

## Effect of Price, Brand Image, and Product Quality on Customer Loyalty

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### Abstract

*In the current era of globalization, many industries have developed rapidly and become industries that are able to provide consumer goods. However, with the development of the times, consumer needs are also increasing and varied. There are also many new companies that have been established and can also fulfill human needs. The human population is also increasing every day, so the need will also be endless. The purpose of this study is to analyze effect of price, brand image, and product quality on customer loyalty. The type of research used in this research is quantitative research. The population in this study are customers of PT Sarang Tawon Sukses Abadi totaling 75 respondents. The samples taken in this study are customers of PT Sarang Tawon Sukses Abadi totaling 75 respondents. Data analysis in the study of multiple linear regression analysis. The results show that price has a positive and insignificant effect on customer loyalty. Brand image has a positive and significant effect on customer loyalty. Brand image has a positive and significant effect on product quality.*

### Keywords

price; brand image; product quality; customer loyalty



## I. Introduction

In the current era of globalization, many industries have developed rapidly and become industries that are able to provide consumer goods. However, with the development of the times, consumer needs are also increasing and varied. There are also many new companies that have been established and can also fulfill human needs. The human population is also increasing every day, so the need will also be endless. Development is a systematic and continuous effort made to realize something that is aspired. Development is a change towards improvement. Changes towards improvement require the mobilization of all human resources and reason to realize what is aspired. In addition, development is also very dependent on the availability of natural resource wealth. The availability of natural resources is one of the keys to economic growth in an area. (Shah, M. et al. 2020)

The more the human population, the more the quantity of needs will increase, but as the times progress, more and more companies are also making innovations in their products. Every company must not lose competitiveness so that the company is still able to stand in accordance with their goals.

In Indonesia alone, there are more than 100 companies that are able to meet customer needs. In 2017, there were 32 food and beverage companies/industry. With this number, it shows that the level of competition will also be getting tougher and is a threat to each company that needs to be taken into account. Consumers will also be more selective in finding the products they will use.

Therefore, all companies must show a prominent and strong identity that will be presented through the products they offer. The policies implemented in the company must be in line with the level of consumer needs. According to Schiffman et al. (2000), that the consumer's decision to make a purchase is the selection of two or more alternative choices.

Customer loyalty is a customer commitment to persist deeply to re-subscribe or repurchase products or services consistently in the future, even though the influence of the situation and marketing efforts have the potential to cause behavioral changes (Kotler and Armstrong, 2010).

A company in marketing its goods or services in order to be successful in the market must first determine the price that is not right it will result in buyers not being interested in buying these goods or services. In the process of buying and selling price becomes one of the most important parts, because price is a medium of exchange in transactions. Price is the only element of the marketing mix that is flexible which can change at any time. Price is also one of the competitive factors in marketing products.

Brand image is the result of consumer views or research on a good or bad brand. This is based on consideration or selection by comparing the differences that exist in several brands, so that brands whose offerings meet the needs will be selected (Kotler and Armstrong, 2010).

The aspect of the product that needs to be considered is quality. Based on quality, the product provided has a higher selling value, which distinguishes it from competing products. According to Goetsch and Stanley (2002), product quality is a dynamic condition associated with goods, services, people, products, the environment, which meet or exceed expectations.

According to Prawirosentono (2004), product quality is the physical condition, function, and nature of the product concerned that can satisfy the tastes and needs of consumers satisfactorily according to the value of money that has been spent. The quality of a product is the level of marketing of the product and is influenced by the factors that determine that the product can achieve its goals.

Many factors can influence consumers in deciding the use of a product that they will use. Every company must pay attention to the ever-changing desires, so that consumers can be loyal to a brand they have ever consumed. Likewise, PT Sarang Tawon Sukses Abadi, a syrup-producing company with the trademark Sarang Tawon, is a large syrup-producing industry in North Sumatra Province. This company must be able to compete with competitors who are also able to produce similar products.

When consumers show loyalty to the company, the company can carry out their goals and visions, so that they can survive in the long term. Several factors to increase customer loyalty exist in the company's products, one of which is product quality.

PT Sarang Tawon Sukses Abadi which has been established for 20 years has many permanent and non-permanent customers, this company already has a reputation in the eyes of the public and customers. The development of this company is marked by the circulation of brand products that almost reach all of Indonesia. However, they must maintain customer trust so that their products remain in demand.

The purpose of this study is to analyze effect of price, brand image, and product quality on customer loyalty.

## II. Review of Literature

### 2.1 Price

A company in marketing its goods or services in order to be successful in the market must first determine the price that is not right it will result in buyers not being interested in buying these goods or services. In the process of buying and selling price becomes one of the most important parts, because price is a medium of exchange in transactions. Price is the only element of the marketing mix that is flexible which can change at any time. Price is also one of the competitive factors in marketing products.

According to Prawirosentono (2004), the notion of price is mentioned as the relative value of the product and not a definite indicator in showing the amount of resources needed to produce the product.

According to Kotler and Armstrong (2010), the amount of money charged for an item or service or the sum of the value of money exchanged by consumers for the benefits of having or using the product or service.

Based on the understanding of the price described above, it can be concluded that the price is a relative amount of compensation expressed in the form of money or goods to obtain benefits, profits, or ownership of an item or service determined by the seller at a certain place and time with full common sense and consideration. positive for the sustainability of the economic process continuously.

### 2.2 Brand Image

Brand image is the result of consumer views or research on a good or bad brand. This is based on consideration or selection by comparing the differences that exist in several brands, so that brands whose offerings meet the needs will be selected (Kotler and Armstrong, 2010).

A strong and positive image is one of the important things. Without a strong and positive image, it is very difficult for a company to attract new customers and retain existing ones. By creating the right brand image of a product, it will certainly be very useful for consumers, because the brand image will affect the assessment of the alternative brands it faces.

### 2.3 Product Quality

The aspect of the product that needs to be considered is quality. Based on quality, the product provided has a higher selling value, which distinguishes it from competing products. According to Goetsch and Stanley (2002), product quality is a dynamic condition associated with goods, services, people, products, the environment, which meet or exceed expectations.

According to Prawirosentono (2004), product quality is the physical condition, function, and nature of the product concerned that can satisfy the tastes and needs of consumers satisfactorily according to the value of money that has been spent. The quality of a product is the level of marketing of the product and is influenced by the factors that determine that the product can achieve its goals.

According to Kotler and Armstrong (2010), product quality is the ability of a product to complete a solution/demonstrate according to its function, this includes overall durability, reliability, accuracy, ease of operation and product repair, as well as other product attributes.

There are several factors that affect product quality, including:

- 1.The process of making the product and the equipment and settings used in the product.

- 2.Aspects of sales, if the quality produced by the goods/products is too low, it will cause reduced sales. On the other hand, if the quality produced by an item/product is too high, the selling price will be more expensive so that the amount sold is small because the purchasing ability is limited.
- 3.Changes in consumer demand, consumers or users often want some changes in the goods they use, both in quality and quantity.
- 4.The role of inspection, can supervise or become a predetermined quality standard and try to minimize production costs.

## **2.4 Customer Loyalty**

Loyalty is defined as non random purchase expressed over time by some decision-making unit. It can be interpreted that loyalty refers more to the behavior of decision-making units to make continuous purchases of goods or services from a selected company (Prawirosentono, 2004).

Customer loyalty is a customer commitment to persist deeply to re-subscribe or repurchase products or services consistently in the future, even though the influence of the situation and marketing efforts have the potential to cause behavioral changes (Kotler and Armstrong, 2010).

## **III. Research Method**

The type of research used in this research is quantitative research. Quantitative research is a systematic scientific study of parts and phenomena and the causality of their relationships (Octiva et al., 2018; Pandiangan, 2018). The purpose of quantitative research is to develop and use mathematical models, theories and/or hypotheses related to a phenomenon (Asyraini et al., 2022; Octiva, 2018; Pandiangan, 2015).

The population is a group of subject variables, concepts, or phenomena (Jibril et al., 2022; Pandiangan et al., 2018; Pandiangan, 2022). The population in this study are customers of PT Sarang Tawon Sukses Abadi totaling 75 respondents. The sampling technique used in this study was a saturated sample, namely a sampling technique for certain considerations from the total population (Octiva et al., 2021; Pandiangan et al., 2021; Pandia et al., 2018). The samples taken in this study are customers of PT Sarang Tawon Sukses Abadi totaling 75 respondents.

Data analysis in the study of multiple linear regression analysis. Multiple linear regression is a regression model that involves more than one independent variable. Multiple linear regression analysis was conducted to determine the direction and how much influence the independent variable had on the dependent variable (Pandiangan et al., 2022; Tobing et al., 2018).

## **IV. Result and Discussion**

### **4.1 Brief Company History**

Based on the results of interviews and observations from PT Sarang Tawon Sukses Abadi, this company is one of the industries engaged in the processing and manufacture of passion fruit juice products and syrups of various fruit flavors by selling various syrups typical of Medan City, the Sarang Tawon brand, December 12, 1994.

The processing and manufacture of this syrup includes resource and development, data on suppliers of raw materials, both processing, processing up to packaging/packaging and in the field of marketing. The company also plays a role in distributing their syrup

products. The company's factory is Tunggal Jaya Prima located in the Medan Star industrial area, Jalan Pelita I Block A Number 19 Tanjung Morawa Kilometer 19.2. This factory is responsible for the processing, manufacture and distribution of syrup. While the central part of the marketing office is on Jalan Pukat II Number, 80-80A Medan City.

The vision is to make the Nest Tawaon brand a market leader in local and national markets, and to introduce syrup products typical of North Sumatra Province to the international world.

The mission is to pamper the taste buds of syrup connoisseurs with the highest quality marquisa fruit syrup, dutch eggplant, and other fruits.

The establishment of the organizational structure aims to obtain an overview and knowledge of the parts that exist within the company as well as the authority to carry out their respective duties.

The job description at PT Sarang Tawon Sukses Abadi is as follows:

1. Director

- a. Decide and determine the highest rules and policies of the company.
- b. Responsible for leading and running the company.
- c. Act as a representative of the company in relation to the outside world of the company.
- d. Appointing and dismissing company employees.

2. Finance Manager

- a. Assist the director in analyzing the company's finances.
- b. Manage cash receipts and cash receipts out of the company.
- c. Supervise the operations of the company's finances.
- d. Establish detailed implementation procedures regarding finance.

3. Human Resource Development Manager

- a. Develop a system of personnel planning and control of employee policies.
- b. Carry out administrative and staffing needs.
- c. Supervise employee performance within the company.

4. Human Resource Development

- a. Responsible for managing and developing human resources.
- b. Conducting selection, promotion, on employees deemed necessary.
- c. Fully responsible in the employee recruitment process starting from looking for prospective employees, interviews and selection.

5. Field Officer

- a. Make a list of prospect customers according to the desired segmentation of the company.
- b. Carry out sales starting from the initial introduction, negotiation to making contracts with customers.
- c. Increase knowledge about new or old products.

6. Bookkeeping

- a. Making financial reporting.
- b. Check the results of the financial statements.
- c. Create and prepare annual reports.
- d. Checking incoming and outgoing funds.

7. Administration

- a. Supervise employee productivity.
- b. Prepare daily documents.
- c. Generate sales invoices.

- d. Analyze sales tax invoice data.
8. Driver
- a. Deliver goods or company products.
  - b. Pick up employees or company directors.
  - c. Pick up returned goods or towing goods from shops or supermarkets.

## 4.2 Multiple Linear Regression Analysis

**Table 1.** Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Price	.100	.126	.054	.793	.430
	Brand Image	.713	.188	.349	3.789	.000
	Product Quality	.734	.135	.510	5.448	.000

a. Dependent Variable: Customer Loyalty

The results show that price has a positive and insignificant effect on customer loyalty. Brand image has a positive and significant effect on customer loyalty. Brand image has a positive and significant effect on product quality.

## V. Conclusion

The results show that price has a positive and insignificant effect on customer loyalty. Brand image has a positive and significant effect on customer loyalty. Brand image has a positive and significant effect on product quality.

Based on the conclusions above, the authors provide implications as suggestions for the results of this study:

### 1. For Companies

It is hoped that this research can be used as input and consideration to maintain the stability of the price of syrup Sarang Tawon in Medan City. Thus, the company's goals can be achieved to the maximum. In terms of product quality, that customers want the company to maintain the quality of its products, thus customers will increase their sense of loyalty to Sarang Tawon products.

### 2. For Academics

a. For academics it is hoped that this research can be used as a reference or reference for further researchers who have similar problems on the subject to be studied.

b. In this study, it is necessary to re-examine each indicator of each variable based on theories that support and can strengthen, so that it can provide a clearer and better picture in the future.

c. For other researchers, it is hoped that they can examine other variables that are in line with the company's goals that are not mentioned in this study, so that they can be used as company references.

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