Customer Loyalty with the Approach of Product Quality, Price and Customer Satisfaction

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ABSTRACT

The fast food business is one of the fastest growing and most competitive enterprises. D'RAOS TOP CHICKEN & BURGER Citeureup competes with other fast food businesses. The purpose of this study was to analyze the effect of product quality and customer loyalty through customer satisfaction at D'RAOS TOP Chicken and Burger. The research subjects were D'RAOS TOP Chicken & Burger Citeureup customers as many as 100 customers who were sampled. This research is descriptive and verification. The instrument testing method is based on validity test, reliability test, and classical assumption test. Data analysis includes path analysis, coefficient of determination analysis, significance test and sobel test analysis. The results of this study indicate that product quality and price have a direct positive effect on customer satisfaction. Product quality, price and customer satisfaction have a direct and positive effect on customer loyalty. Product quality and price also have an indirect positive effect on customer loyalty through customer satisfaction.

Keyword: Product Quality; Price; Customer Satisfaction; Customer Loyalty.

INTRODUCTION

Rapid developments in various business sectors at the global level, including in Indonesia, have created increasingly dynamic competition. In this context, the culinary business has experienced significant growth, driven by changes in people's lifestyles and evolving consumption trends. To survive and thrive, culinary businesses need to implement effective marketing strategies, build strong brands, and provide added value to customers.

As one of the most competitive businesses, fast food is expected to grow rapidly in the coming years. Currently, popular fast food companies in Indonesia are KFC, McD and A&W. The variety of fast food affects the competition faced by business players to survive in a competitive environment. The variety of fast food affects the intensity of competition that businesses must face to maintain their business continuity. Therefore, owners need to focus on customer loyalty.

Kotler and Keller (2016: 138-650) customer loyalty is the trust maintained in order to obtain profitable goods and services or to buy them again despite the influence of circumstances and the possibility of customers switching to other companies due to marketing efforts. This term is used to describe the trust that customers enjoy. Indicators of customer loyalty include loyalty to buy products, resistance to negative influences on the company and attitudes towards the existence of the company as a whole. Factors that affect the level of customer loyalty include satisfaction, repeat purchases, word of mouth, distribution and ownership. Hassan (2015: 79), on the other hand, states that customer satisfaction, product quality, price, brand image, trust, promotion, customer relations and switching costs.

Tjiptono (2016: 87-101) states that customer satisfaction is where the customer is satisfied or not with the product after comparing its features and results with customer expectations. Indicators of customer satisfaction are expectation fulfillment, accessibility, and previous experience. The factors that influence the level of customer satisfaction are product quality, price, marketing, service quality and emotional factors.

D'RAOS TOP Chicken and Burger is a fast food that has been operating since 2017 and has more than 15 outlets spread across Jakarta, Bogor, Depok and Sukabumi. This success is inseparable from the company's strategy in maintaining the quality of its superior product, namely fried chicken, as well as providing competitive prices in accordance with customer expectations. Despite facing intense competition, D'RAOS TOP Chicken and Burger Citeureup has survived in a highly competitive environment and is still growing.

Product quality is the product's ability to meet or even exceed customer expectations, and shows higher superiority than similar products. D'RAOS TOP Chicken and Burger always maintains product quality must comply with established standards and meet customer expectations. Product quality and customer satisfaction are closely related. High-quality products create perceived added value by meeting to exceed customer expectations, and the D'RAOS TOP Chicken & Burger case study shows that customer dissatisfaction is largely due to poor product quality. To find out the quality of products at D'RAOS TOP Chicken & Burger, a survey was conducted on November 23-25, 2022 distributed to 30 customers using a questionnaire method. The results of the pre-survey, namely: 1) 50% of customers stated that the product is not always new (freshness); 2) 57% of customers stated that the product appearance was not attractive; 3) 53% of customers stated that the product did not have delicious taste; 4) 53% of customers stated that the product did not have many flavors (innovation).

Price is one of the factors for customers to consider purchasing based on product quality at D'RAOS TOP Chicken and Burger Citeureup. Customers tend to make comparisons between the perceived value obtained from the product and its bid price. D'RAOS TOP Chicken and Burger strives to create a perception of value in balance with the price set, so that customers feel satisfied with the transactions made. Field observations show that the price structure applied by D'RAOS TOP Chicken and Burger tends to be higher than similar competitors in the surrounding area.

D'RAOS TOP Chicken and Burger Citeureup has succeeded in attracting customers. However, the presence of current customers does not guarantee the creation of long-term loyalty. The existence of customer dissatisfaction with product quality and the price set can trigger comparisons with competitors. Conversely, customer satisfaction will encourage repeat purchases, positive recommendations, and increased loyalty. The decline in the level of customer loyalty of D'RAOS TOP Chicken and Burger Citeureup is the existence of non-optimality in terms of product quality, price, and customer satisfaction level.

Based on the above description, product quality and price are important factors in determining customer loyalty and customer satisfaction. However, the results of the preliminary survey and the data obtained show that customer loyalty is not optimal. Research conducted by Aris Budiono (2021) found that product quality has no direct effect on customer satisfaction. On the other hand, a study by Novitawati (2019) found that price also has no direct effect on customer satisfaction. Another study by Setiowati and Hastoko (2022) shows that customer satisfaction has no direct effect on customer loyalty. Limbongan and Senolinggi (2023) found that product quality does not affect customer loyalty through customer satisfaction. Allegedly, this unattained customer loyalty is caused by suboptimal product quality, price, and customer satisfaction. Therefore, further research is needed to clarify the effect of product quality, price, and customer satisfaction on customer loyalty.

Marketing Management, Customer Loyalty

Marketing management is an effort to plan, implement, organize, direct, coordinate, and supervise or control marketing activities in an organization in an organization in order to achieve organizational goals effectively

and efficiently (Sudarsono 2020: 2). customer loyalty as a trust to repurchase goods or services that are of interest or needed in the future (Kotler and Keller 2016: 138).

Product Quality, Price and Customer Satisfaction

product quality is the capacity of the product to meet customer wants and demands. This attribute covers a wide range of topics, including performance, reliability, durability, suitability, and other properties that offer value to customers (Kotler and Armstrong 2018: 16), Price is the amount of money (possibly plus products) decided (Stanton 2012: 164), customer satisfaction is the level of happiness or disappointment experienced by someone after assessing the difference between the performance or achievement of a product and their expectations (Tjiptono 2016: 345).

Hypothesis Development

H_1 : There is a direct and positive effect of product quality on customer satisfaction.

H_2 : There is a direct and positive effect of price on customer satisfaction.

H_3 : There is a direct and positive effect of product quality on customer loyalty.

H_4 : There is a direct and positive effect of price on customer loyalty.

H_5 : There is a direct and positive effect of customer satisfaction on customer loyalty.

H_6 : There is an indirect and positive effect of product quality on customer loyalty through customer satisfaction.

H_7 : There is an indirect and positive effect of price on customer loyalty through customer satisfaction.

METHODOLOGY

This research was conducted to describe product quality, price, customer satisfaction and customer loyalty. The research location is D'RAOS TOP Chicken and Burger Citeureup which is located on Jl. Mayor Oking Citeureup No.01, RT.06, Citeureup, Citeureup District, Bogor Regency, West Java 16810. The number of samples in this study were 100 respondents with the following criteria: 1) Respondents work full time; 2) Respondents have the appropriate age and income; 3) Respondents have shopped at D'RAOS TOP Chicken and Burger Citeureup more than once (2 times or more).

The quantitative approach to research is obtained from primary and secondary sources. Data collection methods include interviews, filling out questionnaires and observation. Data analysis in this study is descriptive analysis, verification analysis and path analysis. Before that, testing of research instruments was carried out to ensure validity, reliability and fulfill classical assumptions. In addition, the Sobel Test is used to ensure the indirect effect of product quality and price on customer loyalty through customer loyalty.

RESULT AND DISCUSSION

Customer characteristics were obtained through filling out questionnaires from 100 respondents with the characteristics that the majority of customers based on gender, age, latest level of education, occupation and income, as shown in the table show that the majority of D'RAOS TOP Chicken and Burger Citeureup customers are female with an average age of 26-35 years, the last level of education is high school / vocational high school, employee jobs and have a monthly income of IDR 3,100,000 - IDR 5,000,000.

The following recapitulation of customers is product quality, price, customer satisfaction and customer loyalty can be seen in Figure 1.
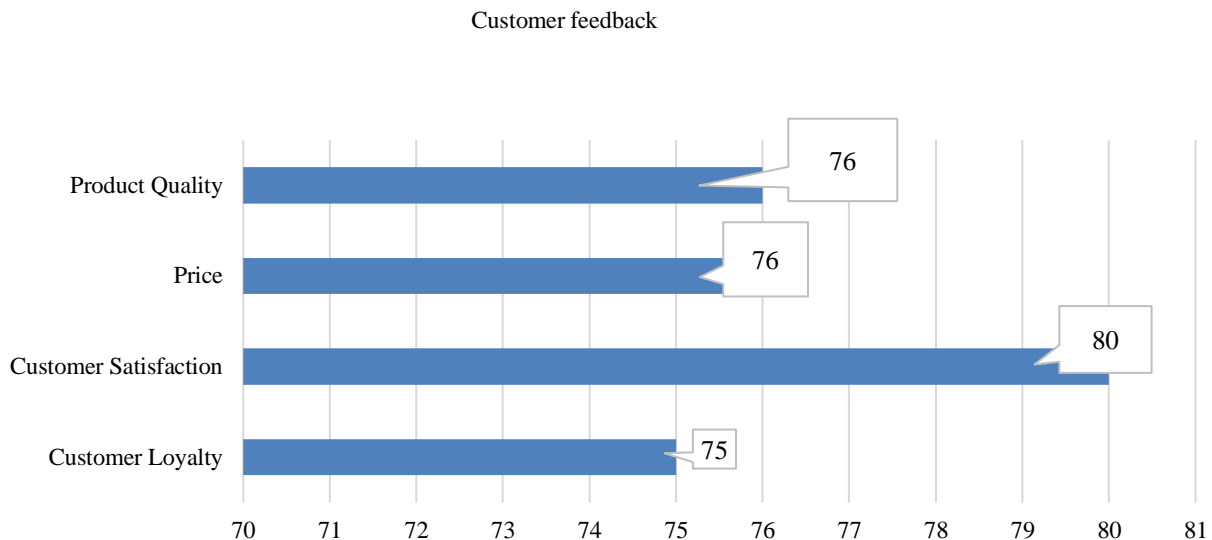
Fig 1. Recapitulation of Customer Responses to Product Quality, Price, Customer Satisfaction and Customer Loyalty

Figure 1. shows that product quality reaches an average value of 76%, indicating that the quality of the products provided is good judging by freshness, appearance, taste and innovation. Price reaches an average of 76%, indicating that the price on the product is appropriate, it can be assessed from price affordability, price compatibility with quality, price competitiveness and price compatibility with benefits. Customer satisfaction reached an average of 80%, indicating that customers were satisfied with the suitability of expectations, ease of obtaining and past experience. Customer loyalty reaches an average of 75%, indicating a high level of loyalty to loyalty to purchasing a product, resistance to negative influences on the company, referring to the total existence of a company.

The validity test is used to measure the degree of accuracy between the data that occurs in the research object and the data reported. Based on testing 100 respondents, it shows that the validity test of the product quality, price, customer satisfaction and customer loyalty variables in this study is valid because the rcount value on each item is greater than the rtable 0.3. Reliability test is the degree of consistency and stability of data or findings carried out to assess whether the research instrument is reliable enough to be used as a data collection tool. This study shows that the reliability value obtained on the variables of product quality, price, customer satisfaction and customer loyalty is reliable because it is greater than the determination value of 0.6.

The classic assumption test in this study uses normality test, multicollinearity test and heteroscedasticity test. The results of the three tests show that the data has a normal distribution, there is no multicollinearity problem and there is no heteroscedasticity problem. There are two structural equations in this study, the first structural shows the effect of product quality and price on customer satisfaction, the first structural equation model is as follows.

$$Y = \rho y x_1 . X_1 + \rho y x_2 . X_2 + \rho y \varepsilon$$

$$Y = 0{,}113 X_1 + 0{,}819 X_2 + 0{,}551$$

The standarized beta coefficient value for the product quality variable is 0.113. This means that every time the product quality variable increases by one unit, customer satisfaction increases by 0.113, assuming that the other exogenous variables. The standarized beta coefficient value for the price variable is 0.819. This means that every time the price variable increases by one unit, customer satisfaction increases by 0.819,

assuming that the other exogenous variables. The second structure shows the effect of product quality, price and customer satisfaction on customer loyalty, the first structural equation model is as follows.

$$Z = \rho zx_1.X_1 + \rho zx_2.X_2 + \rho zy.Y + \rho z\varepsilon$$

$$Z = 0{,}101X_1 + 0{,}586X_2 + 0{,}364Y + 0{,}377$$

The standarized beta coefficient value for the product quality variable is 0.101. This means that every time the product quality variable increases by one unit, customer loyalty increases by 0.101, assuming that the other exogenous variables. The standarized beta coefficient value for the price variable is 0.586. This means that every time the price variable increases by one unit, customer loyalty increases by 0.586, assuming that the other exogenous variables. The standarized beta coefficient value for the customer satisfaction variable is 0.364. This means that every time the customer satisfaction variable increases by one unit, customer loyalty increases by 0.586, assuming that the other variables. The path coefficients of the first and second structural equations can be seen in the following figure.
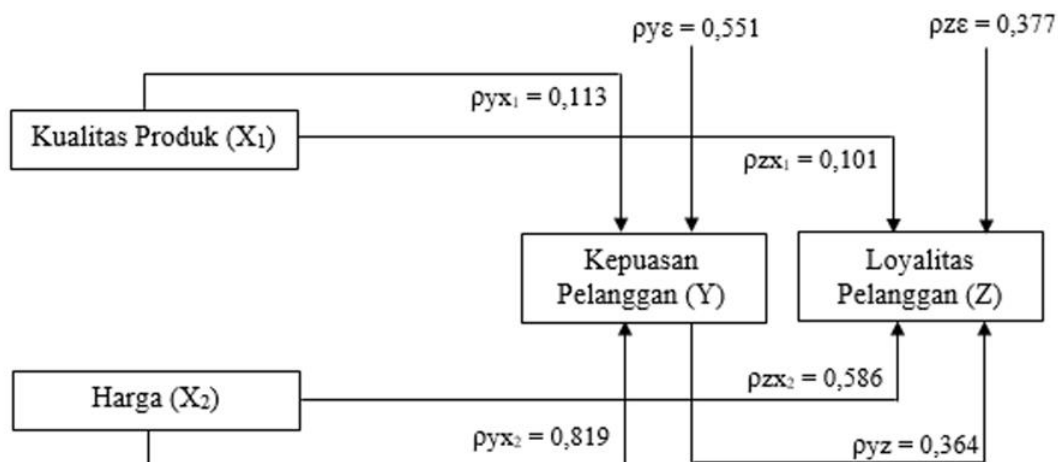

Fig 2. Path Analysis Model

Figure 2. Shows the coefficient data that connects each variable directly. Furthermore, calculations are made regarding the direct impact, indirect impact and overall impact of product quality and price on customer loyalty through customer satisfaction, which can be seen in table 1.

Tabel 1 Recapitulation Of Direct And Indirect Effect Coefficient Results

Variable		Path coefficient		
exogenous	endogenous	Direct	Indirect	Total
X1	Y	0,113		
X2	Y	0,819		
X1	Z	0,101	0,041	0,142
X2	Z	0,586	0,298	0,884
Y	Z	0,364		

Source: Results of Statistical Data Processing with SPSS Version 25.00, 2024

The amount of determination (R^2) or the contribution of the effect of product quality and price on customer satisfaction variables can be seen in the R Square value. In the first equation, the R Square (R^2) value is 0.696. This shows that the percentage contribution of the effect of product quality and price on customer satisfaction variables is 69.6% while the remaining 30.4% is influenced by other variables that are not included in this research model. In the second equation, the R Square (R^2) value is 0.858. This shows that

the percentage contribution of the effect of product quality and price on the customer satisfaction variable is 85.8% while the remaining 14.2% is the contribution of other variables that are not included in this research model.

Tabel 2. Overall Recapitulation Of Hypothesis Test

No	Hipotesis	Uji Statistik	Keputusan	Kesimpulan
1	Terdapat pengaruh langsung dan positif kualitas produk terhadap kepuasan pelanggan	2,021 > 1,661 0,049 < 0,05	H₀ ditolak Hₐ diterima	Berpengaruh langsung dan positif
2	Terdapat pengaruh langsung dan positif harga terhadap kepuasan pelanggan	14,596 > 1,661 0,000 < 0,05	H₀ ditolak Hₐ diterima	Berpengaruh langsung dan positif
3	Terdapat pengaruh langsung dan positif kualitas produk terhadap loyalitas pelanggan	2,559 > 1,661 0,012 < 0,05	H₀ ditolak Hₐ diterima	Berpengaruh langsung dan positif
4	Terdapat pengaruh langsung dan positif harga terhadap loyalitas pelanggan	8,505 > 1,661 0,000 < 0,05	H₀ ditolak Hₐ diterima	Berpengaruh langsung dan positif
5	Terdapat pengaruh langsung dan positif kepuasan pelanggan terhadap loyalitas pelanggan	5,221 > 1,661 0,000 < 0,05	H₀ ditolak Hₐ diterima	Berpengaruh langsung dan positif
6	Terdapat pengaruh tidak langsung dan positif kualitas produk terhadap loyalitas pelanggan melalui kepuasan pelanggan	1,87 > 1,65	Terdapat pengaruh tidak langsung dan positif	Berpengaruh tidak langsung dan positif
7	Terdapat pengaruh tidak langsung dan positif harga terhadap loyalitas pelanggan melalui kepuasan pelanggan	4,90 > 1,65	Terdapat pengaruh tidak langsung dan positif	Berpengaruh tidak langsung dan positif

Source: Results of Statistical Data Processing with SPSS Version 25.00, 2024

Based on the recapitulation of the hypothesis test results, it can be seen that seven (7) hypotheses in this study are accepted. This shows that customer loyalty is determined by customer satisfaction, where customer customer satisfaction is determined by product quality and price.

Direct and Positive Effect of Product Quality on Customer Satisfaction

Product quality has a direct and positive effect on customer satisfaction on D'RAOS TOP Chicken and Burger Citeureup Bogor products, thus H_1 can be declared accepted because it meets the criteria. Product quality refers to the extent to which a product meets or exceeds customer expectations. Quality is dynamic, so standards that are considered quality today can change along with technological developments, trends, and customer expectations. The results of this study are supported by Kurniawan (2022) which shows that customer satisfaction has a direct positive effect on customer loyalty. This shows that product quality is one of the main factors in building customer satisfaction.

Direct and Positive Effect of Price on Customer Satisfaction

Price has a direct and positive influence on customer satisfaction for D'RAOS TOP Chicken and Burger products in Citeureup, Bogor. Therefore, hypothesis H_2 can be accepted as it meets the established criteria. This indicates that the alignment of price with customers' perceptions of the value received is directly proportional to the level of satisfaction experienced. Price is one of the critical factors influencing customer

satisfaction. Setting a competitive price that aligns with product quality is a key factor contributing to increased customer satisfaction. Price also plays an important role in supporting the enhancement of customer satisfaction. The findings of this study are supported by Rooroh (2020), who demonstrated that price has a direct and positive effect on customer satisfaction. This shows that a price aligned with customer expectations can improve satisfaction both cognitively and emotionally.

Direct and Positive Effect of Product Quality on Customer Loyalty

Product quality has a direct and positive influence on customer loyalty for D'RAOS TOP Chicken and Burger products in Citeureup, Bogor. Therefore, hypothesis H_3 can be accepted as it meets the established criteria. High-quality products are capable of meeting or even exceeding customer expectations. A good product not only creates satisfaction but also builds long-term trust in the brand or company. When customers feel that the products they purchase are consistent in quality, they are more likely to make repeat purchases in the future. The findings of this study are supported by Indrawati (2018), which demonstrated that product quality has a direct and positive effect on customer loyalty.

Direct and Positive Effect of Price on Customer Loyalty

Price has a direct and positive influence on customer loyalty for D'RAOS TOP Chicken and Burger products in Citeureup, Bogor. Therefore, hypothesis H_4 can be accepted as it meets the established criteria. Price is one of the critical factors influencing customer loyalty, as a price that aligns with customer expectations and financial capability can enhance customer satisfaction. The findings of this study are supported by Anggraini (2020), which demonstrated that price has a direct and positive effect on customer loyalty.

Direct and Positive Effect of Customer Satisfaction on Customer Loyalty

Customer satisfaction has a direct and positive influence on customer loyalty for D'RAOS TOP Chicken and Burger products in Citeureup, Bogor. Therefore, hypothesis H_5 can be accepted as it meets the established criteria. When quality exceeds expectations, customer satisfaction is achieved. Satisfaction builds trust, which serves as a critical foundation for maintaining loyalty. The findings of this study are supported by Kurniawan (2022), which demonstrated that customer satisfaction has a direct and positive effect on customer loyalty.

Indirect and Positive of Product Quality on Customer Loyalty Through Customer Satisfaction as an Intervening Variable

Product quality has an indirect and positive influence on customer loyalty through customer satisfaction for D'RAOS TOP Chicken and Burger products in Citeureup, Bogor. Therefore, hypothesis H_6 can be accepted as it meets the established criteria. High-quality products tend to enhance customer satisfaction. When customers feel that a product meets or exceeds their expectations in terms of performance, durability, or features, their satisfaction levels increase. This satisfaction then becomes a critical factor driving customer loyalty, as satisfied customers are more likely to make repeat purchases and recommend the product to others. The findings of this study are supported by Rico (2021), which demonstrated that product quality indirectly influences customer loyalty through customer satisfaction.

Indirect and Positive of Price on Customer Loyalty Through Customer Satisfaction as an Intervening Variable

Price has an indirect and positive influence on customer loyalty through customer satisfaction for D'RAOS TOP Chicken and Burger products in Citeureup, Bogor. Therefore, hypothesis H_7 can be accepted as it meets the established criteria. Price is a factor that affects customer satisfaction levels and plays a crucial role in the sales process. When customers perceive the price offered by the company as affordable and proportional to the product's value, they tend to feel satisfied. This satisfaction is significant in encouraging customers to

make repeat purchases. The findings of this study are supported by Yanti (2022), which demonstrated that price indirectly and positively influences customer loyalty through customer satisfaction.

CONCLUSIONS

Based on the research results, it is shown that product quality and price have a direct and positive influence on customer satisfaction. Furthermore, product quality, price, and customer satisfaction have a direct and positive influence on customer loyalty. Product quality and price indirectly and positively influence customer loyalty through customer satisfaction with the fried chicken products of D'RAOS TOP Chicken and Burger, Citeureup, Bogor.

The recommendations from this study suggest that D'RAOS TOP Chicken and Burger, Citeureup, Bogor, should improve product quality by maintaining consistency in the appearance of their fried chicken and developing attractive packaging to enhance appeal and brand image. The company is also advised to implement a flexible pricing strategy, such as offering product variations that align with customers' purchasing power and conducting regular promotions and discounts so that the price reflects the product quality. To enhance customer satisfaction, the company needs to provide friendly and responsive service and ensure effective and clear communication. In terms of loyalty, the company is recommended to maintain product quality, strengthen a positive brand image, and ensure that the perceived value aligns with the benefits received by customers. Future research should consider other variables, such as service quality, brand image, perceived value, trust, and customer relationships, to gain a deeper understanding of customer loyalty.

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