PRODUCT QUALITY AND PRICE INFLUENCE ON CUSTOMER LOYALTY IN THE BUBBLE’KU BUBBLE DRINK AND ICE BLEND SOFT DRINK BUSINESS AT RAMAYANA DEPARTMENT STORE SUKABUMI CITY

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Abstract

This study aims to determine the effect of product quality and price on customer loyalty either partially or simultaneously. The population in this study were all customers of Bubble'ku Bubble Drink and Ice Blend at Ramayana Department Store of Sukabumi City for June which as many as 900 people as the population. The sample of study was determined by Slovin formula, so that 90 sample was obtained. To test the analysis of research instruments, validity, reliability, and classical assumption tests were employed. For statistical analysis and relationship analysis, Pearson product moment correlation was used, as well as the coefficient of determination, multiple linear regression, and the t test and F test to test the null hypothesis. The findings reveal that simultaneously product quality and price significantly influence customer loyalty. By comparing F_intrinsic with F_table (82.536 > 3.10), which means that H0 is rejected and H1 is accepted, and H0 is rejected and H2 is accepted, so the research hypotheses proposed in this study prove that product quality and price together (simultaneously) affect the customer loyalty. The contribution of product quality and price to customer loyalty is 65.5%, and the remaining 34.45% is influenced by variables not examined other than product quality and price. These variables include marketing strategy, location, promotion, marketing mix, service quality, promotion, and so on.

Keywords: Customer Loyalty, Product Quality, Price, Soft Drink Business

1. INTRODUCTION

Various kinds of drinks that have sprung up in the form of juice, coffee, fruit juice, bubble drinks and others. In Sukabumi, there is a bubble drink stand that is still loyal to selling its bubble drink products until now. Various choices of flavors are served and affordable prices make them able to survive in the growing world of the culinary business. From the business side according to Rahman et al. (2022), food and drink business owners will seize opportunities that are seen as new sources of income. Bubble drink does have its own characteristics compared to other drinks. Where this drink uses tapioca bubbles in the drink and added flavoring powder according to the customer.

One that is still selling and developing this bubble drink is Bubble'ku Bubble Drink and Ice Blend which is located in Sukabumi City. Where Bubble'ku Bubble Drink and Ice Blend began to take part in 2017 until now with an average of visitors (customers) who make purchases of 20-30 people per day. In the midst of intense business competition in the beverage sector, hence Bubble'ku Bubble Drink and Ice Blend are required to always be able
to innovate in the choice of flavors that can be enjoyed by customers who are supported by
good product quality and appropriate prices, in order to give a good impression to customers
so that customers become loyal to Bubble'ku Bubble Drink and Ice Blend products.

However, as time passes in the soft drink industry, there are an increasing number of
products of varying quality and prices. Every company's primary objective is to maximize
profits. This objective is attainable if the company engages in effective marketing,
particularly in terms of its products and prices. Therefore, if the company wants its business
to run smoothly and its customers to have a positive impression of it, its marketing activities
must be able to provide the highest quality products at reasonable prices in order to influence
customer loyalty. Customer loyalty is affected positively and significantly by product quality
and price. Product quality and price do play an important role or have a positive and
significant effect on customer loyalty (P. T. H. R. R. Kotler, 2002); consumer behavior is
responsive to prices, but also considers other factors, one of which is product quality
(Tjiptono, 2017). In order for good product quality and reasonable prices to be a critical
success factor in establishing customer loyalty.

So, based on the explanation above, the purpose of this research is to determine the
effect of product quality and price on customer loyalty either partially or simultaneously in
the hope of making positive developments in the future.

2. LITERATURE REVIEW

2.1. Product quality

Product is a collection of attributes, both concrete and abstract, offered to consumers.
Consumer satisfaction will be fulfilled by quality products that are able to carry out their
functions according to the needs, desires, and expectations of consumers. Product quality is
the ability of a product to perform its functions, it includes overall durability, reliability,
accuracy, ease of operation and product repair as well as other product attributes (P. Kotler
& Armstrong, 2008).

2.2. Price

Price is one element of the marketing mix that generates revenue, another element
generates costs. Price is the easiest element in a marketing program to adjust, product
features, channels, and even communication take a lot of time (Latief, 2018). In a narrow
sense, price is the amount charged for a product or service. More broadly, price is the sum
of all the values that customers give up to benefit from having or using a product or service.
In other words, price is the amount of money charged for a product or service, or the amount
of value that customers exchange for the benefits of having or using a product or service (P.
Kotler & Armstrong, 2008). Price is an important factor that plays a role in encouraging
consumers to make a decision to make a purchase or not. Price is an important factor that
persuades customers' decisions to buy products and services (Onigbinde & Odunlami, 2015).
2.3. Customer loyalty

Customer loyalty is a customer's commitment to the future of a product as an important factor for the journey of a business, especially in retaining customers in the future. Customer commitment persists deeply to re-subscribe or re-purchase selected products/services consistently in the future, even though the influence of the situation and marketing efforts have the potential for behavior change (Dewi, 2015). Similar statements state that customer loyalty is a strongly held commitment to buy or subscribe to certain products or services in the future (Siregar et al., 2020). The importance of the loyalty factor from customers will be the key to success, not only in the short term but in a sustainable competitive advantage, despite the influence of the situation of rising prices and increasing marketing efforts that have the potential to cause behavioral changes to consumers (Cahya, 2018).

2.4. Research Hypothesis

Product quality is one of the certainty and strength in facing competitors which will at the same time give birth to customer commitment to always make decisions regarding the use of products that meet their expectations.

2.4.1. The Effect of Product Quality on Customer Loyalty

The high and low price of a product certainly depends on the quality of the product itself in terms of product diversity, shape, features, product quality, service and product function, product durability and reliability. A quality product is a product that is able to carry out its function in meeting the needs and desires of consumers and even exceeds consumer expectations. The quality of the product will be directly proportional to the price of the product, in the midst of intense business competition, it is necessary to focus attention on the suitability of the price and quality of the product which will be a guarantee in maintaining consumer loyalty to always buy and use the product now and in the future.

Loyalty can be created if the customer is satisfied with the performance of a product that has been purchased is able to meet the needs and exceed their expectations. Customer satisfaction which leads to customer loyalty also depends on the quality of the products and services themselves. The quality in question is suitability for use, fulfillment of demands in other words quality is the guarantee of the company's products for customer loyalty is the company's strong defense in the face of competition and the only way to maintain growth and income (Kotler, 2002). This is in accordance with the results of previous studies which show that consumers will increasingly become loyal to repurchase products if the product is truly able to meet all consumer expectations (Widayatma & Lestari, 2019). Based on the description above and the theory and previous research, the following hypothesis is formulated:

H₁: It's believed that product quality influences customer loyalty.
2.4.2. The Effect of Price on Customer Loyalty

Price is something that is difficult to determine by marketing management for the value of a product. Various factors must of course be considered by the company in setting the right price so that the product can be accepted and enter the market both for the medium term and long term. Consumers will see the price of a product in terms of affordability, conformity with the quality of the product itself, conformity with the benefits provided by the product, and the price is also in accordance with the ability of competitiveness (Agustin, 2016).

Because the price represents the number of consumer sacrifices required to obtain a product, the price level should be proportional to the value of the benefits that consumers can receive, so that consumers are satisfied with the costs and number of sacrifices incurred for a product and are even willing to purchase it again, products without coercion in the future. Thus, it can be said that price is a value that must be sacrificed in order to obtain a product in the form of goods or services that leads customers to make loyal decisions or switch to other products because of the value of satisfaction they experience after making a purchase (Yuniestiaty, n.d.). A comparison will be made between the high and low price of a product and the benefits consumers receive from purchasing it; a product with high-value benefits and a high price will still foster customer loyalty. Previous research indicates that the more appropriate a product's price, the greater the customer loyalty to that product (Sari & Andjarwati, 2018). On the basis of the aforementioned description, the theory, and prior research, the following hypothesis is formulated:

H2: It is believed that pricing influences customer loyalty.

2.4.3. The Effect of Product Quality and Price on Customer Loyalty

Product quality is a variable that will be directly proportional to the price level, good product quality with high benefit value is proportional to the price set for a product. Loyalty can be created as a customer's commitment to a product that is able to meet the criteria for its needs even though to get it requires a high number of sacrifices. Product quality is one of the means of positioning, quality has a direct impact on the performance of products and or services, while price is the sum of all the values given up by customers to benefit from owning or using a product or service (P. Kotler & Armstrong, 2008).

Thus, the high and low price of a product is in accordance with the quality of the product itself, the suitability between price and product quality is a guarantee that the product will be accepted in the market and encourage the birth of customer satisfaction which leads to customer loyalty. Satisfied satisfied customers will buy again and tell others about their good experience. Dissatisfied customers often switch to competitors and vilify the products they buy to others, which means that customers are no longer loyal (P. Kotler & Armstrong, 2012). Product quality and price have an impact on product loyalty, this is in accordance with previous research which shows the results that a good product contribution in meeting consumer needs at an appropriate price will maintain a good relationship between customers and the company (Suryana & Nurrudawan, 2016). Based on the description and theory as well as previous research, the following hypothesis is formulated:

H3: It is believed that product quality and price influence customer loyalty.
Product quality and price do play an important role for customer satisfaction for a product, customer satisfaction will be obtained if the price of a product is in accordance with the quality of the product which is able to deliver value and match the needs and expectations of customers. Product quality and price are two complementary factors that can have an impact on customer loyalty.

3. RESEARCH METHOD

The research method is basically a scientific way to get data with certain goals and uses (Sugiyono, 2017). This research was conducted with a quantitative research approach using explanatory and causal analysis. Quantitative research is an approach to testing objective theory by testing the relationship between variables (Creswell, 2014). The influence between variables is sought by using statistical calculations while explanatory analysis is used when explaining about each variable in this study. Explanatory research method is research that aims to explain the relationship between two or more symptoms or variables (Silalahi, 2012). Explanatory research as research that studies the relationship between two or more variables through hypothesis testing (Blumberg et al., 2014). The object of this research is the customer of Bubble'ku Bubble Drink and Ice Blend products at Ramayana Department Store of Sukabumi City.

The population in this study were all customers on Bubble'ku Bubble Drink and Ice Blend products at the Ramayana Department Store of Sukabumi City during June 2019 was 900 people/customers by looking at an average of 30 visitors per day who made purchases. The sampling technique was carried out using a probability sampling technique with a random sampling technique, which is a random sampling technique without regard to the existing strata in the population with the assumption that the population in this study is homogeneous. Followed by the accidental sampling technique, which is a sampling technique based on coincidence, that is, anyone who coincidentally meets a researcher can be used as a sample, if it is deemed that the person who happened to be met is suitable as a data source (Sugiyono, 2017). So that obtained a sample of 90 people taken at random from a population of 900 consumers.

In this study, the data used are primary data obtained through questionnaires given directly to customers of Bubble'ku Bubble Drink and Ice Blend products at the Ramayana Department Store of Sukabumi City. The questionnaire is a set of questions that have been designed in advance where respondents are given alternative answer choices that are in accordance with their opinion (Sugiyono, 2017). Data collection is obtained based on cross section data where data is collected at a certain time (at a point of time) to describe product quality, price and customer loyalty.

Data analysis carried out in this study used multiple linear regression analysis which was previously carried out before analyzing data quality tests, classical assumption tests and analysis of correlation tests and testing the coefficient of determination. And for hypothesis testing, it includes t test (partial test) and F test (simultaneous test). The t test (partial test) is to determine the significance of the effect of the independent variable on the dependent variable independently. Partial or individual significant test is used to test whether an
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independent variable has an effect on or on the dependent variable (Suharyadi, 2015), and F test (simultaneous test). The F test (simultaneous test) is the F test is used to see the overall ability of the independent variables to explain the behavior of the dependent variable diversity. The F test is intended to determine whether all of the independent variables have a regression coefficient equal to zero (Arianty & Andira, 2021). Another statement states that the F statistic test basically shows whether all the independent variables included in the model have a joint effect on the dependent variable (Ghozali, 2016). The form of the equation of this multiple linear regression is as follows:

\[ Y = a + b_1X_1 + b_2X_2 + \varepsilon \ldots \ldots (1) \]

Information:
\[ Y = \text{Customer loyalty} \]
\[ a = \text{Constant coefficient} \]
\[ b_1, b_2 = \text{Regression coefficient} \]
\[ X_1 = \text{Product quality} \]
\[ X_2 = \text{Price} \]
\[ \varepsilon = \text{Error, disturbance variable} \]

This research consists of three variables, two independent variables and one dependent variable. The independent variables are product quality and price, while the dependent variable is customer loyalty.

Product quality (\(X_1\)) includes several dimensions according to research conducted by Amalia (2017). Product quality includes product diversity; product variety and many product offerings, forms; product size and physical size, features; product features, special services, and product characteristics, product quality work; main characteristics, cleanliness, taste, service; way of service, good service, resilience; product life and product suitability, and reliability; producy convincing, and a good product.

Price variable (\(X_2\)) is measured through price affordability, conformity with product quality, price suitability with benefits, price in accordance with competitiveness, this refers to research conducted by Idris (2013) which is strengthened by research conducted by Budiharja (2016).

The measurement of the customer loyalty variable (\(Y\)) in this study through indicators of repeat purchases, product line purchases, willingness to recommend, is not affected by competitors' actions. This is taken from Kotler & Keller (2014) and research conducted by (Sari & Andjarwati, 2018).
4. RESULT AND DISCUSSION

After testing the quality of the data, namely testing the validity of the instrument and the reliability of the instrument from the variables of product quality (X₁), price (X₂), and customer loyalty (Y), all statements were declared valid and reliable. Then the data analysis prerequisite test was carried out through the classical assumption test, where the results were obtained that the data met the assumptions and were free and did not violate the classical assumption test. So that the data is feasible to use for testing to the next stage.

The magnitude of the contribution of the influence of product quality (X₁) and price (X₂) on customer loyalty (Y) can be seen through the analysis of the coefficient of determination (R²), calculated with the help of the IBM SPSS Statistics Version 25.0 program.

<table>
<thead>
<tr>
<th>Table 1 Coefficient of Determination (R²)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Model Summary</strong></td>
</tr>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

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

The table above shows that the magnitude of the coefficient of determination (R²) is 0.655 or 65.5%. This means that product quality (X₁) and price (X₂) simultaneously contribute 65.5% influence on customer loyalty (Y), and the remaining 34.5% is influenced by other variables not examined. The output of multiple linear regression analysis with the help of the IBM SPSS Statistics for windows version 25 statistical program is as follows:

<table>
<thead>
<tr>
<th>Table 2 Multiple Linear Regression Analysis Variables X1, X2 and Variables Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Coefficients</strong></td>
</tr>
<tr>
<td>Model</td>
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<tr>
<td>-------</td>
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<tr>
<td></td>
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<tr>
<td>1</td>
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<tr>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer loyalty

Based on the SPSS output above, namely the coefficient table, it is obtained that the constant (a) is 3.900, while the regression coefficient value of product quality (b₁) is 0.186 and the price (b₂) is 0.481, so that the regression equation can be written:

\[ Y = 3.900 + 0.186 \times X_1 + 0.481 \times X_2 \]
It can be interpreted that if there is no increase in product quality ($X_1$) and price ($X_2$) or a constant equal to 0, then the value of customer loyalty ($Y$) is 3,900. The regression coefficient value of the product quality variable ($X_1$) is 0.186 and is positive, meaning that if the product quality variable increases by 1 point while the price is fixed or constant as it is today, it will cause customer loyalty values for Bubble'ku Bubble Drink and Ice Blend soft drinks at Ramayana Department Store of Sukabumi City increased by 0.186 points. This shows that product quality has a direct relationship with customer loyalty. In addition, the regression coefficient value of the price variable ($X_2$) is 0.481 and has a positive sign, meaning that if the price variable increases by Rp.1, - while the product quality remains or is constant as it is today, it will cause the value of customer loyalty for soft drinks Bubble'ku Bubble Drink and Ice Blend at Ramayana Department Store of Sukabumi City will increase by 0.481 points. This shows that the price has a direct relationship with customer loyalty even though the price changes up or down.

4.1. Hypothesis test
4.1.1. The Effect of Product Quality on Customer Loyalty

To find out whether in the regression model the independent variable partially has a significant effect on the dependent variable or not, in this study the t test (partial test) was used.

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients$^a$</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unstandardized Coefficients</td>
<td>Standardized Coefficients</td>
<td>t</td>
<td>Sig.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>7.273</td>
<td>2.272</td>
<td>3.201</td>
<td>.002</td>
<td></td>
</tr>
<tr>
<td>Product Quality</td>
<td>.371</td>
<td>.035</td>
<td>.747</td>
<td>10.52</td>
<td>.000</td>
</tr>
</tbody>
</table>

From the table above, it can be seen that the product quality has a significance of 0.000 < 0.05 smaller (sig < $\alpha$) with a significant level of 0.05, and or $t_{\text{statistic}} > t_{\text{table}}$ with $n - k$ (90 – 2), so that it is obtained 10.526 > 1.987 with a significance level of 0.05, it can be concluded that $H_0$ is rejected and $H_1$ is accepted. This means that there is a significant effect of product quality on customer loyalty. Hence, from this case it can be concluded that partially product quality has a significant effect on customer loyalty for Bubble'ku Bubble Drink and Ice Blend at Ramayana Department Store of Sukabumi City. This is in accordance with the results of previous research conducted by Rahmawati & Sentana (2021) and Arif & Syahputri (2021).
4.1.2. The Effect of Price on Customer Loyalty

Table 4 T-Test Effect of Price (X2) on Customer Loyalty (Y)

<table>
<thead>
<tr>
<th>Coefficientsa</th>
<th>B</th>
<th>Std.Error</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>6.850</td>
<td>2.134</td>
<td>3.21</td>
<td>.002</td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td>.766</td>
<td>.067</td>
<td>.772</td>
<td>11.4</td>
<td>.000</td>
</tr>
</tbody>
</table>

Based on the table above, it can be seen that the employee’s work experience has a significance of 0.000 < 0.05 (sig < α) and t statistic < t table with n - k (90 - 2), so that 11.411 < 1.987 is obtained, it can be concluded that H0 rejected and H2 accepted. This means that partially there is a significant effect of price on customer loyalty. Thus, it can be concluded that partially price has a significant effect on customer loyalty for Bubble’ku Bubble Drink and Ice Blend at Ramayana Department Store of Sukabumi City. This is in accordance with the results of previous research conducted by Wantara & Tambrin (2019) and Lie et al. (2019).

4.1.3. The Effect of Product Quality and Price on Customer Loyalty

The F test is a test that aims to test the effect of the independent variables (product quality and price) simultaneously on the dependent variable (customer loyalty).

Table 5 F Test Effect of Product Quality (X1) and Price (X2) on Customer Loyalty (Y)

<table>
<thead>
<tr>
<th>ANOVAa</th>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>621.856</td>
<td>2</td>
<td>310.928</td>
<td>82.536</td>
<td>.000b</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>327.744</td>
<td>87</td>
<td>3.767</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>949.600</td>
<td>89</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the table above, it can be seen that the significance is 0.000 < 0.05 and F statistic > F table with df (n1) = k – 1 and df (n2) = n – k. So that 82.536 > 3.10, then H0 is rejected and H3 is accepted. This means that there is a significant influence between product quality and price simultaneously on customer loyalty. Thus, it can be concluded that product quality and price simultaneously have a significant effect on customer loyalty for soft drink products Bubble’ku Bubble Drink and Ice Blend at Ramayana Department Store of Sukabumi City. This is in accordance with the results of previous research conducted by Susilowati & Handayani (2015) and Bulan (2016).
5. CONCLUSION

For the concerned party, it is necessary to pay attention to product quality and price by attempting to determine the wants, needs, and expectations of customers for beverage products, as well as by determining the right price where the price is not so high that it takes consumers a long time to decide to purchase and become loyal, but is in accordance with the ability, purchasing power of the customer and proportional to the product. Increases and decreases in customer loyalty for Bubble'ku Bubble Drink and Ice Blend beverage products at Ramayana Department Store of Sukabumi City can be attributed to the quality of the products sold and their pricing from various perspectives, such as the product's quality, the market environment, or the number of competitors and customers (market) being targeted. It is recommended that future researchers utilize and include additional variables that affect customer loyalty.

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