_1 \times PZY = 0.275 \times 0.545 = 0.124$$

- b. The influence of the price variable on consumer loyalty through customer satisfaction is as follows:

$$PYX2 \times PZY = 0.610 \times 0.545 = 0.276$$

3. Total Effect (Total Effect)

Based on calculations performed using IBM SPSS 25, the total effect is as follows:

- a. The influence of product quality variables on consumer loyalty through customer satisfaction, namely:

$$PYX1 + PZY = 0.275 + 0.454 = 0.729$$

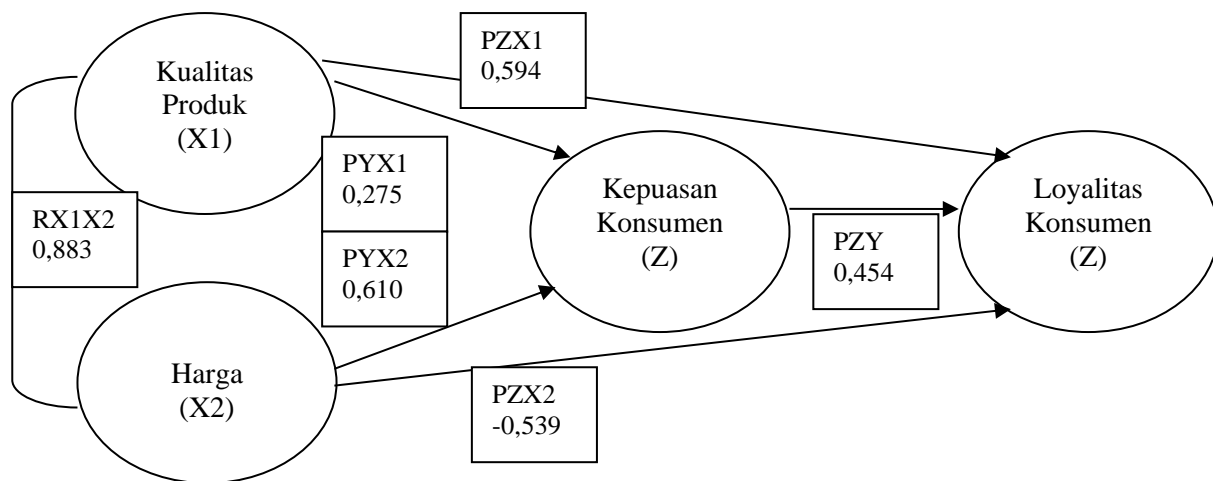
- b. Effect of price variable on consumer loyalty through customer satisfaction:

c. $PYX2 + PZY = 0.610 + 0.454$

4. Path Diagram for Model Path Analysis

Diagram 1

Path Diagram Results of Analysis of the Influence of Product Quality and Price on Consumer Loyalty Directly and Indirectly Through Consumer Satisfaction Variable



The path in the figure above has two structural equations:

- Sub structure 1: $Y = 0.275 X1 + 0.610 X2 + e1$
- Sub structure 2: $Z = 0.594 X1 + -0.539 X2 + 0.454 Y + e2$

Based on the results of the calculation analysis above, it can be concluded as follows:

- The effect of product quality variables on consumer loyalty directly is 0.594.
- The effect of the price variable on consumer loyalty directly amounted to -0.539.
- The effect of the consumer satisfaction variable on consumer loyalty directly is 0.454.
- The effect of product quality, price, customer satisfaction variables on overall customer loyalty is 0.306.
- The effect of other variables outside this model on customer loyalty is 0.694.
- The effect of product quality variables on customer satisfaction is 0.275.
- The effect of the price variable on customer satisfaction is 0.610

8. The effect of product quality and price variables simultaneously on customer satisfaction is 0.744.
9. The effect of other variables outside the model on customer satisfaction is 0.256.

Conclusion

Based on the results of research that has been conducted on the effect of product quality and price on consumer loyalty with consumer satisfaction as an intervening variable (case study of scarlett body lotion consumers at female students of the faculty of economics and bsnis university of nias raya), the following conclusions can be obtained:

1. The magnitude of the influence of the exogenous variable product quality on the endogenous variable customer satisfaction can be seen from the beta coefficient value of 0.275. With a significance / probability value of 0.023 smaller than 0.05 with the decision H0 rejected and Ha accepted, which means that there is a significant effect of product quality on customer satisfaction by 27.5%.
2. The magnitude of the influence of the exogenous variable price on the endogenous variable of customer satisfaction can be seen from the beta coefficient value of 0.610. With a significance / probability value of 0.000 smaller than 0.05 with the decision H0 rejected and Ha accepted, which means that there is a significant effect of price on customer satisfaction by 61%.
3. The magnitude of the influence of the independent exogenous variables of product quality and price simultaneously on the endogenous variable of customer satisfaction is 0.774, which means that the two variables X1 and X2 simultaneously affect variable Y by 74.4%.
4. The magnitude of the influence of the exogenous variable product quality on the endogenous variable of customer loyalty can be seen from the beta coefficient value of 0.594. With a significance / probability value of 0.005 smaller than 0.05 with the decision H0 rejected and Ha accepted, which means that there is a significant effect of product quality on consumer loyalty by 59.4%.
5. The magnitude of the influence of the exogenous variable price on the endogenous variable of consumer loyalty can be seen from the beta coefficient value of 0.454. With a significance / probability value of 0.015 smaller than 0.05 with the decision H0 rejected and Ha accepted, which means that there is a significant effect of price on consumer loyalty by 45.4%.
6. The magnitude of the influence of the independent exogenous variables of product quality and price simultaneously on the endogenous variable of consumer loyalty is 0.306, which means that the two variables X1 and X2 simultaneously affect variable Z by 30.6%.
7. The magnitude of the effect of product quality variables on customer loyalty through customer satisfaction is 0.729.

8. The magnitude of the effect of the product price variable on consumer loyalty through customer satisfaction is 1.064.

Suggestion

Based on the research results, the conclusions described above, the researchers have suggestions, namely: Companies / producers should make continuous product quality improvements to meet consumer needs so that consumers have maximum satisfaction with the product and create consumer loyalty. This can benefit the company to maintain its products in the market and brand positioning which will have an impact on the level of product sales and on company income.

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