

The Influence of Product Quality and Prices on Customer Loyalty at Halal Mart Cibubur

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ABSTRACT

This research was conducted with the aim of knowing: 1) The effect of product quality on customer loyalty at the halal mart in Permata Cibubur. 2) To determine the effect of price on customer loyalty at halal mart in Permata Cibubur. The method used is quantitative with sampling in this study as many as 75 respondents with a purposive sampling technique. Data analysis techniques in this study used multiple linear regression analysis with partial regression test (t-test) and simultaneous test (F). The calculation process is assisted by the IBM SPSS 22 software application program. The test results show that there is a significant influence between product quality and customer loyalty at the Halal Mart in Permata Cibubur. There is a significant influence between price and customer loyalty at the Halal Mart in Permata Cibubur. There is a significant effect of product quality and price on customer loyalty at the Halal Mart in Permata Cibubur.

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INTRODUCTION

As time goes by, technological advances in the business world are increasingly developing, so companies are always required to compete in terms of improving products and services. One of these advances is in the field of herbal products, where many competing products have emerged in cyberspace. The number of people who are smart in choosing halal products that do not use preservatives has increased people's needs in choosing a product. (Jamiat & Supyansuri, 2020). A customer will feel safe and comfortable when using products that are guaranteed to be halal and made from natural ingredients. This feeling of comfort is indicated as a feeling of satisfaction within a customer. Therefore, many people choose products that do not use preservatives (Nukha et al., 2021).

One of the business patterns that is currently developing is a business with a Sharia Tiered Direct Sales system or what can be called Sharia Multi Level Marketing (MLM). Sharia Tiered Direct Selling is a marketing strategy that uses the Sharia system in building distribution to move products and services directly to customers via online technology. In simple terms, Sharia Tiered Direct Sales is a concept of distribution of goods and services in tiers/declines which is carried out directly from a sponsor to its partners, and contains positive elements filled with Islamic values (Nurhisam, 2019).

In the company there is something called a Tiered Direct Sales system or what can be called Multi Level Marketing (MLM), one of which is included in the direct sales system or often also called MLM, namely Halal Network International or what is often also called HPAI. This product is known to the public for providing various herbal products. For this reason, the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) in 2009 issued fatwa No: 75/DSNMUI/VII/2009 concerning Guidelines for Sharia Tiered Direct Sales (PLBS). In this fatwa, the MUI decided several provisions that must be fulfilled by MLM companies, so that the system can run according to Sharia. A quality halal herbal product has marketed its products throughout Indonesia which has approximately 80 types of herbal products such as medicines, household necessities, daily necessities, etc. and several customers are interested in HPAI products because they feel the benefits of the product.

Table 1. Product Variants and Prices Halal Mart Cibubur

No	Product Variants	Total Products	Prices
1	Herbal Produk	30	Rp.50.000-460.000
2	Health Foods & Beverages	20	Rp.27.000-350.000
3	Cosmetic & Home Care	19	Rp.25.000-790.000
4	Fashion & Lifestyle	10	Rp.90.000-255.000

Source: Halal Mart Cibubur, 2023

It can be seen from the table above that the prices listed on HPAI products are relatively expensive with an average price of between IDR 25,000-790,000, namely beauty products. However, when customers decide to buy a product at a relatively expensive price, of course there are considerations that customers expect, namely that there is a match between the price and the quality of the product obtained. Halal Mart products are currently a center of great attention among the community, one of which is the Muslim community. Due to the increasing growth of halal products with various concerns regarding the issue of halal herbal products which continue to be encouraged by various groups, not only the Muslim community uses these herbal products but all groups can use them. As is done by the business network which continues to produce, market halal mart products to the community, thus forming Halal mart under the auspices of HPAI.

Product quality is one of the keys to competition among business actors that is offered to customers. Customers always want to get quality products that match the price paid, even though some people think that expensive products are quality products. Having product quality is important for every company if they want the product they produce to be competitive in the market. The existence of a reciprocal relationship between the company and customers will provide an opportunity to know and understand what consumers' needs and expectations are. Therefore, companies must achieve customer satisfaction by maximizing and minimizing unpleasant experiences for consumers or customers when consuming the product (Suaeb & Wijana, 2023). Price is the amount of money charged for a product or service. In a marketing strategy, if the price set by the company is too expensive, the product or service in question will not be affordable by the market or customers will be low. On the other hand, if the price is too cheap, the company will find it difficult to make a profit or some consumers will have the perception that the quality of the product being marketed is low (Gandhy & Safrianto, 2020). The competitive advantage is that the quality of the product can meet the desires of customers, if the quality is not appropriate then the product will be rejected. Because the condition of customers is increasingly critical in choosing quality. In a company, to maintain and improve the quality of its products in order to avoid customer dissatisfaction, the company can compete with similar companies. By building a key to success in the herbal sector, we must rely on customer loyalty as one of the main goals (Fahmi & others, 2019).

Customer loyalty is a customer's commitment to a brand, store or supplier based on highly positive traits in long-term purchases. Customer loyalty means that a consumer is said to be loyal or faithful if the consumer shows regular purchasing behavior where the consumer buys at least twice in a certain time (Dharma, 2017). Building customer loyalty does not require lower costs by looking for new customers who require more funds. There are products from other stores that have superior product quality so that customers choose good products at very affordable prices. Therefore, companies must have the right strategy to build a level of customer loyalty. The higher the level of customer loyalty, the more customers make purchases continuously and this will have a positive and profitable impact on the company. Loyal customers will make repeat purchases continuously so that loyal customers become a source of long-term profits for every company (Oktiani & Gaddafi, 2018). In general, the longer a customer stays, the more valuable the customer is. If old customers make more repeat purchases and usually recommend new customers to buy this herbal product. If the quality of the product and the price given to customers are in line with expectations, it will be impossible for customers to use the product. The number of Halal Mart customer data per month is as follows:

Table 2. Total Costumers at Halal Mart Cibubur

No	Months	Total Costumers
1	January	290
2	February	300
3	March	450
4	April	450
5	Mei	200

Source: Halal Mart Cibubur, 2023

Based on the table above, it shows that in January 290 Halal Mart customers came and in February there were 300 customers, which means that the number of Halal Mart customers who came was said to be stable. However, in March there was a significant increase, namely 450 customers, in April there was a decrease, namely 450 customers came. And in May there was a decrease of 200. Based on information obtained by researchers, the number of customers increased in March and April due to preparations for the month of Ramadan and approaching Eid al-Fitr and with the purchase of member cards starting from IDR 10,000 to IDR ,50,000. There are several HNI-HPAI products, namely Habbatusauda which forms blood cells which cannot be formed in the body. Radix coffee synergy to relieve fatigue. Date juice is good for postpartum mothers because it functions to increase the high carbohydrate content. Sunnah honey which functions to wash dirty blood and remove gallstones. Propolis and Collagen soap which functions for health care and as a cosmetic ingredient with ingredients to cleanse the body and many other products with their own benefits.

HPAI has marketed this product in collaboration with all members and usually they carry out promotions to the public so that people can find out what products are available at HNI HPAI, apart from that, HPAI products also meet sharia principles to meet the current needs of society. not only prioritize quality products, but also guaranteed halal. Halal food is food that contains many benefits and is good for health. Meaning: O people! Eat of the halal and good (food) found on earth, and do not follow the steps of Satan. Indeed, Satan is a real enemy for you. (Q.S Al-Baqarah: 168)).

Through the verse above, it can be seen the importance of eating halal food with good quality contained in a product in the packaging, contents of the product and practicing the good deeds of Allah SWT who has given guidance to mankind in choosing food and everything that has been determined must have good wisdom. By knowing the shortcomings felt by customers, such as getting a defective product, the price for some customers which is felt to be expensive but also quite a few who feel that the price exceeds the quality of the product becomes the customer's decision to continue buying the product and even through repeat purchases or customer loyalty. Based on the research above, researchers are interested in conducting research entitled "The Influence of Product Quality and Price on Customer Loyalty at Halal Mart in Permata Cibubur.

METHOD

This research was conducted at Halal Mart Cibubur, located on Permata Cibubur, Cileungsi District, Bogor Regency West Java. The research conducted by the author was from July 2023 to August 2023. This research is a quantitative study that is explanatory research that explains the position of the variables studied and the relationship between one variable and another (Sugiyono, 2017). The data source in this research was obtained based on a questionnaire regarding customer loyalty in this research using perception data from 75 Halal Mart Permata Cibubur customers. In the research above, researchers collected data through several methods, namely questionnaires. In this study, distributing questionnaires is one of the measuring tools that can be used by researchers as a data collection tool in addition to other measuring tools. Population is a generalized area consisting of objects or subjects that have certain qualities and characteristics that are applied by researchers to study and then draw conclusions. The population in this study is Halal Mart Permata Cibubur customers who come to shop monthly, totaling 338 people. This population is calculated based on the number of customers who come to the shop every day, an average of 12 people per day. The number of samples used was 75 samples from the entire population determined using the purposive sampling method. The sampling technique is based on each customer who buys the product being selected to be used as a sample. Another term for this sample is a census where all members of the population are sampled.

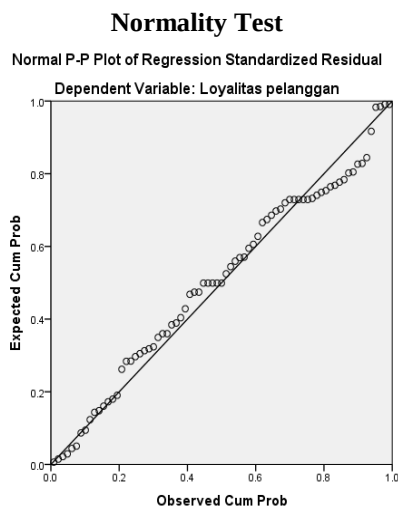
RESULTS AND DISCUSSION

1. Results

a. Classic Assumption Test

Normality Test

The normality test aims to determine whether the dependent, independent or both variables are normally distributed, close to normal or not. It is said to be normal if the resulting residual value is above the value of 0.05, it can be stated that the residuals are normally distributed.



Source: Output SPSS IBM 22, 2023

Based on the table above, the One-Sample Kolmogorov-Smirnov Test obtained a probability number or. Asymp. Sig. (2-tailed), using a significance level of $\alpha = 0.05$ H1 is accepted if the significance value is > 0.05 and H0 is rejected if the significance value is < 0.05 H0 = Data is not normally distributed H1 = Data is normally distributed From the One-Sample Kolmogorov-Smirnov Test sig data for product quality, price and customer loyalty is 0.200, so it is greater than 0.05 ($0.200 > 0.05$) so the data is normally distributed. Meanwhile, on the Normal P-P Plot graph, you can see that the points are spread around the diagonal line and follow the direction of the diagonal line, so the regression model meets the normality assumption. The probability number or asymp.sig (2-tailed) obtained using the significance rate $\alpha = 0.05$ seen from the table above, the data for product quality, price and customer loyalty is 0.200, which means it is greater than 0.05, so the data is said to be normal.

Multiple Linear Regression Analysis

The multiple linear regression analysis test is one way to analyze a problem that involves two or more variables, namely the independent variable. So this analysis is used to find out how much influence variables X1, namely Product Quality and X2, namely Price, have on Variable Y, namely Customer Loyalty. The multiple linear regression test table for the influence of product quality and price on customer loyalty is as follows:

Table 3. Multiple Linear Regression Analysis

Model	Coefficients ^a		Standardized Coefficients	t	Sig.
	Unstandardized Coefficients				
	B	Std. Error	Beta		
1 (Constant)	23.885	7.025		3.400	.001
Product Quality	.377	.080	.502	4.696	.000
Prices	.343	.092	.400	3.743	.000

Source: Output SPSS IBM 22, 2023

Based on the results of the multiple linear regression equation it can be interpreted as follows The constant of 3.859 states that when the product quality and price variables are significant. So customer loyalty is obtained with a value of 3.859. The coefficient value on the product quality variable is 0.179, which indicates that product quality has increased, so customer loyalty has also increased, the coefficient is positive, which means there is a relationship between product quality and the customer loyalty variable at Halal mart Permata Cibubur. The positive beta coefficient value on the Price variable is 0.281, which indicates that the price has increased, so customer loyalty has also increased, the coefficient is positive, which means there is a relationship between the price variable and customer loyalty at Halal Mart Permata Cibubur.

b. Hypothesis testing

T test or Partial test

The t (partial) test was conducted to determine whether there is a partial effect of the independent variables on the dependent variable. In addition, the purpose of conducting this partially significant test is to separately measure the impact of each independent variable on the dependent variable. The t test is used to determine whether the independent variable partially has a significant effect on the dependent variable in the regression model, where if the calculated t value is greater than t table then the regression test is said to be significant. Or by looking at the significant figure. If the sig. smaller than 0.05, partially the independent variable has a significant influence on the dependent variable.

Table 4. Partial test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.859	2.288		1.687	.096
	Product Quality	.179	.054	.317	3.336	.001
	Prices	.281	.055	.481	5.064	.000

a. Dependent Variable: Customer Loyalty

Source: Output SPSS IBM 22, 2023

Based on the table above, the significant value for product quality is 0.001, which means the significant level is 0.05. The value $0.001 < 0.05$ so H_0 is rejected and H_2 is accepted. Then use t count and t table where t count in the product quality variable is 3.336 where t table is found at a significant 0.05 with degrees of freedom ($df = n - k - 1 = 75 - 2 - 1 = 72$ which is 1.666. Because t count $>$ t table ($3.336 > 1.666$), it can be concluded that H_0 is rejected. H_1 is accepted, which means product quality has a significant effect on customer loyalty at Halal Mart Permata Cibubur. Based on the table above, the significant value of Price is 0.000, which means the significant level is 0.05. The value $0.000 < 0.05$ so H_0 is rejected and H_3 is accepted. Then use t count and t table where t count in the price variable is 5.064 where t table is found at a significant 0.05 with degrees of freedom ($df = n - k - 1 = 75 - 2 - 1 = 72$ which is 1.666. Because t count $>$ t table ($5.064 > 1.666$), it can be concluded that H_0 is rejected. H_2 is accepted, which means that price has a significant effect on customer loyalty at Halal Mart Permata Cibubur.

c. Simultaneous test (Test F)

To find out whether the marketing strategy variables (product, price, place, promotion, people, process and physical evidence) simultaneously affect purchase intention, it can be said by testing using the ANOVA table. If the sig value < 0.05 then the two independent variables simultaneously have a significant effect on interest.

Table 5. Uji F**ANOVA^a**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	730.441	2	365.221	43.376	.000 ^b
Residual	395.739	47	8.420		
Total	1126.180	49			

Dependent Variable: Customer Loyalty

Predictors: (Constant), product quality, prices

Source: Output SPSS IBM 22, 2023

The table above shows that the significant value is 0.000. Means that the variables of product, price, marketing mix, brand image simultaneously have a significant effect on the decision to choose.

Coefficient of Determination (R^2)

The coefficient of determination aims to measure how far the model's ability to explain the dependent variable. The value of the coefficient of determination is $0 < 1$. The coefficient of determination that is close to or the independent variable provides almost all the information needed to predict the dependent variable. The use of R square is biased towards the number of independent

variables included in the model. Each additional independent variable to the model, the R square must increase regardless of whether the independent variable has a significant effect or not.

Table 5. R² Test

Model Summary^b								
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			
					R Square Change	F Change	df1	df2
1	.805 ^a	.649	.634	2.902	.649	43.376	2	

Predictors: (Constant), product quality, prices

Dependent Variable: Customer Loyalty

Source: Output SPSS IBM 22, 2023

Based on the table above, it can be seen that the value of the coefficient of determination (R) Square is 0.453. So this shows that the percentage influence of the independent variables (product quality and price) on the dependent variable Customer Loyalty is (45.3%), while the remaining 54.7% (100 - 45.3% = 54.7%) is influenced by other variables not examined in this study.

CONCLUSION

Based on research that has been conducted regarding the Influence of Product Quality and Price on Customer Loyalty at Halal Mart in Permata Cibubur with 75 respondents who are customers of products in Permata Cibubur aged 17-55 years. So it can be concluded that. Based on the T test, it can be calculated that the product quality variable is 3.336 with a significance value of 0.001. Therefore $0.001 < 0.05$ therefore H1 is accepted and Ho is rejected and it is proven that there is a significant influence of product quality on customer loyalty or the second hypothesis has been proven. This can be interpreted as the fact that Halal Mart customer loyalty in Permata Cibubur is influenced by product quality.

Based on the t test, it can be calculated that the Price variable is 5,064 with a significance value of 0.000. Therefore $0.000 < 0.05$ therefore H2 is accepted and Ho is rejected and it is proven that there is a significant influence of price on customer loyalty or the second hypothesis has been proven. This can mean that the loyalty of HNI-HPAI customers in Permata Cibubur is influenced by price. Based on the F test simultaneously between product quality, price and customer loyalty variables. These results can show that there is an influence between the variables product quality, price and customer loyalty which is shown in the F value of 29,771 and a significant F of 0.000. So it can be proven that there is an influence of product quality and price on customer loyalty, so it is said that the third hypothesis has been proven.

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