

The Effect of Price, Product Quality, and Customer Satisfaction on Customer Loyalty at PT Putra Sejahtera Mandiri Vulkanisir Medan

Vincent Alessandro¹, Ricky Rafli Ritonga², Luis Figo³, Edisah Putra Nainggolan⁴
University Prima Indonesia^{1,2,3}
Universitas Muhammadiyah Sumatera Utara⁴
Email : Rickyrafiiritonga@unprimdn.ac.id

ABSTRACT

The research purpose is to test Price, Product Quality and Customer Satisfaction on Customer Loyalty at PT Putra Sejahtera Mandiri Vulkanisir Medan. The phenomenon of decreasing customer loyalty is motivated by price, product quality and customer satisfaction. The research method used is the quantitative method. Data collection techniques using questionnaires, interviews and documentation. The population in this research is 236 customers. The research sample is 148 respondents. The sampling technique used is *random sampling*. The results of the study show that partially and simultaneously Price, Product Quality and Customer Satisfaction have a positive and significant effect on Customer Loyalty at PT Putra Sejahtera Mandiri Vulkanisir Medan.

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

INTRODUCTION

Customer loyalty is very important for companies in this era of very tight business competition. There is no doubt about the importance of customer loyalty for companies, many companies really hope to retain their customers in the long term, even if possible forever. Companies that are able to develop and maintain customer loyalty will gain long-term success. Price fixing is always a problem for every company because this price fixing is not an absolute power or authority of a businessman. As stated above, by setting prices the company can generate sales revenue from the products it produces and markets. The role of price fixing will be very important, especially in today's increasingly fierce competition, especially in conditions of increasingly fierce competition and limited demand development. Product quality is an important concern for companies in creating a product. Quality products are the main criteria for consumers in choosing the products offered by the company. The company is always able to maintain and improve product quality to meet consumer desires. With a quality product, the company can compete with its competitors in controlling market share. Customer satisfaction is the company's benchmark for how things will go in the future or even there are some things that must be changed because customers feel dissatisfied or disadvantaged. If the consumer is not satisfied, of course the consumer will not come back and may also complain about his dissatisfaction with other consumers. Of course this will be a threat to the entrepreneur.

LITERATURE REVIEWS

Price

According to Malau (2017: 126), price is a basic measure of an economic system because prices affect the allocation of production factors. In its role as a determinant of the allocation of scarce resources, prices determine what is produced (supply) and who gets how much of the goods or services produced (demand).

According to Hasan (201 8:72) Price indicators in this study consist of:

1. Base price and discount
2. Terms of payment
3. Credit terms

Product quality

According to Rachman (2020: 147), product quality means the product's ability to carry out its functions. This includes durability, reliability, accuracy, ease of use and repair and other valuable attributes.

According to Sangadji and Sopiah (2017:188), the seven basic dimensions of quality are:

1. Performance.
2. Reliability, consistent performance of goods, services and stores.
3. Durability, product life span and general strength.
4. Brand awareness, the additional positive or negative impact of the perceived quality of a brand or store name on consumer evaluation.

Customer satisfaction

According to Sudaryono (2018: 85), satisfaction is defined as a post-consumption evaluation that the selected alternative at least meets or exceeds expectations.

According to Tjiptono (2018: 106-107), suggests there are four methods for measuring customer satisfaction, namely as follows:

1. Complaint and suggestion system
2. *ghost shopping*,
3. *lost customer analysis*,
4. Customer satisfaction survey

Customer loyalty

According to Adam (2018: 52) customer loyalty is more directed to behavior shown by routine purchases based on decision return units.

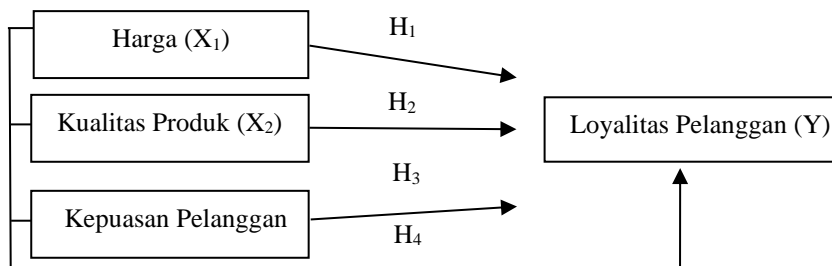
According to Yuniarti (2015: 240) in measuring loyalty, the following attributes are needed:

1. Say positive things about the company to others.
2. Recommended the company to others who asked for advice.
3. Considering that the company is the first choice in purchasing services.

Doing more business or purchasing with the company in the coming years.

Conceptual Framework

The following is a picture of the conceptual framework in this research that illustrates the relationship between the independent variable and the dependent variable



Picture I.1. Conceptual Framework

According to Wardani (2020:16), "Hypothesis is a temporary answer used by researchers whose level of truth needs to be tested first." Based on the problem above, as a temporary answer the researcher made the following hypothesis:

- H₁: Price has an effect on Customer Loyalty
- H₂: Product Quality affects Customer Loyalty
- H₃: Customer Satisfaction influences Customer Loyalty
- H₄: Price, Product Quality and Customer Satisfaction affect Customer Loyalty

RESEARCH METHOD

This research approach is based on a quantitative approach. In this study, researchers used a quantitative descriptive research method. The nature of the research used is *explanatory descriptive*. The population in this study amounted to 236 customers and the number of samples in this study were 148 customers. The sampling technique used is *random sampling*. In this study, there were three data collection techniques used questionnaires, interviews and documentation studies. Data analysis technique multiple linear regression analysis.

RESULTS AND DISCUSSION (bold)

Text continues. Please continue text in single-spaced lines with 1 space in each paragraph. Please continue text in single-spaced lines with 1 space in each paragraph. Please continue text in single-spaced lines with 1 space in each paragraph. Please continue text in single-spaced lines with 1 space in each paragraph. Text continues.

Please continue text in single-spaced lines with 1 space in each paragraph. Text continues.

Table 1. Descriptive Statistics Example (N=158)

Construct	Minimum	Maximum	Mean	Std. Deviation
Harga	148	6	30	16.80
Kualitasproduk	148	8	40	28.65
Customer satisfaction	148	9	40	20.24
Customer loyalty	148	8	40	10:30 p.m

Note. M = Mean, SD = Standard Deviation.

Table 1 shows that the minimum value of the price variable is 6 and the maximum is 30, the mean value is 16.80 and *the standard deviation* is 7.554. The minimum value of the product quality variable is 8 and the maximum is 40, the mean value is 28.65 and *the standard deviation* is 10.881. The minimum value of the customer satisfaction variable is 9 and the maximum is 40, the mean value is 20.24 and *the standard deviation* is 8.692. The minimum value of the customer loyalty variable is 8 and the maximum is 40, the mean value is 22.30 and *the standard deviation* is 11.017.

Table 2. Regression Results Between x and x Example
Coefficients ^a

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	std. Error	Betas	t	Sig.
1	(Constant)	.886	2,580		.343	.732
	Price	.451	.104	.309	4,313	.000
	Product quality	.279	.073	.276	3,832	.000
	Customer satisfaction	.289	.094	.228	3,065	.003

a. Dependent Variable: Customer Loyalty

Note. $R^2 = .347$ ($p < .01$) ** $p < .01$

Adjusted R Square = .333

F = 25.463

$$Y = 0,886 + 0,451 X_1 + 0,279 X_2 + 0,289 X_3 + e$$

The constant of 0.886 states that if variable price, product quality and customer satisfaction does not exist or is constant, the variable customer loyalty is equal to 0.886 units. The regression coefficient of the price variable is 0.451 and has a positive value, this states that if each increase in the workload variable by 1 unit will increase the customer loyalty variable by 0.451 units assuming the other variables are constant. The regression coefficient of the product quality variable is 0.279 and has a positive value, this states that if every increase in the product quality variable by 1 unit will increase the customer loyalty variable of 0.279 units assuming the other variables remain the same. The regression coefficient of the customer satisfaction variable is 0.289 and has a positive value, this states that if each increase in the customer satisfaction variable by 1 unit will increase the customer loyalty variable by 0.289 units assuming the other variables are constant.

The test results for the coefficient of determination obtained the value of *Adjusted R Square* of 0.333 this means 33.3% of the variation in the customer loyalty variable which can be explained by variations in price, product quality and customer satisfaction while the remaining 66.7% (100% - 33.3%) is explained by other variables not examined in this study, such as service quality, distribution, and so on.

The test results obtained F count (25.463) > F_{table} (2.67) and a significance probability of 0.000 < 0.05, meaning that H₀ is rejected and H₄ is accepted simultaneously Price, Product Quality and Customer Satisfaction have a positive and significant effect on Customer Loyalty. The results of partial hypothesis testing obtained t count > t_{table} or 4.313 > 1.977 and a significant obtained 0.000 < 0.05, means that H₀ is rejected and H₁ is accepted, namely partially Price has a positive and significant effect on Customer Loyalty p. The results of partial hypothesis testing obtained t count > t_{table} or 3.832 > 1.977 and a significant obtained 0.000 < 0.05, means that H₀ is rejected and H₂ is accepted, namely partially Product Quality has a positive and significant effect on Customer Loyalty. The results of testing the hypothesis partially obtained t count > t_{table} or 3.065 > 1.977 and it was significant that 0.003 < 0.05, meaning that H₀ was rejected and H₃ was accepted, namely partially Customer Satisfaction had a positive and significant effect on Customer Loyalty.

CONCLUSIONS

The conclusion of this study is that partially Price has a positive and significant effect on Customer Loyalty, partially Product Quality has a positive and significant effect on Customer Loyalty, partially Customer Satisfaction has a positive and significant effect on Customer Loyalty. Simultaneously Price, Product Quality and Customer Satisfaction have a positive and significant effect on Customer Loyalty.

REFERENCES

- Abdullah and Tantri 2014. *Marketing Management*. Ed. 13, Pearson Education, Inc.
- Adam, Muhammad. 2018. *Service Marketing Management*, Bandung: Alfabeta.
- Arikunto, Suharsimi, 2016. *Research Procedures: A Practice Approach*, Edition. Revision VI, Jakarta : PT Rineka Cipta Sujarweni (2019)
- Duli, Nikolaus. 2019. *Quantitative Research Methodology: Some Basic Concepts*. For Thesis Writing & Data Analysis With SPSS. Yogyakarta: Deepublish.
- Ghozali, Imam. 2016. *Multivariate Application with IBM SPSS 23 Program*. Semarang: Diponegoro University.
- Hantono. 2017. *Concept of Financial Statement Analysis with Ratio Approach and SPSS (First)*. Deepublish.
- Hassan, Ali. 2018. *Marketing and Selected Cases*. Yogyakarta. CAPS. (Center for Academic Publishing Service)
- Irnandha, Aris 2016. *The Effect of Service Quality on Customer Loyalty Mediated by Customer Satisfaction of Landline Delivery Services (Case Study of JNE Customer Satisfaction, Hijrah Sagan Yogyakarta Branch*. Faculty of Economics, Yogyakarta State University, Limakrisna & Susilo. 2016. *Marketing Strategy*.. Yogyakarta: andi offset.
- Shame on Harman. 2017. *Marketing Management*. Bandung : Alfabeta.
- Mulyono. 2018. *Quantitative Research Methods*. Bandung: Teenagers. Rosdakarya.
- Priyatno, Duwi. 2018. *A Quick Way to Learn Data Analysis with SPSS 20*. Yogyakarta: CV. ANDI OFFSET (ANDI).
- Purnomo, Aldy Rochma. 2019. *Economic and Business Statistical Analysis with. SPSS*. Yogyakarta: Fasilitama
- Rahman, Arif. 2020. *Powerful Marketing Mix Strategy for Small Business*. Edition. First. Jakarta: TransMedia Pustaka.
- Riyono and Budiharjo, GE, 2016. *The Influence of Product Quality, Price, Promotion and Brand Image on Purchase Decisions for Aqua Products in Pati City*. Journal of STIE Semarang, Vol. 8, No. 2, June 2016 Edition, ISSN: 2256 – 826. Sangadji, Mamang & Etta, Sopiah. 2016. *sales management* Ed. 1, Yogyakarta: Andi Offset.
- Sangadji, Mamang & Etta, Sopiah. 2017. *Practical Approach Consumer Behavior Accompanied by Research Journal Association*. Ed.1, Yogyakarta: Andi Offset.
- Santoso, S. 2018. *SPSS Version 11.5 Second Printing*: Gramedia, Jakarta.
- Santoso Joko Bagio, 2019. *The Influence of Product Quality, Service Quality and Price on Consumer Satisfaction and Loyalty (Study on Geprek Bensus Rawamangun Consumers)*. Journal of Accounting and Management Vol 16 No. 01, April 2019
- Sudaryono. 2018. *Marketing Management Theory and Implementation*. Ed. 2, Yogyakarta : Andi Offset.
- Sembiring, IJ 2014. *The Influence of Product Quality and Service Quality on Consumer Satisfaction in Forming Consumer Loyalty at McDonald's MT.Haryono Malang*. Journal of Business Administration (JAB), 15(1). Sunyoto, Danang. 2016. *Consumer Behavior Theory and Practice*. First Print. Bandung: Faithful Library.
- Sujarweni, Wiratna. 2015. *Statistics for Research*. Bandung : Alfabeta.
- Sukarmen, P. 2013. *Analysis of the Effect of Price on Service Quality with Consumer Satisfaction at the Soto Betawi Pemuda Restaurant*. JEAM, 12(1), 12-18. ISSN: 1412-5366 Wardani. 2020. *Social and Business Research Methods*. Yogyakarta: Graha Science.
- Yuniarti, Sri, Vinna. 2015. *Consumer Behavior Theory and Practice*. First Print. Bandung: Faithful Library.