



The influence of product quality, service quality and price on customer satisfaction and loyalty at Transmart Padang outlets

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ABSTRACT

The primary aim of this investigation is to examine how product quality, service quality, and price affect the satisfaction and loyalty of Transmart customers in Padang. The study encompassed 150 customers of Transmart Padang and employed a quantitative descriptive research approach using a probability sampling technique. The study's findings reveal that product quality, service quality, and price significantly impact customer satisfaction. Specifically, both variables related to product quality influence customer satisfaction, while service quality alone does not directly influence customer loyalty. However, the price variable directly impacts customer loyalty. Furthermore, customer satisfaction emerges as a significant determinant of customer loyalty. In the mediation analysis, it was discovered that customer satisfaction serves as a mediator between product quality and customer loyalty. However, it does not mediate the relationship between service quality and customer loyalty. Additionally, customer satisfaction does not demonstrate its role as an intermediary variable between price and customer loyalty.

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INTRODUCTION

In today's dynamic retail landscape, significant transformations are underway, driven by the evolving mindset of society. These changes have led to the emergence of numerous goods and services, each offering distinct advantages and unique characteristics. With societal needs evolving rapidly, companies are compelled to diversify their product offerings, especially those catering to daily consumer needs. Transmart Padang, a retail establishment renowned for its wide array of products and luxurious service experience, is no exception. In the modern shopping landscape, convenience reigns supreme, closely followed by the pivotal factor of pricing, influencing consumer decisions across various retail domains.

Despite Transmart's endeavors to cater to customer needs, there remains a plethora of grievances among its patrons. Initial observations conducted on 30 Transmart customers revealed a significant portion expressing dissatisfaction. From the cramped parking spaces necessitating the use of illegal parking services to discrepancies in listed and transactional prices, customer complaints are multifaceted. Many consumers lament the inconsistency between listed and transactional prices,

eroding their confidence in the shopping experience. Additionally, the absence of item codes on products further exacerbates customer inconvenience, prolonging the search process during shopping.

Consumer satisfaction serves as a barometer of consumer purchasing behavior, reflecting their post-purchase sentiments vis-à-vis product performance and expectations. Customer loyalty, a cornerstone of business success, not only enhances financial performance but also fosters company longevity. Loyal customers play a pivotal role in company growth by providing valuable feedback and suggestions for product enhancement.

Recognizing the benefits of customer loyalty, companies must prioritize delivering quality service to ensure customer satisfaction. Quality, encompassing product, service, personnel, processes, and environment, is paramount in exceeding customer expectations. Product quality, crucial for consumer assessment, encompasses reliability, durability, accuracy, ease of operation, repairability, and other attributes. Moreover, customers expect quality products at competitive prices, underscoring the significance of pricing in the marketing mix.

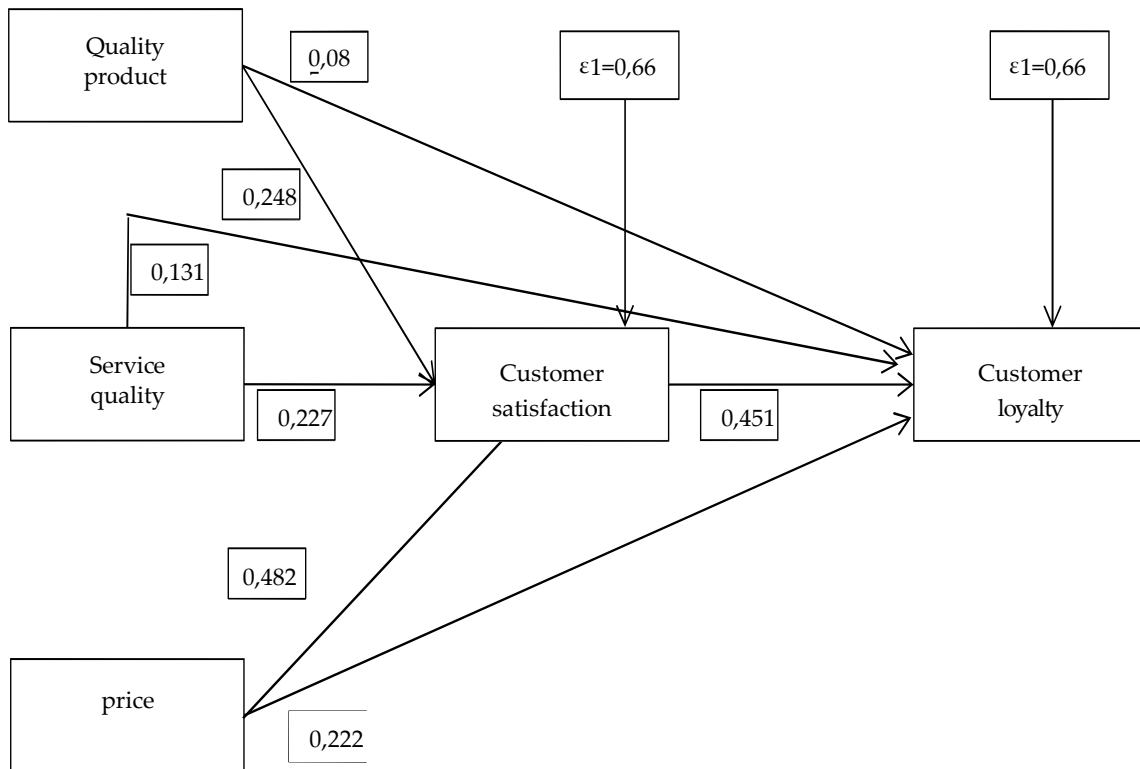
Services, inherently intertwined with their providers, are subject to variations in quality depending on the provider, timing, location, and manner of delivery. Hence, maintaining consistent service quality is imperative for ensuring customer satisfaction and loyalty in today's competitive retail landscape.

LITERATURE REVIEW

A study conducted by Setiawan et al. (2016) revealed that product quality, service quality, and trust had a significant and positive impact on customer satisfaction, with satisfaction serving as an intermediary variable. Moreover, customer satisfaction was found to positively influence customer loyalty.

In another investigation by Woen and Santoso (2021), the effects of service quality, product quality, promotions, and regular prices on consumer satisfaction and loyalty were examined. It was observed that service quality, product quality, and regular prices significantly and positively affected consumer satisfaction, while promotions did not have a significant influence on satisfaction. Furthermore, consumer satisfaction was recognized as a significant driver of consumer loyalty.

Furthermore, research by E. A. Dennis and S. B. Santoso (2016) analyzed how product quality, service quality, and brand image impacted customer loyalty through the intermediary of customer satisfaction. The findings indicated that product quality, service quality, and brand image all had positive and significant effects on both customer satisfaction and loyalty.



METHOD

This study adopts a quantitative approach, focusing on numerical data or qualitative data that can be quantified (Sugiyono, 2010:14). Thus, the emphasis lies in testing theories by measuring research variables using numerical data and conducting analysis through statistical procedures. The research is conducted among Transmart customers in Padang city, adhering to predetermined criteria. The data collection is scheduled for June 2023, and the sample size comprises 150 Transmart customers. For data collection, the questionnaire technique is employed. All research variables are measured using a Likert scale, where respondents rate their agreement with each question on a scale from 1 to 5, with 5 indicating "Strongly Agree" and 1 indicating "Strongly Disagree". The analysis methodology includes descriptive analysis and path analysis to elucidate the relationships between variables.

RESULT AND DISCUSSION

Simultaneous F Test Results

Results of the influence of product quality, service quality and price on customer satisfaction and loyalty at Transmart Padang outlets:

Table 2. Table of F Test Results

	Sum of Model Squares	Df	Mean Square	F	Sig.	
1	Regression	811,931	3	270,644	60,106	,000b
	Residual	657,409	146	4,503		
	Total	1469,340	149			

Source: SPSS output, processed February 2023

Table 3. Table of F Test Results

	Sum of Model Squares	Df	Mean Square	F	Sig.	
1	Regression	1739,128	4	434,782	45,089	,000 ^b
	Residual	1398,205	145	9,643		
	Total	3137,333	149			

Source: SPSS output, processed February 2023

Based on the table provided, the significance results demonstrate a value of 0.000, which is below the conventional significance threshold typically set at 0.05 ($0.00 < 0.05$). This indicates that the variables Product Quality, Service Quality, and Price collectively exert a positive and significant influence on Customer Satisfaction.

Partial t test results

Hypothesis testing using a significance test can be done by comparing tcount with ttable or by comparing the significance probability value of 0.05. The following is a table of partial test results:

Table 4. Table of t Test Results

	t	Sig	Decision
Product Quality > Satisfaction	3,589	0,000	Accepted
Service > Satisfaction	2,988	0,003	Accepted
Price > Satisfaction	7,738	0,000	Accepted
Product Quality > Loyalty	1,173	0,243	Unaccepted
Service > Loyalty	1,671	0,097	Unaccepted
Price > Loyalty	2,998	0,003	Accepted
Satisfaction > Loyalty	5,445	0,000	Accepted

Source: SPSS output, processed September 2023

DISCUSSION

The Influence of Product Quality on Customer Satisfaction

Based on the conducted tests, it can be concluded that the Product Quality variable indeed affects customer satisfaction, thereby validating the first hypothesis of this study. These findings suggest that to enhance customer satisfaction, the management of Transmart Padang should prioritize the quality of the products offered. This emphasis may involve enhancing quality control measures from the moment products arrive, through maintenance processes, to ensuring products are adequately prepared for display. By focusing on improving product quality, Transmart Padang can effectively meet customer expectations and enhance overall satisfaction levels.

The Influence of Service Quality on Customer Satisfaction

Based on the conducted tests, it can be concluded that the Service Quality variable indeed impacts customer satisfaction, thereby confirming the second hypothesis of this research. These findings suggest that to enhance consumer satisfaction, Transmart Padang should focus on improving the quality of service provided to customers. This improvement may involve various aspects such as staff training, responsiveness to customer needs, and the overall customer experience within the retail outlet. By prioritizing excellent service delivery, Transmart Padang can effectively meet customer expectations and foster higher levels of satisfaction among its consumer base.

The Effect of Price on Customer Satisfaction

Based on the provided table, it can be concluded that the Price variable indeed affects customer satisfaction, thereby supporting the acceptance of the third hypothesis. These findings highlight the significance of pricing in influencing customer satisfaction. As observed, customers perceive price as a crucial factor in their satisfaction levels. Transmart Padang, being a prominent retail establishment, must strike a balance between product prices and the purchasing power of the community. While the majority of customers perceive the offered prices as affordable, there exists a minority who find them expensive. This underscores the importance for Transmart Padang to continually assess and adjust its pricing strategies to cater to diverse customer perceptions and needs.

The Influence of Product Quality on Customer Loyalty

Based on the provided table, it can be concluded that the Product Quality variable does not influence customer loyalty, leading to the rejection of the fourth hypothesis. These findings suggest that if Transmart Padang aims to enhance customer loyalty, the emphasis should not solely be placed on product quality. While maintaining high product quality remains important for customer satisfaction, other factors might play a more crucial role in fostering loyalty among customers. Transmart Padang management should consider implementing strategies that go beyond product quality, such as enhancing customer service, providing loyalty programs, or improving overall shopping experiences, to effectively cultivate customer loyalty.

The Influence of Service Quality on Customer Loyalty

Based on the provided table, it can be concluded that the Service Quality variable does not influence customer loyalty, leading to the rejection of the fifth hypothesis. These findings suggest that if Transmart Padang aims to increase customer loyalty, focusing solely on improving service quality may not be sufficient. While providing excellent service remains important for overall customer satisfaction, other factors may play a more significant role in fostering loyalty among customers. Transmart Padang management should consider implementing comprehensive strategies that address various aspects of customer experience, including product offerings, pricing, convenience, and loyalty programs, to effectively enhance customer loyalty.

The Effect of Price on Customer Loyalty

Based on the provided table, it can be concluded that the Price variable indeed influences customer loyalty, thus supporting the acceptance of the sixth hypothesis. These findings underscore the importance of pricing in shaping customer loyalty. As observed, price plays a crucial role in influencing customers' decisions to remain loyal to Transmart Padang. Therefore, Transmart Padang must continue to assess and adjust its pricing strategies to ensure they align with the community's purchasing capabilities and expectations. By offering competitive and affordable prices, Transmart Padang can enhance customer loyalty and maintain its position in the retail market.

The Influence of Customer Satisfaction on Customer Loyalty

Based on the provided table, it can be concluded that the customer satisfaction variable indeed affects customer loyalty, supporting the acceptance of the seventh hypothesis. These findings highlight the direct relationship between customer satisfaction and customer loyalty. Businesses, including Transmart Padang, can foster customer loyalty by ensuring high levels of customer satisfaction. The majority of customers expressed satisfaction with their experiences at Transmart Padang, indicating a positive correlation between satisfaction and loyalty. However, to further enhance customer loyalty and retain existing loyal customers, Transmart Padang must continue to improve various aspects of its service delivery at all levels. By consistently meeting and exceeding customer expectations, Transmart Padang can maintain high levels of satisfaction among its customers and foster long-term loyalty.

The Effect of Product Quality on Customer Loyalty through Consumer Satisfaction

Based on the regression results obtained, indicating that the Customer Satisfaction variable mediates the relationship between Product Quality and Customer Loyalty. The findings of this study support the notion that Customer Satisfaction serves as an intermediary variable between Product Quality and Customer Loyalty. Hence, the eighth hypothesis of this research is accepted. In summary, the outcomes of this investigation highlight the pivotal role of Customer Satisfaction in mediating the connection between Product Quality and Customer Loyalty. Improving Product Quality can indirectly foster heightened Customer Loyalty by enhancing Customer Satisfaction. This underscores the significance of prioritizing Customer Satisfaction as a fundamental driver of Customer Loyalty in retail enterprises such as Transmart Padang.

The Influence of Customer Quality on Customer Loyalty through Consumer Satisfaction

Based on the regression results provided, indicating that the Customer Satisfaction variable does not mediate the relationship between Service Quality and Customer Loyalty. As a result, the ninth hypothesis of this research, proposing that Customer Satisfaction mediates the relationship between Service Quality and Customer Loyalty, is refuted. In essence, the study's results suggest that Customer Satisfaction does not serve as an intermediary variable between Service Quality and Customer Loyalty. Thus, although Service Quality may directly impact Customer Loyalty, Customer Satisfaction does not act as a mediating factor in this association. This underscores the importance for businesses like Transmart Padang to concentrate directly on enhancing Service Quality to bolster Customer Loyalty, rather than depending on Customer Satisfaction as an intermediary element in this scenario.

The Effect of Price on Customer Loyalty through Consumer Satisfaction

Based on the regression results provided, indicating that the Customer Satisfaction variable does not mediate the relationship between Price and Customer Loyalty. Accordingly, the tenth hypothesis of this research, proposing that Customer Satisfaction mediates the relationship between Price and Customer Loyalty, is invalidated. In brief, the study's findings suggest that Customer Satisfaction does not function as an intermediary variable between Price and Customer Loyalty. Hence, although Price may directly affect Customer Loyalty, Customer Satisfaction does not serve as a mediating factor in this connection. This underscores the necessity for businesses like Transmart Padang to concentrate directly on pricing strategies and their direct influence on Customer Loyalty, rather than depending on Customer Satisfaction as an intermediary element in this context.

CONCLUSSION

Thank you for providing a comprehensive summary of the hypotheses and regression results from your research. Based on the information provided:

1. The first, second, and third hypotheses are accepted, indicating that Product Quality, Service Quality, and Price indeed influence customer satisfaction. From the results obtained, it can be concluded that to increase consumer loyalty, Transmart Padang managers must prioritize the nature of the goods sold.
2. The fourth and fifth hypotheses are rejected, suggesting that neither Product Quality nor Service Quality directly affect customer loyalty. From the results obtained, it can be explained that if Transmart Padang wants to increase customer loyalty, Transmart Padang management must place emphasis on the quality of the products sold.
3. The sixth hypothesis is accepted, indicating that Price directly influences customer loyalty. Based on the results above, it can be explained that price is very important for customers. Transmart Padang as a large retail company must be able to balance product prices with community capabilities.

4. The seventh hypothesis is accepted, indicating that Customer Satisfaction influences customer loyalty. From the results obtained, it can be concluded that customer satisfaction is directly proportional to customer loyalty.
Regarding the mediation analysis:
5. For Product Quality, Customer Satisfaction mediates the relationship with Customer Loyalty. Of the two direct and circular qualities in the Goods Quality variable, the greatest value is the circular value, meaning that the Consumer Loyalty variable can be an intermediary between Goods Quality and Client Dependability.
6. For Service Quality, Customer Satisfaction does not mediate the relationship with Customer Loyalty. From the two direct and indirect values on the Product Quality variable, the largest value obtained is the direct influence value, meaning that the Customer Satisfaction variable is unable to mediate between Service Quality and Customer Loyalty.
7. For Price, Customer Satisfaction also does not mediate the relationship with Customer Loyalty. From the two direct and indirect values on the Product Quality variable, the largest value obtained is the direct influence value, meaning that the Customer Satisfaction variable is unable to mediate between Price and Customer Loyalty.

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