

QUALITY OF PRODUCTS, PRICES, BRAND IMAGES AND SATISFACTION INFLUENCE ON RESTAURANT CUSTOMER LOYALTY

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ABSTRACT

This research aims to analyze descriptively product quality, price, brand image and satisfaction on restaurant customer loyalty and find out how much the direct and indirect influence of each variable using path analysis. The population in this research were visitors to three "sego sambel" restaurants in Malang, namely Cak Uut, Sarumpet and Malangan, who had made purchases at least twice. by using accidental sampling technique obtained 247 samples and the data analysis technique used was path analysis with an instrument in the form of a questionnaire and using the Likert measurement method. The research findings show that product quality, price, brand image and satisfaction influence customer loyalty.

Keywords: Product Quality, Price, Brand Image, Satisfaction, Customer Loyalty

INTRODUCTION

Competition in the business world was increasingly tight. This is also happening in culinary businesses such as Sego Sambel Restaurant in Malang, they must have high competitiveness so that customers feel satisfied and do not move to other places so that loyalty can be formed. Loyalty is very important for the company because loyal customers generate dividends throughout the company's business journey. Loyalty is more indicated on a customer's routine buying behaviour of products at the same company (Bernanto, 2018).

Furthermore, the determinant of satisfaction is product quality. A good quality product is one that meets the standards to meet the wants and needs of customers. This is also stated by Kotler dan Keller (2012) product quality is the condition of an item that has been assessed based on established standards. A product that is considered to be of high quality means that the product complies with the standard (Matthew, 2015).

Then the price factor, Kotler dan Keller (2015) assume the price is an obligation imposed by the customer for using or enjoying a product or service as compensation. While Berkowitz, et al (1989) argue that the price is the amount of money that must be paid to get the right to use a product or enjoy a service.

In addition, the brand image also influences customer decisions that will later influence loyalty. Brand branding is defined as a product image that is specifically built in the customer's mind. The stronger image that is built means the sense of achievement of the brand to remain loyal also strong, so that the company continues to benefit in the long term. Products that have a strong brand image that can survive, compete and even control the market. (Sumarni, M. & Soeprihanto, J. 2010).

So business owners must be able to provide satisfaction so that customers become loyal. As in the research Rizwan, et al (2018) found that product quality affects customer satisfaction and customer loyalty. In addition, Andreani, et.al (2012) dan Namkung, Y, et al. (2010) research shows that brand image and product quality have a positive and significant effect on customer loyalty.

Malang is a city that has rapid business development, especially food business. With so many students, tourists, and residents who love culinary, of course, places to eat both old and new are never short of customers. Of the many restaurants that have sprung up one of them is the concept of Sambal Rice and a traditional spicy menu currently popular in Malang, namely *sego sambel cak uut, sarumpet and malangan*.

Based on this condition above, spicy restaurant or *sego sambel* restaurant in Malang in an effort to increase customer loyalty and satisfaction must always be consistent in maintaining the quality of its products, fixed prices and while maintaining the product image is always good in the minds of customers.

METHOD

This research is quantitative with a type of research description and explanation. Descriptive analysis aims to describe the events that were happening. While the explanation in this research includes associative explanation, such as find out that there was an influence or not, and if there was how much influence the product quality (X1), price (X2), brand image (X3) on loyalty (Y) through customer satisfaction (Z). The population in this research were visitors to three *sego sambel* restaurants in Malang City. They were the *sego sambel cak uut, sarumpet and malangan* who had made purchases at least twice.

The sampling technique uses proportional sampling because the population in this research has heterogeneous and proportional members or elements. Meanwhile, to determine who is the sample, the researcher uses accidental sampling technique which is a sampling technique based on coincidence, anyone who accidentally meets with the researcher can be used as a sample if the person expected that was suitable with a data source (Sugiono, 2012) by using the Isaac formula and Michael.

$$= \frac{\lambda^2 \cdot N \cdot P \cdot Q}{d^2(N-1) + \lambda^2 \cdot P \cdot Q}$$

Explanation:

λ^2 = Error level (1%, 5%, 10%)
 N = Total of Population
 P = 0,5
 Q = 0,5
 d = 0,05
 $= \frac{(1,645)^2 \cdot 2800 \cdot 0,5 \cdot 0,5}{(0,05)^2 \cdot 2799 + (1,645)^2 \cdot 0,25}$
 $= \frac{2,706025 \cdot 2800 \cdot 0,25}{0,0025 \cdot 2799 + 2,706025 \cdot 0,25}$
 $= \frac{1894,2175}{7,67400625}$
 $= 246,835543039$ be rounded 247

Then the number of samples needed based on the formula above was 247 and sampling was done by grouping as follows

Table 1.1 Sample Grouping

| No. | Restaurant | Population | Calculation | Sampel |
|--------------|----------------------|-------------|---------------|------------|
| 1. | Sego Sambel Cak Uut | 1200 | 1200/2800x247 | 106 |
| 2. | Sego Sambel Sarumpet | 900 | 900/2800x247 | 79 |
| 3. | Sego Sambel Malangan | 700 | 700/2800x247 | 62 |
| Total | | 2800 | | 247 |

Data analysis techniques using path analysis with the help of SPSS and the following research framework:

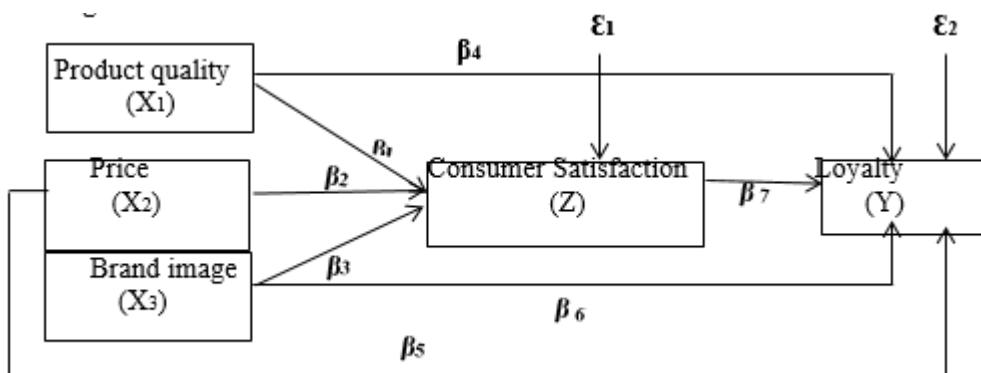


Figure 1.2 Path Analysis Model

By using the formula:

$$Z = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon_1$$

$$Y = \beta_4 X_1 + \beta_5 X_2 + \beta_6 X_3 + \beta_7 Z + \varepsilon_2$$

RESULT

The results of the analysis of the research data show that (1) Product quality, price, brand image and satisfaction have a positive and significant influence on customer loyalty.

This is a summary of the influence of each variable,

Table 1.2 Summary of Influence of Each Variable

| H | Direct influence | Indirect influence | Influence amount | t count | t table | Sig | Explanation |
|-----------------|------------------|--------------------|------------------|---------|---------|------|--------------------------|
| Ha ₁ | 0,264 | | 0,264 | 6,843 | 1,984 | .002 | Ha ₁ accepted |
| Ha ₂ | 0,432 | | 0,432 | 8,531 | 1,984 | .000 | Ha ₂ accepted |
| Ha ₃ | 0,294 | | 0,294 | 7,426 | 1,984 | .001 | Ha ₃ accepted |
| Ha ₄ | 0,276 | | 0,276 | 3,442 | 1,984 | .000 | Ha ₄ accepted |
| Ha ₅ | 0,274 | | 0,274 | 5,843 | 1,984 | .001 | Ha ₅ accepted |

| | | | | | | | |
|------------------|-------|-------|-------|--------|-------|------|---------------------------|
| Ha ₆ | 0,482 | | 0,482 | 6,233 | 1,984 | .000 | Ha ₆ accepted |
| Ha ₇ | 0,221 | | 0,221 | 4,234 | 1,984 | .004 | Ha ₇ accepted |
| Ha ₈ | | 0,072 | 0,346 | 8,653 | 1,984 | .000 | Ha ₈ accepted |
| Ha ₉ | | 0,119 | 0,601 | 10,442 | 1,984 | .000 | Ha ₉ accepted |
| Ha ₁₀ | | 0,037 | 0,258 | 4,768 | 1,984 | .002 | Ha ₁₀ accepted |

1. First Hypothesis Test

H1 shows the direct effect of 0.264 then tcount 6.843> t table 1.984 and the significance of t 0.002 <0.05 means that Ha₁ which reads the quality of the product has a positive and significant influence on customer satisfaction of sego sambel restaurant in Malang was accepted.

2. Second Hypothesis Test

H2 shows the direct effect of 0.432 then tcount 8.531> t table 1.984 and the significance of t 0.000 <0.05 means that Ha₂ which reads the price has a positive and significant effect on customer satisfaction of sego sambel restaurant in Malang was accepted.

3. Third Hypothesis Test

H3 shows the direct effect of 0.294, then tcount 7.426> t table 1.984 and the significance of t 0.001 <0.05 means that Ha₃ which reads the brand image has a positive and significant effect on customer satisfaction of sego sambel restaurant in Malang was

4. Fourth Hypothesis Test

H4 shows the satisfaction variable is 0.276, then tcount 3.442> t table 1.984 and the significance of t are 0.000 <0.05, which means Ha₄ which says satisfaction has a positive and significant effect on customer loyalty of sego sambel restaurant in Malang was accepted.

5. Fifth Hypothesis Test

H5 shows the direct effect of 0.274, then tcount 5.843> t table 1.984 and the significance of t 0.001 <0.05, which means that Ha₅ which reads the quality of the product has a positive and significant effect on customer loyalty of sego sambel restaurant in Malang was accepted.

6. Sixth Hypothesis Test

H6 shows the direct effect of 0.482 then tcount 6.233> t table 1.984 and the significance of t 0.000 <0.05 means that Ha₆ which reads the price has a positive and significant effect on customer loyalty of sego sambel restaurant in Malang was accepted.

7. Seventh Hypothesis Test

H7 shows the direct effect of 0.221, then tcount 4.234> t table 1.984 and the significance of t 0.004 <0.05 means that Ha₇ which reads brand image has a positive and significant effect on customer loyalty of sego sambel restaurant in Malang was accepted.

8. Eighth Hypothesis Test

The value of H₈ is known based on the direct influence given Product quality (X₁) to customer loyalty (Y) with a value of 0.274. While the indirect effect of product quality (X₁) through Satisfaction (Z) on customer loyalty (Y) is the multiplication of product quality beta (X₁) on satisfaction (Z) with satisfaction beta value (Z) on customer loyalty (Y) 0.072. So that the overall effect is obtained from the direct added indirect effect namely: 0.274 + 0.072 = 0.346. Furthermore, from the t test, it is known that the tcount of 8.653> t table 1.984 or the significance of t 0.000 <0.05 means that Ha₈ which reads the quality of the product has a positive and significant effect on loyalty through customer satisfaction of sego sambel restaurant in Malang was accepted.

9. Ninth Hypothesis Test

The value of H₉ is known based on the direct effect of Price (X₂) on customer loyalty (Y) which is 0.482. While the indirect effect of Price (X₂) through Satisfaction (Z) on loyalty (Y) from the multiplication of price beta to satisfaction with satisfaction beta value of loyalty namely: 0.432 x 0.276 = 0.119. So that the total effect is: 0.482 + 0.119 = 0.601. Furthermore, from the t test it is known that the value of tcount 10.442> t table 1.984 or the significance of t 0.000 <0.05 means that Ha₉ which reads the price has a positive and significant effect on loyalty through customer satisfaction of sego sambel restaurant in Malang was accepted.

10. Tenth Hypothesis Test

The value of H₁₀ is known based on the direct influence of Brand Image (X₃) on customer loyalty (Y) which is 0.221. While the indirect effect of Brand Image (X₃) through Satisfaction (Z) on loyalty (Y) is the multiplication of beta value (X₃) on satisfaction (Z) with satisfaction beta value (Z) on loyalty (Y), namely: 0.136 x 0.276 = 0.037 . Then the overall effect of 0.221 + 0.037 = 0.258. Furthermore, from the t test it is known that the t-value of 4.768> t table 1.984 or the significance of t 0.002 <0.05 means that Ha₁₀ which reads the brand image has a positive and significant effect on loyalty through customer satisfaction of sego sambel restaurant in Malang was accepted.

DISCUSSION

Based on the results of data analysis, the results of hypothesis testing, theories, previous research and field findings obtained data exposure as follows,

The First, there is a positive and significant influence on product quality variables on customer satisfaction which shows that there is a relationship both of them, if the product quality is good, customer satisfaction will be achieved and vice versa. This research was supported by Namkung, Y, et al. (2010), Han, H., et al (2010), Rizwan, et.al (2018), Jahanshahi, A, et al. (2011), dan Bernanto, I. (2018). Product quality is everything that meets the needs to be considered and requested by customers that can affect satisfaction because satisfaction depends on the level of product quality. (Kotler dan Keller, 2015). Consumers want the product they receive as expected. Quality can be interpreted as a strategic weapon for competence with competitors. (Bernanto, I. 2018). As a questionnaire given to customers, said that the quality of the three restaurant products has many variations with unique, attractive and up-to-date packaging, this is considered to provide its own experience for customers. In addition, the product tastes of the three are considered to be in line with expectations and suitable for all ages, the hygiene of the product to the customer is also considered good and all three to increase sales are both aggressively promoting their products to social media, this can be seen from the number of followers and viewers from each of these restaurants. Furthermore, the presentation of fresh products also influences satisfaction, so it is expected for the manager or owner to keep maintaining and committed in this regard, as an added value compared to other restaurants that often serve products in cold conditions.

Second, the price has a positive and significant effect on customer satisfaction. This research is supported by Andreani, et.al (2012), Huber, F. & Wricke, A. (2010) dan Namkung, Y, et al. (2010). Price assessment indicators can be seen from the suitability of a sacrifice to the value it receives after making a purchase then the customer will perceive the product or service Kotler and Keller (2012). The main key to win the competition is to provide satisfaction to customers through quality products at competitive prices (Tjiptono, 2016).

From the results obtained by researchers shows that the restaurant sego sambel sarumpet and Malang can be recommended for customers who have minimal budget because this restaurant offers an affordable price or suitable for all segments. While this does not apply to cakutut restaurants. Furthermore, for the owner or manager to increase sales, attract customer enthusiasm and at the same time as a promotional medium can do several strategies such as give away, challenge, buy 1 get 1 or provide discounts or conditional discounts, discounts and discounts with purchases through applications and purchases using e-money (OVO / Dana / Gopay / Sakuku, etc.). For this reason, the three are expected to be flexible in marketing their products.

The third, brand image has a positive and significant influence on customer satisfaction. This is in line with the research of Fujun-lai, et, al (2010), Jahanshahi, et, al (2011) Taniaji, et, al (2012) dan Rizwan, et.al (2018). If the customer has a good image of a restaurant, the customer will still choose to consume food and drinks from the restaurant even though there are many offers from competitors Kotler dan Keller (2015). Brand image has an important role in the development of a company because brand image influences reputation and credibility which causes a customer's consideration to use the product or services . (Bangawan, S. 2015). Satisfied customers occur because of the benefits that have been given by a brand that has met the needs or according to the expectations of customers (Tjiptono, 2016).

Fourth, satisfaction has a positive and significant effect on customer loyalty. Tjiptono (2016) If the relationship between satisfaction with customer loyalty is positive, then high satisfaction will increase customer loyalty. This study was supported by Fraering, M. (2013), Inamullah (2012), Han, H., et al (2010) Ibojo, et.al (2015) dan Asghar, et.al (2011). From the questionnaire distributed by researchers, the advantages of each restaurant will be explained, which is the differentiator of the restaurant, the first in a cakutut restaurant, which is a customer who is satisfied with the quality of the product offered means that the quality of the product at this restaurant can be said to be very well this is also supported from the first hypothesis. Furthermore, in excess sarumpet restaurants owned according to respondents namely the provision of guarantees on damaged products or products that are not on-demand, this is a more assessment for the achievement of customer satisfaction and loyalty. And the last restaurant in Malang is fast, responsive and friendly service.

Fifth, product quality has a positive and significant effect on customer loyalty. This research was supported by Grayson, et.al (2010), Jahanshahi, et.al (2011), dan Taniaji, et.al (2012). Quality is the overall characteristics that define the nature of the product that affects the ability to meet needs based on predetermined standards. It is expected that marketers and entrepreneurs pay attention to quality, even reinforced by advertising, packaging and reasonable prices so consumers will not think long about making repeated purchases of products (Kottler dan Keller, 2015).

Sixth, the price has a positive and significant effect on customer loyalty. This research was supported by Bernanto, I. (2018) dan Han, H., et al (2010).. The price set by the company that is not right cause the buyer is not interested in the goods or services. (Berkowitz, et al, 1989). From the findings of the three restaurants have a predetermined target market respectively. So what needs to be considered for the owner is to maintain the fairness of prices and always take into account the supporting factors in setting prices so that they are able to be reached by all groups and not disappoint customers to maintain customer loyalty and loyalty.

Seventh, brand image has a positive and significant effect on customer loyalty. This research was supported by Griffin (2003) and Chao, R.F., et al (2015). Kotler and Keller (2015), brand image is a view of customers that have formed in the minds of customers that affect customer purchases. Brand image will form two assumptions namely good or bad for the product based on perceived experience (Tjiptono,2016). Based on the findings of the three restaurants are currently equally popular and have their

own advantages or uniqueness and are very up to date (current) in introducing products, promos or discounts, the atmosphere and all activities in the restaurant on social media. This needs to be considered for the owner to maintain his brand image and always provide product information updates to the customer so that the customer remains loyal and is not affected by other competitors.

Eighth, product quality has a positive and significant effect on customer loyalty through satisfaction. Griffin, (2013) states that if a product is received and felt according to expectations, the quality of the product is considered to have provided satisfaction, if satisfaction is achieved, they will be loyal to the product and vice versa. In line with research by Nailul, D. & Francine (2010), Rizwan (2018) dan Jahanshahi, A, et al. (2011). This is because the quality of the products in the three restaurants is in line with customer expectations, of course, in accordance with their respective market segments.

Ninth, the price has a positive and significant effect on customer loyalty through satisfaction. This research was supported by Fraering, M. (2013), Han, H, et al (2010), dan Bernanto, I. (2018). If a product requires customers to pay a price greater than the perceived benefits, then the product is negative, then the customer will most likely reduce consumption of the product, meaning that the customer does not get satisfaction and will never be loyal (Griffin, 2013). From the research results obtained if the owner and manager can pay attention to the price factor well and are able to adjust the existing conditions, the restaurant will still be in demand.

Tenth, brand image has a positive and significant effect on customer loyalty through satisfaction. This research was supported by Rizwan, et.al.(2018), Andreani, et.al (2012) dan Chao, R.F., et.al (2015).. Brand image can be considered as a type of association that appears in the minds of consumers when considering a particular brand. This association can be conceptualized based on strength, popularity and uniqueness (Tjiptono, 2016). From the results of the questionnaire, respondents stated that the brand image and the indicators in it have a significant influence on customer satisfaction and loyalty so that owners and managers must pay attention to and maintain that the brand image formed in the restaurant remains good in the eyes of the customer.

CONCLUSIONS & SUGGESTIONS

Conclusion

Based on the results of the analysis and discussion of the influence of product quality, price, brand image and satisfaction on customer loyalty of sego sambel restaurants in Malang, the conclusion is: (1) The overall quality of all three products is highly satisfied. The overall price of the three gets an appropriate rating. The overall brand image of the three received very good ratings. Overall satisfaction of the three received very satisfied ratings. Overall loyalty of the three received high ratings, (2) Product quality, price, brand image and satisfaction had a positive and significant effect on customer loyalty of sego sambel restaurant in Malang. The better the quality of the product, the suitability of the price and brand image of the sego sambel restaurant, can increase customer satisfaction and form customer loyalty. This is evidenced by the results of the value of the direct influence and the value of the indirect effect compared to the magnitude of the mediating role of customer satisfaction. So it can be interpreted that customer satisfaction can mediate these three factors on customer loyalty in the restaurant sego sambel cak uut, sarumpet and malangan.

Suggestion

Suggestions that can be given by researchers include the following: (1) The owner or manager of the restaurant can provide a choice of products at a cheaper price which can be recommended for customers who have minimal budget so that it can be reached by all segments and pay more attention to comfort as well as security the customer considering the large number of customers who come, (2) The owner or manager of a sarumpet restaurant needs to pay attention to the taste factor or the level of spiciness of the product that can be ordered according to customer demand, as a consideration to be able to maximize customer satisfaction, especially customers who are not very fond of spicy in order to also be able to enjoy the products in this restaurant, (3) Owners or managers of malangan restaurants in increasing sales and stimulating purchases need to be more active in promoting their products, especially to social media. So that this restaurant can be recommended as a restaurant that is up to date and is popular with friends, family or closest people. (4) For further researchers who are interested in this research, it is better to do further research on other variables that can explain satisfaction and loyalty. as a supporting variable in Sego Sambal restaurant or other restaurants in Malang.

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