

The Influence of Product Quality and Promotion on Customer Satisfaction and Its Impact on Customer Loyalty PT. Mahakarya Sejahtera Indonesia

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Abstract

This study aims to determine and analyze the effect of product quality and promotion on customer satisfaction and its impact on customer loyalty at PT Mahakarya Sejahtera Indonesia (MSI) as well as knowing and analyzing the variables that influence both directly and indirectly on customer loyalty. Data collection using a questionnaire with the number of respondents was 120 people. The method of analysis used in this study is a quantitative method, through testing the path of analysis. Research shows that product quality has a significant effect on customer satisfaction; promotion has a significant positive effect on customer satisfaction; product quality has no significant effect on customer loyalty; promotion has a significant positive effect on customer loyalty; customer satisfaction has a significant positive effect on customer loyalty; Product quality has a significant positive effect on customer loyalty through customer satisfaction; and promotion has a significant positive effect on customer loyalty through customer satisfaction.

Keywords: Product Quality, Promotion, Satisfaction and Loyalty.

Introduction

The development of the business world in the digital age is running rapidly this condition makes companies create increasingly fierce and sharp competition. Therefore the company is required to be able to satisfy customers by making quality products in accordance with consumer desires. Not a few companies are competing to be able to increase their market share, so this motivates companies to work hard to keep going forward in improving their business.

One strategy that can be used by companies is by creating and building customer loyalty through customer satisfaction. Basically Customer loyalty is needed by the company to improve product quality and promotion strategies

Loyal customers will tend to make repeat purchases at the company not choosing other products and encouraging others to become customers.¹ One of the strategies the company can do to be able to maintain and improve the sustainability of its business is by establishing good relationships with customers. Company promotions can communicate products to consumers the benefits of the product can be known by consumers and can make consumers interested in trying and making decisions to buy a product. So promotion is one important aspect of marketing management because promotion can make consumers who were not initially interested in a product can change their minds and become interested in the product

One of the MLM business activities in this case the MSI(Mahakarya Sejahtera Indonesia) Business. Mahakarya Sejahtera Indonesia is a company that provides health care and skin beauty products of the highest quality and of course at an affordable price and offers consumers the network marketing business of PT Mahakarya Sejahtera Indonesia will provide a powerful opportunity to change your finances.

¹ Suwono, L.V., Sihombing, S.O., 2016. Jurnal Dinamika Manajemen.Vol. 7,45–55.

Promosi promotion is an important factor in realizing the sales goals of a company, this is where directed promotion strategies are needed because they are expected to have a positive influence on increasing sales².

MSI must prepare a strategy that is able to bind its customers to stay loyal to health and beauty products. This is where a communication strategy is needed that aims to build loyalty in the long run. To cope with competitive conditions and maintain business customers PT mahakarya Sejahtera Indonesia continues to strive for various businesses by fostering better relationships with customers. Business customer loyalty is a very important factor for the company, because basically loyalty is an ongoing process for achieving company goals.

Based on the background description above, this research will solve the problem of how to increase customer loyalty at PT Mahakarya Sejahtera Indonesia.

The purpose of this study was to determine the effect of:

1. Product quality towards customer satisfaction PT Mahakarya Sejahtera Indonesia
2. Promotion of customer satisfaction PT mahakarya Sejahtera Indonesia
3. Product quality towards customer loyalty PT Mahakarya Sejahtera Indonesia
4. Promotion of PT mahakarya Sejahtera Indonesia's customer loyalty
5. Customer satisfaction with customer loyalty PT mahakarya Sejahtera Indonesia
6. Product quality towards customer loyalty through customer satisfaction at PT Mahakarya Sejahtera Indonesia
7. Promotion of customer loyalty through customer satisfaction at PT Mahakarya Sejahtera Indonesia

The essence of marketing is to identify and meet the needs and desires of consumers. ³Marketing is marketing is meeting needs profitability intent The phrase is marketing is done to meet every need (consumer needs) in a way that benefits all parties.

Marketing in the perspective of Islam, according to sharia principles, marketing activities must be based on the spirit of worship to God, the Creator, trying his best to the common welfare, not for the benefit of the group let alone his own interests. In addition, Islam also views marketing as a trade that must be displayed and displayed its features and weaknesses of the goods so that other parties are interested in buying them.

Product quality is an important thing that must be sought by every company if it wants to be produced can compete in the market to satisfy the needs and desires of consumers. Today most consumers are increasingly critical in consuming a product. Consumers always want to get a quality product in accordance with the price paid, even though there are some people who think that, an expensive product is a quality product.⁴

Promotion is a communication activity carried out by a person or a company with the wider community, where the aim is to introduce something (goods, services, brands, companies) to the community and at the same time influence the wider community to buy and use the product.

“Satisfaction is a person’s feelings of pleasure or dissapointment that result from comparing a product’s perceived performance or outcome to expectations. If the performance falls short of expectations, the outcome is dissatisfied. If it matches expectations, the customer is satisfied or delighted”.⁵ Which means satisfaction Is someone's feeling of satisfaction or disappointment resulting from a comparison of product performance or results with expectations.

Customer loyalty is a form of loyalty and someone's behavior to want and be willing to recommend what he feels to others is a form of customer love and trust in a company. Loyalty is a behavior that arises purely from the mind of the customer so that it cannot be forced.

² Endar, Sugiyono.2014. UNNES

³ Kotler, Philip and Kevin Lane Keller, 2016. *Marketing Management, 15th Edition, Pearson Education, Inc.*

⁴ Damayanti. 2015. UNNES.

⁵ Kotler, Philip and Kevin Lane Keller. 2012. *Marketing Management, Edisi 14.*

Literature Review

Erry Rimawan, Ali Mustofa, Angga Dwi Mulyanto (2017). A bout the influence of product quality, service quality and trust on costumer satisfaction and Its Impact on costumer Loyalty (case study PT. ABC Tbk). the results show that product quality service quality and trust do not affect customer satisfaction or customer loyalty whereas customer satisfaction affects customer loyalty.

Fitri Rahmadani, I Made Suardana, Hengki Samudra (2019), conduct research on the effect of service quality, product, price and location on customer loyalty with customer satisfaction as an intervening variable on UD Eva group Mataram. the results showed that the variable customer satisfaction has a significant influence on customer loyalty variables so that the quality of service, products, prices and location is proven to have a significant effect on customer loyalty through customer satisfaction.

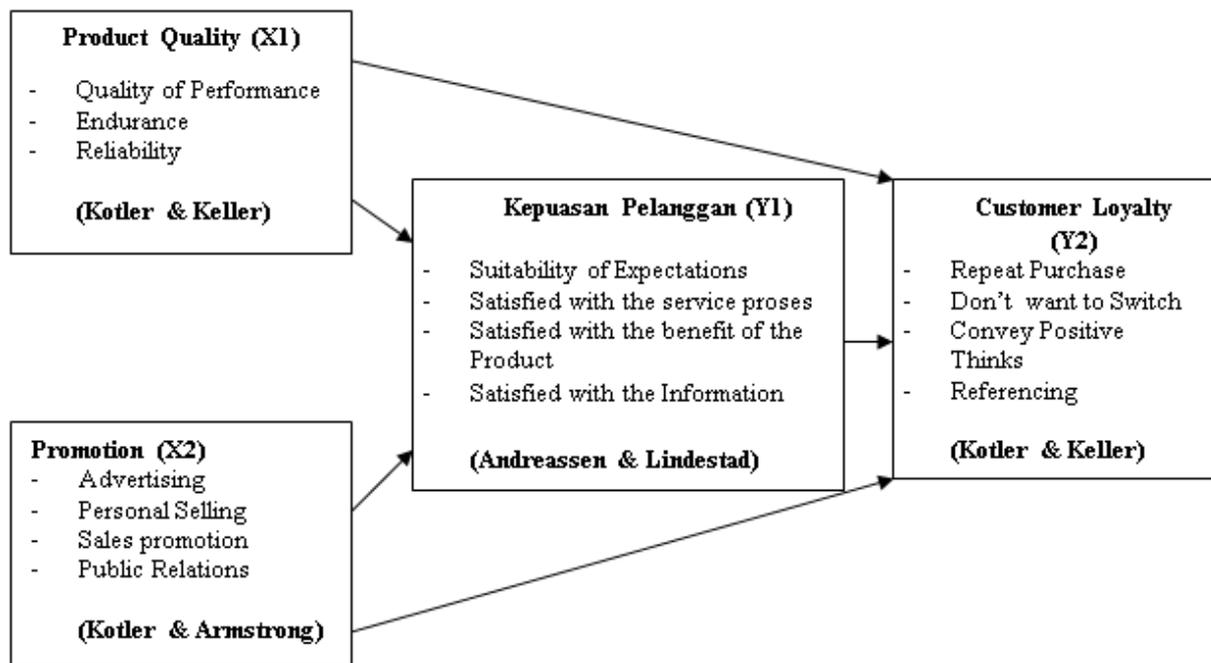


Figure 1. Research Model

Hypothesis

- H1 : Product quality (X1) has a significant positive effect on customer satisfaction (Y1) at PT Mahakarya Sejahtera Indonesia.
- H2 : Promotion (X2) has a significant positive effect on customer satisfaction (Y1) at PT mahakarya Sejahtera Indonesia.
- H3 : Product quality (X1) has a significant positive effect on customer loyalty (Y2) at PT mahakarya Sejahtera Indonesia.
- H4 : Promotion (X2) has a significant positive effect on customer loyalty (Y2) at PT mahakarya Sejahtera Indonesia.
- H5 : Customer satisfaction (Y1) has a significant positive effect on customer loyalty (Y2) at PT mahakarya Sejahtera Indonesia.
- H6 : Product quality (X1) has a significant positive effect on customer loyalty (Y2) through customer satisfaction (Y1) at PT mahakarya Sejahtera Indonesia.
- H7 : Promotion (X2) has a significant positive effect on customer loyalty (Y2) through customer satisfaction (Y1) at PT mahakarya Sejahtera Indonesia.

Research Methods

This research design uses a quantitative research approach. This research was conducted at the KPO MSI Makassar office, and the study was conducted for 2 months. Data collection methods in this research are literature study, observation and questionnaire. Population In this study are MSI members and customers who have bought MSI products more than once. The analytical method used in this study is path analysis.

Results and Discussion

Based on the empirical model proposed in this study, testing of hypotheses can be tested through path coefficient testing on structural equation models. Where the results of the complete analysis can be seen in the following figure:

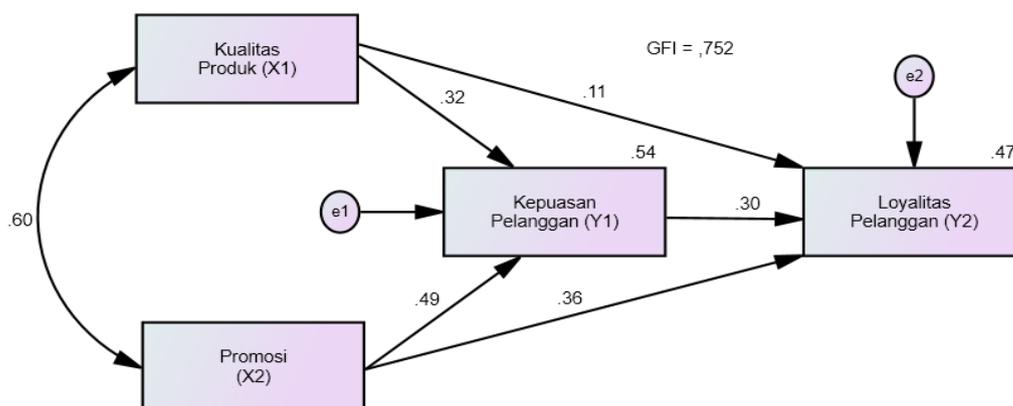


Figure 2. Model Measurement Product Quality, Promotion, Customer Satisfaction, Customer Loyalty.

Table Testing Hypothesis.

HIP	Independent Variable	Dependent Variable	Direct Effect			
			Standardize	CR	p-value	Explanation
H1	Product Quality	Customer Satisfaction	0.322	4.100	<001	Significant
H2	Promotion	Customer Satisfaction	0.491	6.258	<001	Significant
H3	Product Quality	Customer Loyalty	0.113	3.692	0.207	Do Not significant
H4	Promotion	Customer Loyalty	0.358	1.262	<001	Significant
H5	Customer Satisfaction	Customer Loyalty	0.298	3.033	0.002	Significant
Indirect Effect						
	Independent Variable	Dependent Variable	Intervening Variable	Standardize		Explanation
H6	Product Quality	Customer Loyalty	Customer Satisfaction	0.096		Significant
H7	Promotion	Customer Loyalty	Customer Satisfaction	0.146		Significant

Discussion

Overall the seven path model was hypothesized, there are six significant paths and one insignificant pathway. The interpretation of the table can be explained as follows:

- a. Product quality has a significant positive effect on customer satisfaction with $P = 0,000 < 0,05$ with a coefficient value of 0.322, this coefficient indicates that the better the product quality, the better customer satisfaction will be. This is in accordance with Kotler and Keller's theory (2016: 203) if the company wants to maintain its competitive advantage in the market, the

- company must understand what aspects of the dimensions are used by consumers to distinguish the products the company sells with competitors' products.
- b. Promotion has a significant positive effect on customer satisfaction with $P = 0,000 < 0.05$ with a coefficient value of 0,491, this coefficient indicates that the more appropriate the promotion delivered, the better customer satisfaction will be. This finding is in accordance with the opinion of Khan et al., (2012) explaining that promotion as a different form of activity to attract and get the attention of customers buying products or services through personal selling, public relations, sales promotion and advertising. So the higher the expected promotion it can have a positive impact on customer satisfaction.
 - c. Product quality has an insignificant positive effect on customer loyalty with $P = 0.207 > 0.05$ with a coefficient value of 0.113, this coefficient indicates that product quality does not directly influence customer loyalty. These findings are in line with research conducted by InkaJanita Sembiring, suharyono, andriani kusumawati, that the product quality variable has no significant effect on customer loyalty. customer loyalty to a company's products was not always in line with the company's product quality. customers have various considerations in choosing health and beauty products to be consumed/used, so that it can be understood that customers cannot be loyal to the company, if the customer has not felt satisfaction first.
 - d. Promotion has a significant positive effect on customer loyalty with $P = 0,000 < 0.05$ with a coefficient value of 0.358, this coefficient indicates that the more attractive the promotion is given, the better the customer loyalty will be. These findings provide an understanding that effective and efficient promotional activities must be carried out by the company in order to increase sales value to customer loyalty, meaning that the more attractive the promotion is given, the better the customer loyalty will be.
 - e. Customer satisfaction has a significant positive effect on customer loyalty with $P = 0.002 < 0.050$ with a coefficient of 0.298, this coefficient indicates that the better the customer satisfaction, the better the customer loyalty will be. The results of this study can support or strengthen the existing theory, which states that customer satisfaction as one of the causes of the formation of customer loyalty, it is proven that customer satisfaction is able to provide a potential direct effect on customer loyalty (Cronin and Taylor)
 - f. Product quality has a significant positive effect on customer loyalty through customer satisfaction with a coefficient value of 0.096, this coefficient indicates that good product quality will create satisfaction for customers which ultimately has an impact on increasing customer loyalty. These findings are consistent with the results of research conducted by Rahmadani, Suardana, Ocean (2019), the results of the study indicate that the variable of customer satisfaction has a significant influence on the variable of customer loyalty so that product quality is proven to have a significant effect on customer loyalty through customer satisfaction.
 - g. Promotion has a significant positive effect on customer loyalty through customer satisfaction with a coefficient value of 0,146, this coefficient indicates that the more attractive the promotion provided will increase customer satisfaction and ultimately the better customer loyalty.

Conclusion

Based on the description in the discussion, then in this study conclusions can be drawn as follows:

1. Product quality has a positive and significant effect on customer satisfaction at PT Mahakarya Sejahtera Indonesia.
2. promotion has a positive and significant effect on customer satisfaction at PT mahakarya Sejahtera Indonesia.
3. Product quality has no significant positive effect on customer loyalty at PT Mahakarya Sejahtera Indonesia.

4. promotion has a positive and significant effect on customer loyalty at PT mahakarya Sejahtera Indonesia.
5. customer satisfaction has a positive and significant impact on customer loyalty at PT Mahakarya Sejahtera Indonesia.
5. Product quality has a positive and significant impact on customer loyalty through customer satisfaction at PT Mahakarya Sejahtera Indonesia.
6. Promotion has a positive and significant influence on customer loyalty through customer satisfaction at PT Mahakarya Sejahtera Indonesia.

Suggestion

PT Mahakarya Sejahtera Indonesia's management needs to maintain product quality with product benefits that can be felt by customers so that it will be better and superior compared to other products. companies can improve products by creating new product innovations that can attract customers so that companies can improve services by providing home sharing to new members.

The research recommendations are recommended for further research, so that researchers do not only pay attention to aspects of promotion, but can include several other variables such as service quality and price. researchers are also expected to be able to read more references or other sources of literature so that future research can compare similar MLM businesses.

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