

PRODUCT QUALITY AND PROMOTION OF CONSUMER SATISFACTION THROUGH PRICE AS AN INTERVENING VARIABLE

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ABSTRACT

The test has the intention to understand the effect of Product Quality and Promotion on Consumer Satisfaction through Price as an Intervening variable in Kenari Coffee. The research population is 30 people Kenari Coffee consumers with data collection techniques in the form of distributing questionnaires. Data testing was carried out using the SEM-PLS..on.software.SmartPLS.3.0 method. The results showed that product quality had a significant effect on consumer satisfaction in walnut coffee without going through the price variable as an intervening variable. Promotion has no significant effect on consumer satisfaction at walnut coffee without going through the price variable as an intervening variable and promotion has a significant effect on consumer satisfaction at walnut coffee through the price variable as an intervening variable.

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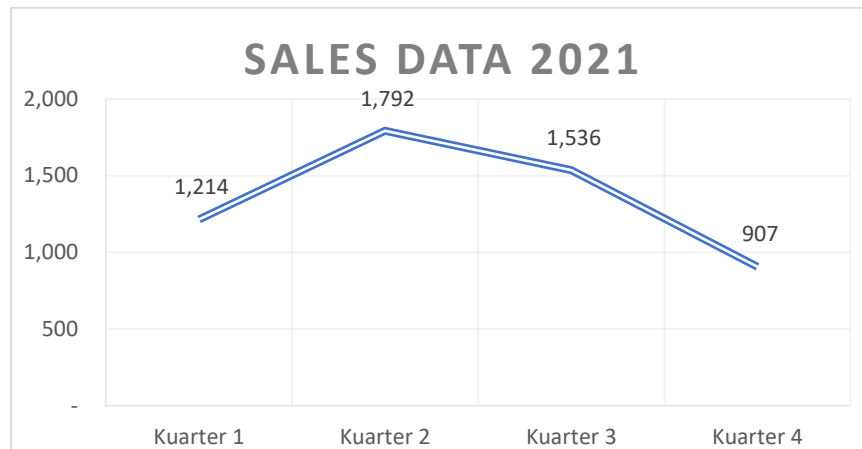
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1. INTRODUCTION

In today's world, science and technology is developing very rapidly in today's world. This encourages the rapid development of the business world and increasingly fierce market competition. Every organization must be able to understand consumer behavior in order to implement appropriate policies and strategies for consumers and competitors in order to maintain business continuity. Consumers are the most important aspect of the company, even if only indirectly. Every organization strives to meet the needs of its customers. Satisfying customer needs is not only important for a company's existence, but can also provide a competitive advantage. When a customer is satisfied with a product or service, they are more likely to buy it again when the same need arises in the future.

The test has the intention to understand the effect of Product Quality and Promotion on Consumer Satisfaction through Price as an Intervening variable in Kenari Coffee. The research population is 30 people Kenari Coffee consumers with data collection techniques in the form of distributing questionnaires. Data testing was carried out using the SEM-PLS..on.software.SmartPLS.3.0 method.

"Customer satisfaction is the customer's response to the gap in the previous level of interest and the real ability that consumers feel after use," said Rangkuti, (2002) and Supadri (2021). Marketing is one of the tools that businesses use to achieve their goals. To do so, all companies should strive to produce and supply the products or services that consumers want by offering high-quality products and promotions.



Based on the results of the graph above, it can be seen that in the 3rd and 4th quarters of 2021 the sales of walnut products decreased, and this resulted in a decrease in the number of consumers who came to buy walnut products.

Consumers consider the price when they want to make a purchase for a product or service and decide whether to buy a product or not. Melnikas claims that price and product quality have a significant effect on consumer satisfaction, citing research by Dapkevilius. quality of service provided by the buyer" (Swastha, 1994; Yulianah et al., 2021; Sidiq et al., 2021).

In Abdullah's Study, (2009) "product quality is the global behavior or evaluation of the superiority of a product". In order to compete globally, service businesses must be able to create high-quality products. Expectations, process quality, and output quality all affect product quality.

Product quality is a characteristic of an item or service related to its ability to meet customer interests as described or demonstrated by Armstrong, (2015) and hasanudin & Andini (2021). Quality is defined as the totality of characteristics and characteristics of goods and services that affect the ability to meet stated or implied needs. In the case of Kenari Coffee product quality in the product quality sector, namely from the quality of taste and packaging sold to consumers.

Economic calculations based on ratios and awareness are usually used to make purchasing decisions. Consumers, on the whole, tend to behave in their own best interest by spending their money on the things that will give them the most satisfaction, based on their preferences and price comparisons to evaluate the quality and value of an item.

2. METHOD

2.1 Product quality

The quality of an item refers to the form, benefits, and properties of the goods or services, based on the expected quality stage, such as durability, reliability, accuracy, ease of use, product improvement, and other attributes, with the aim of meeting and satisfying consumer needs or customers (Philip & Armstrong, 2012; Andrian & Supardi, 2020). According to Mullins, Orville, Larreche, and Boyd (Mullins Jhon W, 2005; Andrian & Supari, 2021), if a company wants to maintain the primacy of competitiveness in the market, it needs to understand what aspects are used by buyers to distinguish the company's goods from competitors. The quality aspects of the goods consist of:

1. Product performance, which refers to the quality of the important functions of a product.
2. Durability, which refers to how long the item can last before it needs to be changed. The durability of the product increases with the frequency with which it is used by the consumer.
3. Conformance to specifications, or the number of basic operating qualities of products that meet specified consumer criteria or products are free from defects.
4. Characteristics, namely the quality of goods intended to increase the usefulness of the goods or increase the desire of buyers for them.

5. Excellence (reliability) refers to the opportunity of an item to fulfill or not perform in a certain period of time.
6. Aesthetics (aesthetics) refers to the product which is determined from the appearance, taste, smell, and shape of the product.
7. Perceived quality is sometimes associated with the use of indirect metrics because buyers may not understand or lack an explanation of the related goods.

2.2 Satisfaction.Consumer

That is level. a person's feelings after equating (performance or results) experienced by equating his expectations Kotler in Sunyoto, if the ability exceeds expectations, the buyer feels satisfied or happy. Pramudyo said, (2012) and Prawira et al (2012) there are several main characteristics shared by all methods of measuring consumer happiness, including:

1. General Customer Satisfaction Asking buyers how happy they are with selected goods or services is an easy way to measure customer satisfaction.
2. Dimensions of consumer satisfaction, as determined by various studies. Prices are in line with capabilities, standards and customer service where product quality is most important.
3. Validating the purpose, is the suitability or difference between the customer's wishes and the actual quality of the goods. In this situation more focus will be placed on service quality, which includes consumer expectations for available products. By determining whether customers will return to the same store or not to buy the same goods.
4. Willingness to recommend, or willingness to refer a product to friends or family, is an important metric to check and track.

Consumer satisfaction according to Suparyanto and Rosad, (2015), is a buyer's happy or regretful experience that occurs as a result of the perception or impression on the ability or outcome of the goods and desires. Consumer satisfaction is the level of fulfillment of consumer desires, aspirations, and expectations, which results in repeat purchases or ongoing loyalty.

Customer pleasure, according to Kotler's idea, is the key to retaining customers. The following are some examples of consumer satisfaction indicators:

1. Repurchase / repurchase: buy back, where consumers come back to look for products or services.
2. Creating Positive Conversation: In this situation, consumers will tell others about the company.
3. Creating Brand Image: Consumers will not pay attention to the brands of competitors.
4. Make purchasing choices within the same organization: Purchase additional products from the same organization.

2.3 Price

Price is the only element of the marketing mix that customers often use as a factor in purchasing decisions that businesses cannot overlook. Because it has an impact on the company's sales and the amount of market share gain that may be achieved. The amount of value transferred to obtain something is called price. Low prices are often a source of satisfaction for sensitive consumers because they will get good quality for the money spent (Hasan, 2013). The price index from Kotler and Armstrong in artika.romal. Amrullah, (2016) and Nugrahenti & Maulida (2021) is as follows:

1. Affordable Price
Buyers have access to fixed prices. Products often come in a variety of shapes and prices, from the cheapest to the most expensive. Many customers buy goods because of the price set. For example, consider the cost of the product.
2. Prices that match the quality of the product
Consumers often use price as an indicator of quality; they will usually choose the higher price between the two things if they see the difference in quality. People tend to believe that if the price is higher, the quality is also higher. For example, the price is reasonable in relation to the quality of the goods.
3. Equivalent price for Usability

Buyers will spend money on an item if the benefits they feel are more or equal to the cost of acquisition. If consumers feel that the benefits are less than the costs incurred, then the goods can be considered expensive, so they are not likely to repurchase them. For example, the consistency of the costs incurred with the benefits of the product received by the customer.

4. Competitive Costs

Buyers always compare the prices of different products. Cases that often occur, namely, consumers take into account the price of the product when making a purchase. Consider the following scenario: cheaper than competitors' prices

2.4 Hypothesis

H1: Product quality has a simultaneous effect on satisfaction. Consumers

H2: Promotion has a simultaneous effect on Satisfaction. Consumers

H3 : Quality.Product.simultaneous effect on Price

H4 : Promotion has simultaneous effect on price

H5: Price. Simultaneous effect on Satisfaction. Consumers

The test of this study used a quantitative type of review method in the form of distributing questionnaires to Kenari Coffee consumers as respondents in this study. In this study, data processing uses SEM-PLS on the Smart.PLS.3.0 application. According to Santoso, (2012) and Yulianah (2021), SEM is a multivariate study method that combines factor studies and regression studies (correlation) to investigate the relationship between each variable in a model, both between the pointers to the construct, and each construct.

In this study, data processing uses (SEM-PLS) with the smartPLS 3.0 program. The PLS assessment is carried out in three stages:

1. Outer.Model Test.
2. Test Inner.Model.
3. Hypothesis Testing.

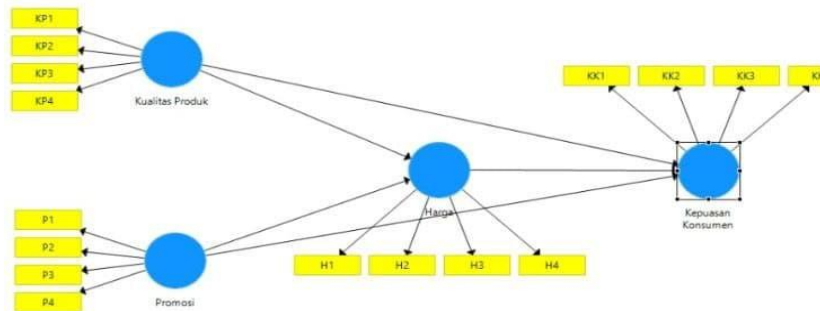


Figure 1. Research Model

3. RESULTS AND DISCUSSION

This research material was taken using questionnaires which were distributed to 30 people with the following data:

1. Gender

Based on Figure 1.3, it can be described that the majority of Kenari Coffee customers are 53.3% male or 16 people and the rest are female with a result of 48.7% or 14 people.

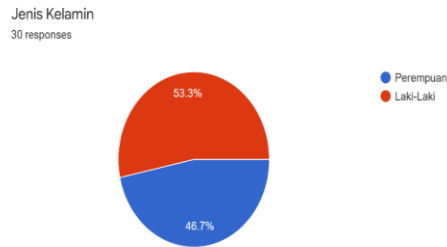


Figure 2. Respondent's Gender

2. Age

Based on figure 3 it can be described that the average Kenari Coffee customers are 21-25 years old 9 people with a 30% presentation and the most Kenari Coffee customers are 26-30 years old with a presentation of 63% or 19 people.

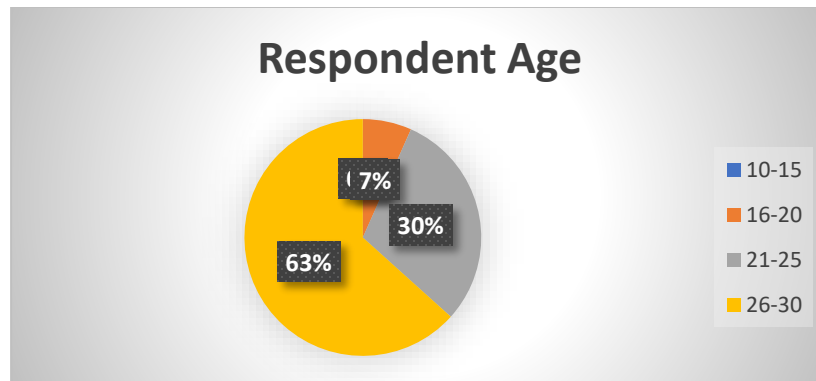


Figure 3. Age of Respondents

Test Outer Model

The measurement of this model aims to see the value of validity and reliability. The data results from the questionnaire on each variable are processed using SmartPLS3 software by defining how the indicator relates to the latent variable to produce validity and reliability.

From the measurement of the outer model, it will be seen from the influence of Convergent.Validity, Average.Variance.Extracted.(AVE), Discriminant.Validity, and Composite.Reliability.

a) Convergent Validity

In the measurement style, there can be a correlation between the instrument score and the stock of the construct or called the Loading Factor with the condition that it must have a value > 0.7 so that it can be said that the indicator or item is valid. If the resulting value does not meet the requirements, the indicator or item must be removed from the model.

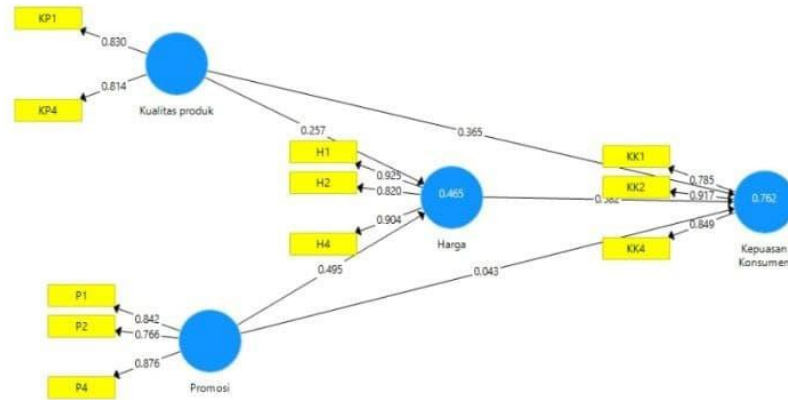


Figure 4. Convergent Validity

Table 1. Value of Loading Factor

Variable	Indicator	Loading Factor	Rule of Thumb	Conclusion
Product quality (X1)	KP1	0,830	0,700	Accepted
	KP4	0,814	0,700	Accepted
Promotion (X2)	P1	0,842	0,700	Accepted
	P2	0,766	0,700	Accepted
	P4	0,876	0,700	Accepted
Consumer Satisfaction (Y)	KK1	0,785	0,700	Accepted
	KK2	0,917	0,700	Accepted
	KK4	0,849	0,700	Accepted
Price (Z)	H1	0,925	0,700	Accepted
	H2	0,820	0,700	Accepted
	H4	0,904	0,700	Accepted

Based on the results of the above data processing by eliminating several items that are not valid in the first stage, then the values above are said to be valid because they have fulfilled the value requirements, namely > 0.7 .

b) Average Variance Extracted (AVE)

Pada pengujian validitas konvergen selanjutnya yaitu melihat nilai AVE dengan syarat nilai yang dihasilkan > 0.5

Table 2. AVE Value

Variable	Average Variance Extracted (AVE)
Product quality (X1)	0,782
Promotion (X2)	0,726
Satisfaction.Consumer (Y)	0,676
Price (Z)	0,688

If seen in table 2 the resulting AVE value is > 0.5 so there is no convergent validity.

c) Discriminant Validity

In this test, it can be seen from the value generated from the cross loading table, with the condition that the resulting value must be > 0.7 so that it can be said that the data being tested is valid.

Table 3. Cross.Loading

Indicator	Price	Consumer Satisfaction	Product quality	Promotion
H1	0.925	0.751	0.557	0.564
H2	0.820	0.647	0.461	0.482
H4	0.904	0.752	0.459	0.668
KK1	0.472	0.785	0.624	0.442
KK2	0.804	0.917	0.586	0.561
KK4	0.755	0.849	0.630	0.666
KP1	0.442	0.619	0.830	0.347
KP4	0.476	0.556	0.814	0.657
P1	0.560	0.546	0.547	0.842
P2	0.452	0.387	0.365	0.766
P4	0.592	0.632	0.567	0.876

From the results of the cross-loading calculation in table 3 all variables have indicators with a value > 0.7 so that this research model is said to be valid.

d) Composite Reliability

At this stage we will test the reliability of each variable, to test the undimensionality of this research model by looking at Cronbach's alpha and composite reliability using the resulting value requirement > 0.7 .

Table 4. Composite Reliability Value

Variable	Composite Reliability
Product quality (X1)	0,807
Promotion (X2)	0,868
Satisfaction.Consumer (Y)	0,888
Price (Z)	0,915

The results of the composite reliability value in table 4 show that the value of the Product Quality variable is $0.807 > 0.7$, the value of the Promotion variable is $0.868 > 0.7$, the value of the Consumer Satisfaction variable is $0.888 > 0.7$ and the Price variable produces a value of $0.915 > 0.7$. So that it can be called on the variables studied as reliable.

Inner Model Test

Inner model is a structural style that is made to predict a cause-and-effect relationship in each latent variable. Tests on structural forces were carried out to test the relationship of each latent construct. This measurement is observed from the value of R-Square (R^2) > 0.7 which is categorized as strong.

a) Value.R-Square

Table 5. R-Square Value

Variable	R-Square	R-Square Adjusted
Satisfaction Consumer (Y)	0.762	0.734

In the results of table 5 the R-Square value of Consumer Satisfaction is 0.762. So that it can be said that Consumer Satisfaction can be explained by the latent variable Quality. Product, Promotion and also Price worth 76.2% are included in the strong category.

Test Hypotheses

In testing the hypothesis of this study, it can be accepted if it meets the requirements that the T-Statistic value is greater than the t-table (2.042) with P-Value <0.05

Table 6. Hypothesis Testing

	T-Statistics	P Value	Results
Price (Z) -> Consumer Satisfaction (Y)	4.182	0.000	Accepted
Product Quality (X1) -> Price (Z)	1.108	0.268	Accepted
Product Quality(X1) -> Consumer Satisfaction (Y)	2.743	0.006	Accepted
Promotion (X2) -> Price (Z)	2.307	0.021	Accepted
Promotion (X2) -> Consumer Satisfaction (Y)	1.639	0.102	Rejected

Based on table 6 shows the results for each relationship of latent variables as follows:

1. The Effect of Price on Satisfaction..Consumers

Based on the study, the value of T-Statistics on the Price variable (Z) to the Consumer Satisfaction variable (Y) was $4.182 > 2.042$ and P-Value $0.000 < 0.05$, it can be stated that the hypothesis is accepted and the relationship between the variable price has a positive influence on Consumer Satisfaction variable from 30 sources. These results indicate that a buyer's satisfaction with the product being sold is influenced by the price factor offered by Kenari Coffee.

2. Effect of Product Quality on Price

In the results of the studies that have been carried out, the T-Statistics values for the Product Quality (X1) variable on the Price (Z) variable are $1.108 < 2.042$ and P-Value $0.268 > 0.05$, so it can be stated that the hypothesis is rejected and the quality variable is tied. The product has no effect on the price variable. From 30 buyers of Kenari Coffee products, it can be said that the quality provided has no effect on the price offered.

3. The Effect of Quality..Products on Satisfaction..Consumers

From the above test, it has resulted in the T-Statistics value on the Product Quality variable (X1) to the Consumer Satisfaction variable (Y) which is $2.743 > 2.042$ and P-Value $0.006 < 0.05$, it can be stated that the hypothesis is accepted and the quality variable is tied. positive effect on the variable Satisfaction. Consumers. From this we can say that the satisfaction of a Kenari Coffee buyer can be seen from the quality of the product provided, and this shows that the quality offered is very good in the eyes of the buyer.

4. Effect of Promotion on Price

From the test results above, there is a T-Statistics value on the Promotion variable (X2) on the Price variable (Z) which is $2,307 > 2,042$ and P-Value $0,021 < 0,05$, it can be stated that the hypothesis is accepted and the relationship between Promotion variables has a positive effect. to the Price variable. This can mean

that customers want low prices when buying products offered by Kenari Coffee through discounts or promos given to these customers.

5. The Effect of Promotion on Satisfaction Consumers

The test results above have resulted in the T-Statistics value of the Promotion variable (X2) on the Consumer Satisfaction variable (Y) which is $1.639 < 2.042$ and P-Value $0.102 > 0.05$, so it can be stated that the hypothesis is rejected and the relationship between Promotion variables has no effect on the variables. Consumer Satisfaction. According to 30 respondents in this case study, the satisfaction they feel is not affected by the presence or absence of price discounts given by Kenari Coffee.

Based on the results of the study above, it shows that product quality has a positive influence on the satisfaction of a consumer regardless of the price offered either directly or indirectly. As for the promotion aspect studied, it does not have a direct influence on someone's satisfaction but still looks at the price offered. The responses from Kenari Coffee consumers through questionnaires, the majority stated that the quality of the products offered was very good.

Satisfaction will be obtained if the expectations of buyers with the ability of Kenari Coffee can run in the same direction. If the buyer already believes in the quality of the product offered, then the buyer also believes and achieves the expectations that he wants. Satisfaction in accordance with the wishes and needs of customers can be met, it can lead to an attitude of loyalty in the customer, because the more satisfied the customer, the more loyal to the product.

4. CONCLUSIONS

Based on the results of studies that have been carried out regarding factor analysis regarding satisfaction from Kenari Coffee customers, it can be concluded that; Product quality has a significant effect on consumer satisfaction at Kenari Coffee without going through the price variable as an intervening variable. Promotion has no significant effect on consumer satisfaction at Kenari Coffee without going through the price variable as an intervening variable. Promotion has a significant effect on consumer satisfaction at Kenari coffee through the price variable as an intervening variable.

Based on the conclusions above, the factors of consumer satisfaction with Kenari Coffee are product quality and price. So that to increase repurchase from consumers, Kenari Coffee must be able to maintain the quality of the products sold and also create new product innovations that are desired by consumers. As for the price, Kenari Coffee must provide a price that can compete with existing competitors so that consumers do not feel disappointed and do not want to buy back because the price is so expensive.

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