

Factors Affecting Customer Loyalty Through Satisfaction at UD. Sumber Makmur Banyuajuh Village, Kamal District

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Research article

Received 23 June 2023; Accepted 05 July 2023

How to cite: Rizkiyah, IZ., Dawam, A., & Tarman M. (2023). Factors Affecting Customer Loyalty Through Satisfaction at UD. Sumber Makmur Banyuajuh Village, Kamal District. *Indonesian Journal of Economics and Management*, 3(3), 551-560.

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Abstract: This research was conducted with the aim of understanding the effect of price, location, product and service quality on customer loyalty through satisfaction as an intervening variable at UD. Prosperous Source. The type of research used in this research is descriptive quantitative with nonprobability sampling and convenience sampling approaches. The sample used was 30 respondents as customers at the tofu factory. Data analysis techniques in this study used validity, reliability, classic assumption tests which consisted of normality tests, multicollinearity tests, and heteroscedasticity tests. multiple linear regression analysis test, coefficient of determination test, t test and F test. In analyzing the results of this study using the SPSS version 2023 application. The results of the research show that product and service quality has no effect on satisfaction; price, the effect of location on satisfaction; price, location, quality of products and services affect customer loyalty; satisfaction affects customer loyalty; price, location, product and service quality simultaneously affect customer loyalty through satisfaction.

Keywords: price, location; product; service quality; customer loyalty; satisfaction.

1. Introduction

The current development of the trading business is too fast during the free trade era as it is today. This global competition provides consumers with many choices, where consumers are increasingly considering the cost, value and benefits of a product. The development of trade in the world requires existing businesses to survive despite experiencing obstacles in order to be able to compete with growing businesses and still benefit.

Although the development of the trade sector is currently experiencing many obstacles. Among the obstacles faced is due to the pandemic. The domestic trade sector experienced obstacles, including a decrease in turnover during the Corona pandemic (covid-19), which resulted in weakening business capital for business actors. The process of promoting and marketing the products of business actors in the industrial sector cannot be carried out because the promotion and marketing costs cannot be met. In addition, domestic trade is experiencing problems in the field of consumer protection. The level of consumer empowerment in fighting for and obtaining their rights is still low, and the level of compliance of MSME business actors with product safety is still low.

In general, the company's main goal is to make a profit (profit) where the company expects its profits to increase each period. The company's goal to increase profits is to be able

to maintain its survival. Increasing company profits will have a positive impact on the prosperity of company owners and employees, as well as to pay the company's obligations in running its business. Management is required to work hard so that the company generates maximum profits by keeping production costs as low as possible.

As can be seen from the trading business, namely the tofu factory, where currently the tofu business in Indonesia is one of the businesses that are in great demand, because tofu is made using simple methods or technology. Therefore, the tofu industry is growing quite rapidly in small and medium scale industries. Currently, the tofu industry in Indonesia, especially in Java, has 86,400 units with a production capacity of more than 2.56 million tonnes per year. The increasing number of tofu industries has resulted in an increase in the price of tofu raw materials, namely soybeans, where soybeans are the main raw material used in the tofu-making process and of course will increase the capital and costs incurred by these factories.

Therefore researchers conducted this research by looking at the problems that occur, namely: 1). Is there a significant effect of price, location, product, and service quality on customer satisfaction at the UD. Sumber Makmur in Banyuajuh Village, Kamal District? 2). Is there a significant effect of price, location, product, and service quality on customer loyalty at the UD Sumber Makmur tofu factory in Banyuajuh Village, Kamal District? 3). Is there an effect of customer satisfaction on customer loyalty through intervening variables at the UD Sumber Makmur tofu factory in Banyuaju Village, Kamal District? 4). Is there an effect of price, location, product and service quality on customer loyalty through satisfaction as an intervening variable at UD Sumber Makmur in Banyuajuh Village, Kamal District?

Based on research that has been conducted by (Iriyanti, 2016) stated that the case study at the Mie Pangsit Jember depot, the results showed that there was a positive and significant relationship between price, product quality and location on customer loyalty through satisfaction as an intervening variable. Next researcher (Princess & Utomo, 2017) states that the case study of customer perceptions of Dian Comp Ambarawa, the results show that service quality has a significant direct effect on customer loyalty. This is evident from the effect value between service quality on customer loyalty > from the indirect effect, namely $0.601 > 0.519$. So satisfaction is not an intervening variable in this study. For this reason, future research can examine other variables such as trust to find out which factors are more influential as intervening variables on customer loyalty.

Given the importance of price, location, product and service quality for the UD Sumber Makmur factory and also the current rapid business competition, based on this the researcher is interested in raising a research title on "The Influence of Price, Location, Product and Service Quality on Customer Loyalty Through Satisfaction as Intervening Variables at UD Sumber Makmur in Banyuajuh Village, Kamal District".

2. Literature Review

2.1. Marketing

Marketing according to Kotler and Keller: 2016 (Yulianingsih & Suryawardani, 2018) revealed that marketing is a process by which individuals and groups obtain what they need and want through creating, offering, and exchanging value products and services.

2.2. Price

Pricing in a business is so important that price is defined as an exchange rate that can be equated with money or other goods for the benefits derived from an item or service for a

person or group at a certain time and place.(Sudaryono, 2016)Pricing is a strategy game in marketing. If the price set by the company is too high, then the product or service in question will not be affordable by the low market. Conversely, if the price is too low, it will be difficult for the company to make a profit or some consumers will have a low quality perception of the products being marketed. In a climate of intense competition like today, companies must pay attention to the price factor, because the size of the price set will greatly affect the company's ability to compete and also be able to influence consumers to buy their products. Therefore, the company can consider the selling price of its product which is different from the outside price because even if the price set by the company increases, consumers still consider it.(Pradana et al., 2018)namely: a) Prices are affordable by consumer purchasing power. b) Conformity between price and quality. c) Competitive price with other similar products.

2.3. Location

Location according to Tjiptono (2015: 345) in(Robby Fauji & Syifa Pramudita Faddila, 2020)Location refers to various marketing activities that seek to expedite and facilitate the delivery or distribution of goods and services from producers to consumers. Broadly speaking, there are two possible considerations in terms of the location of service facilities. First, the customer visits the location of the service facility and the second is the service provider who visits the customer. Indicators related to location according to Tjiptono (2014: 159) in(Soekanto, 2016)namely: 1. Access, namely locations that are traversed or easily accessible by public transportation facilities. 2. Spacious parking area, comfortable and safe. 3. Traffic concerns density like people passing by. 4. Visibility, namely the location that can be seen clearly at normal viewing distance.

2.4. Product

Based on(Indrasari, 2019)Products have important meaning for companies because without products, companies will not be able to do anything from their business. Buyers will buy a product if it feels right, therefore the product must be adjusted to the wants or needs of the buyer for product marketing to be successful. The better the products offered by producers to consumers, the purchasing decisions that will be made by consumers will also increase. As for the indicators on the product according to Kotler and Keller (2016:47) in(Soekanto, 2016)namely: 1. Form, 2. Features, 3. Customization, 4. Quality of performance, 5. Quality of fit.

2.5. Quality of Service

According to cashmere (2017:47) in(Easter, 2019)Service quality is defined as the actions or deeds of a person or organization that aim to provide satisfaction to customers or employees. If this can be done, a company can achieve its target in serving customers because they feel loyal. The indicators contained in the quality of service according to (Harfika and Abdullah, 2017, p. 48), on(Soekanto, 2016)namely: 1. Tangible (physical evidence), 2. Reliability (reliability), 3. Responsiveness (responsiveness), 4. Assurance (guarantee), 5. Empathy (empathy).

2.6. Customer Loyalty

Based on(I Rusmiati, 2018)Customer loyalty is the strength of the relationship between an individual's relative attitude toward an entity (brand, service, store, or supplier) and repurchase. Customer loyalty has an important role in a company, maintaining it means

improving financial performance and maintaining the company's survival. Loyalty is also loyalty and customer satisfaction given to a product that has met consumer needs.

2.7. Satisfaction

Satisfaction is defined as a comparison of the quality of service experienced by the customer, which is expected by the customer, if the quality experienced by the customer is lower than expected, dissatisfaction will arise. the customer is as expected, the customer will be satisfied, and if the service quality is more than expected, the customer will be very satisfied. Satisfaction is also a need for business owners which will therefore increase the business industry (riyanto, 2018).

2.8. Hypothesis Development

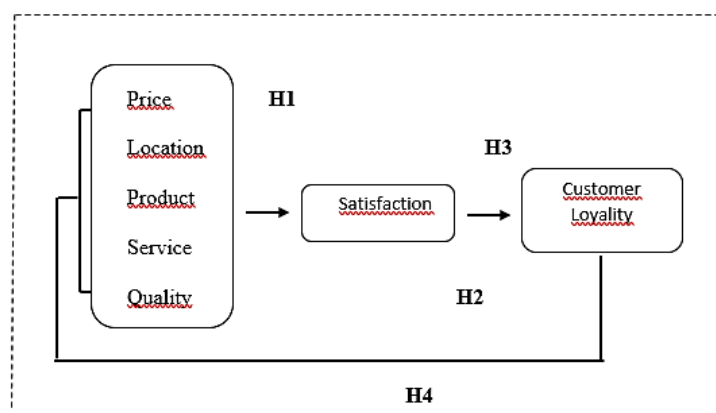


Figure 1. Research Model

In this study, the researcher formulated a hypothesis, namely: (H1) It is suspected that there is a positive effect of price, location, product and service quality on customer satisfaction. (H2): It is suspected that there is a positive effect of price, location, product quality and service on customer loyalty. (H3): It is suspected that there is a positive influence of customer satisfaction on customer loyalty. (H4): It is suspected that there is a positive effect of price, location, product, service quality, and satisfaction on customer loyalty.

3. Research Methods

This research uses a quantitative descriptive approach. This research was conducted in March 2023, at the Tofu Factory UD. SUMBER MAKMUR, which is located at Jalan Kusuma Bangsa No. 3 Banyuwajuh, Kamal District, Bangkalan Regency, Madura. In quantitative research using research subjects, namely the population and sample. The population used by the researcher is 30 customers who buy and subscribe to UD's tofu factory. Prosperous Source. For sampling, researchers used the category of nonprobability sampling approach. In addition, the data collection in this study used the convenience sampling data collection technique, which is a technique for obtaining information quickly, cheaply and easily which is often used as a sampling based on convenience.

The research instrument used by the researcher was observation, observation of the object of research and the data collection technique used by the researcher was distributing questionnaires to 30 respondents at the UD factory. Prosperous Source. In this study, the data obtained by the researcher aside from customer data from the UD factory. Sumber Makmur

who was used as a respondent was also obtained from documents such as articles, journals and books related to this research. Data analysis techniques used by researchers are (1) validity and reliability tests (2) classic assumption tests consisting of normality tests, multicollinearity tests, heteroscedasticity tests. (3) multiple linear regression analysis test, coefficient of determination test, t test and F test. In analyzing the results,

4. Results and Discussion

4.1. Results

4.1.1 Determination Test Results (R²)

Table 1. Determination Test Results (R²)

Summary models				
Model	R	R square	Customized R Square	std. Estimation Error
1	,989a	,977	,973	.03259

Source: SPSS Processing Result 23. 2023

From table 1 above, the results of multiple linear regression tests are obtained, namely R Square of 0.977 (value of 0.977 is the square of the correlation coefficient or R). The coefficient of determination (R Square) is 0.977 equal to 97.7%. This figure means that satisfaction, price, location, product, and service quality affect customer loyalty by 97.7%. While the rest (100% - 97.7% = 2.3%) is influenced by other variables outside this regression model. The magnitude of the influence of other variables is often called error (e).

4.1.2 Hypothesis Testing Results

Table 2. The Results of Hypothesis Testing the Effect of Price, Location, Product Quality and Service on Customer Satisfaction

ANOVA					
Model	Sum of Squares	df	MeanSquare	F	Sig.
1 Regression	,748	4	, 187	112,702	,000b
residual	.041	25	,002		
Total	,789	29			

a. Dependent Variable: SATISFACTION

b. Predictors: (Constant), QUALITY OF SERVICE, PRICE, LOCATION, PRODUCT

Source: SPSS Processing Results 23.2023

From the table above it can be seen that the calculated F value is 112.702, while the F table value from the results $df = (nk-1)$ (k = number of independent independents, n = number of respondents) is 2.70. thus the calculated F value is $112.702 > 2.70$ and for a significance of $0.00 < 0.1$. So it can be concluded that price, location, product and service quality simultaneously influence satisfaction.

Table 3. The Results of the t Test Influence Price, Location, Product Quality and Service on Customer Satisfaction

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.106	5	,221	208,309	,000b
	residual	,025	24	,001		
	Total	1.132	29			

a. Dependent Variable: CUSTOMER LOYALTY

b. Predictors: (Constant), SATISFACTION , PRICE , LOCATION, SERVICE QUALITY, PRODUCT

Source:SPSS Processing Results 23.2023

From the table above it can be obtained that the calculated F value is 208.309 while the F table value from the results $df = (nk-1)$ (k = number of independent independents, n = number of respondents) is 2.70. thus the calculated F value is $208.309 > 2.70$ and for a significance of $0.00 < 0.1$. So it can be concluded that price, location, product and service quality simultaneously influence customer loyalty.

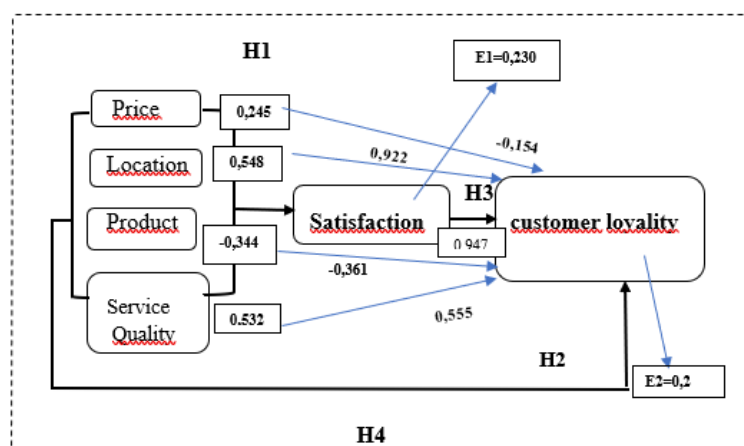
Table 4. The Results of the t Test Influence Customer Satisfaction on Customer Loyalty

Coefficients ^a					
		Unstandardized Coefficients		Standardized Coefficients	
Model		B	Std. Error	Beta	t
1	(Constant)	-,532	,155		-3,423
	KEPUASAN	1,166	,051	,974	22,742

Source: SPSS Processing Results 23.2023

From the table above, the t-count results are obtained, namely: the satisfaction variable (Z) is greater than the t-table, namely $22.742 > 0.3610$ and a significance value of $0.000 < \alpha 0.05$. So the satisfaction variable has a positive effect on customer loyalty (Y) partially.

4.1.3. Hypothesis Test Results Test F

**Figure 2.** Multiple Linear Regression Analysis Test Results

Based on the above research results, the following results were obtained:

- 1) X1 against Z
Obtained a significance value of x_1 of $0.336 < 0.05$, so it can be concluded that there is no direct significant effect of x_1 on Z.
- 2) X2 against Z
Obtained a significance value of x_2 of $0.010 < 0.05$, so it can be concluded that there is a direct significant effect of x_2 on Z.
- 3) X3 against Z
Obtained a significance value of x_3 of $0.271 < 0.05$, so it can be concluded that there is no direct significant effect of x_3 on Z.
- 4) X4 against Z
Obtained a significance value of x_4 of $0.059 < 0.05$, so it can be concluded that there is a direct significant effect of x_4 on Z.
- 5) X1 against Y
Obtained a significance value of x_1 of $0.484 < 0.05$, so it can be concluded that there is no direct significant effect of x_4 on Y.
- 6) X2 against Y
Obtained a significance value of x_2 of $0.00 < 0.05$, so it can be concluded that there is a direct significant effect of x_2 on Y.
- 7) X3 against Y
Obtained a significance value of x_3 of $0.185 < 0.05$, so it can be concluded that there is no direct significant effect of x_3 on Y.
- 8) X4 against Y
Obtained a significance value of x_4 of $0.025 < 0.05$, so it can be concluded that there is a direct significant effect of x_4 on Y.

4.2. Discussion

4.2.1 Price, Location, Product and Service Quality affect satisfaction.

Based on the results of the research testing above, it can be seen that the calculated F value is 112.702, while the F table value from the results $df = (nk-1)$ (k = number of free independents, n = number of respondents) is 2.70. thus the calculated F value is $112.702 > 2.70$ and for a significance of $0.00 < 0.1$. So it can be concluded that price, location, product and service quality simultaneously influence satisfaction. Based on these results H1 is accepted.

This is supported by the results of research conducted by (Sholikhah et al., 2020) which states that service quality, price and location have a significant effect on consumer satisfaction (Case Study on Paras Snack Consumers in Boyolali Regency in 2019). From the results of research and previous research, it is explained that each variable taken has a different significance and influence on customer satisfaction at UD. Prosperous Source

4.2.2 Price, Location, Product, and Service Quality Affect Customer Loyalty.

Based on the results of the research above, it shows that all variables have a positive and significant effect on customer loyalty. The results of the analysis test on the t test obtained t count, namely: the price variable is greater than t table, namely $-0.710 > 0.3610$ and has a significant effect with a value of $0.484 < \alpha 0.05$. So, the price variable has a partial effect on customer loyalty (Y). The second calculated t value for the location variable is $5.364 > 0.3610$ and a significance value of $0.000 < 0.05$. So the location variable has a positive effect on customer loyalty partially. The third calculated t value for the product variable is $-1.362 >$

0.3610 and a significance value of $0.185 < 0.05$. So, product variables partially affect customer loyalty. Furthermore, the t-count value for the service quality variable is $2.381 > 0.3610$ and a significance value of $0.025 < 0.05$. So, service quality has a positive effect on customer loyalty partially. So that through the results of the test analysis it can be seen that the second hypothesis in this study can be answered, so that the previous research conducted by (Iriyanti, 2016) who in his research said that customer loyalty is influenced by product quality and location, so the results of this study are in line with previous studies. Based on these results that H2 is accepted. From the results of research and previous research, it is explained that each variable taken has a different significance and influence on customer loyalty at UD. Prosperous Source.

4.2.3 Customer Satisfaction Influences Customer Loyalty.

Based on the results of the research above, it shows that satisfaction has a positive and significant effect on customer loyalty. The results of the analysis test on the t test obtained the results of t count, namely: the satisfaction variable (Z) is greater than t table, namely $22.742 > 0.3610$ and a significance value of $0.000 < \alpha 0.05$. So the satisfaction variable has a positive effect on customer loyalty (Y) partially. Through the results of test analysis it can be seen that the third hypothesis in this study can be answered, so that this research is in line with previous studies. Based on these results indicate that H3 is accepted.

This is supported by the results of research conducted by (Normaya & Soesanto, 2016) which states that satisfaction has a direct and significant effect on loyalty to the Online Store Lazada.Co.Id Repurchase Interest. From the results of research and previous research, it is explained that each variable taken has a different significance and influence on customer loyalty at UD. Prosperous Source

4.2.4 Price, Location, Product, and Service Quality Simultaneously Affect Loyalty Through Satisfaction.

Based on the results of the above research it can be obtained that:

- 1) X1 on Z Obtained a significance value of x_1 of $0.336 < 0.05$, so it can be concluded that there is no direct significant effect of x_1 on Z.
- 2) X2 on Z. A significance value of x_2 is obtained of $0.010 < 0.05$, so it can be concluded that there is a direct significant effect of x_2 on Z.
- 3) X3 against Z
Obtained a significance value of x_3 of $0.271 < 0.05$, so it can be concluded that there is no direct significant effect of x_3 on Z.
- 4) X4 against Z
Obtained a significance value of x_4 of $0.059 < 0.05$, so it can be concluded that there is a direct significant effect of x_4 on Z.
- 5) X1 against Y
Obtained a significance value of x_1 of $0.484 < 0.05$, so it can be concluded that there is no direct significant effect of x_4 on Y.
- 6) X2 against Y
Obtained a significance value of x_2 of $0.00 < 0.05$, so it can be concluded that there is a direct significant effect of x_2 on Y.
- 7) X3 against Y
Obtained a significance value of x_3 of $0.185 < 0.05$, so it can be concluded that there is no direct significant effect of x_3 on Y.

8) X4 against Y

Obtained a significance value of x_4 of $0.025 < 0.05$, so it can be concluded that there is a direct significant effect of x_4 on Y.

In addition, the results in this study are in line with the results of research conducted by previous researchers. Then based on previous studies showing that H4 is accepted. From the results of research and previous research, it is explained that each variable taken has a different significance and influence on customer loyalty at UD. Prosperous Source

5. Conclusion

Based on the results of testing and analysis of the hypothesis, it can be concluded that price, location have a positive and significant effect on customer satisfaction while product and service quality have no positive and significant effect on customer loyalty, price, location, quality of products and services have a positive and significant effect on customer loyalty, Customer satisfaction has a positive and significant effect on loyalty, Price, Location, Product, and Service Quality Simultaneously Has a Positive and Significant Influence on Loyalty Through Satisfaction. The implications of this study provide an overview of the people of Bangkalan, especially to be more concerned with the quality of services provided than low prices, product quality and close locations.

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