The Influence of Price and Product Quality on Consumer Satisfaction at Rantauprapat Homesmart

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Abstract

This study was conducted to determine and analyze the effect of price, product quality on consumer satisfaction. Price (X1) is the amount of value that consumers exchange for a product or service that has benefits when consumers have or use the product or service. product quality (X2) is the ability of the product to meet or satisfy the needs and desires of consumers. Consumer satisfaction (Y) is something that is sought to meet the needs needed. The design of this study is hypothesis testing using primary data obtained by distributing 100 questionnaires to consumers of HomeSmart RantauPrapat. The measuring scale used is the Likert scale. The data analysis technique used is the multiple linear regression analysis technique of quantitative data using the Statistical Sciences Package for the Social Sciences (SPSS) statistical method. The results of this study conclude that partially there is a significant and positive effect between price and product quality, simultaneously the same thing also occurs, namely a significant and positive effect between satisfaction, price and product quality on consumer satisfaction.

Keywords: Price, Product Quality, Customer Satisfaction, Marketing.

1. Introduction

Humans need three types of needs, namely secondary, primary and tertiary. The need for household furniture, electronic equipment to personal vehicles is also referred to as secondary needs. Home Smart Rantauprapat is a company that stands in the field of secondary needs such as household furniture and electronic equipment. Product quality is one of the important elements that must be considered by companies in developing their products and businesses so that consumers feel satisfied in buying products. Based on Rantauprapat's Home Smart (building solutions) business, this company attracts buyers by offering good quality goods and providing goods that are difficult to find in Rantauprapat. Price competition in a business has become a pervasive thing, therefore Home Smart companies also provide good service in the form of affordable prices with quality products that provide satisfaction to consumers. The lack of competitors in the household and electronic equipment business with well-known brands makes Home Smart Rantauprapat much visited and in demand by consumers.

In business life, price is one of the important factors that affect the marketing of a product. High and low prices are always the main concern of consumers when they are looking for a product. Product quality is the product's ability to carry out its functions, that ability includes durability, reliability, and other valuable attributes of the product as a whole (Kotler & Keller, 2016). Good product quality will certainly attract consumers to buy because consumers want to buy quality products. Purchase decision is a concept in buying behavior where consumers decide to act or do something and in the case of making a purchase or take advantage of certain products or services (Aldi et al., 2021).

Murnilawati et al., (2019) states that price is the monetary amount charged by a business unit to buyers or customers for goods or services sold or delivered. Meanwhile, according to (Maalik & Sirai, 2021), in principle, the selling price must be able to cover the full cost plus a reasonable profit. Kotler & Keller, (2016) states that price is the amount of money and services or goods available that are exchanged by buyers to get a wide selection of products and services provided by the seller.

Product quality is one of the tools used by marketers to determine the positioning of their products in the market. Each

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company must choose the level of quality of the products it produces so that it will help or support efforts to improve or maintain the positioning of the product in its target market. Philip Kotler, (2012) state that quality is the ability of a product to carry out its functions, that ability includes durability, reliability, resulting accuracy, ease of operation and repair and other valuable attributes of the product as a whole. Meanwhile, according to Brucal et al., (2022), product quality is a dynamic condition associated with goods, services, people, products, and the environment that meet or exceed expectations.

Price is also an important part in deciding, making a product purchase. Therefore, the company needs to know that price greatly affects consumer interest in purchasing products.Price is the sum of values including goods and services offered in exchange for goods (Pangastuti et al., 2019). Price is something that is used to exchange goods or services by consumers (Made Dawn Fernando 2017).

To survive, develop and be able to compete, the company must be able to maintain the level of customer satisfaction. There are various ways to maintain customer satisfaction, one of which is to always improve the quality of the products sold, and always pay attention and as much as possible not increase the price of the products sold (Prayoga & Pohan, 2022).

Based on the description above, the authors are interested in researching about "The Effect Of Price And Product Quality On Consumer Satisfaction At Rantauprapat Homesmart".

2. Literature Review

2.1. Consumer Satisfaction

Consumer satisfaction is something that consumers are looking for or need to fulfill their needs such as goods or services. Kim & Thapa, (2017) customer satisfaction is defined as the overall attitude of the customer after obtaining and consuming an item or service. This is an evaluative assessment after the selection process resulting from the purchase selection and the experience of consuming the product.

Consumer satisfaction is a person's feelings of pleasure or disappointment arising from comparing the perceived performance of the product (results) to their expectations of actions taken by consumers (Moha & Loindong, 2016).

2.2. Price

Price By (Setyo, 2017) Price is the amount of value that consumers exchange for a product or service that has benefits when consumers have or use the product or service. According to (Eka & eka, 2020)Price is the value of an item expressed in money.

1. According to (Setyo, 2017) price-related indicators, namely:

2. Affordability of the price, consumers will see the price

3. Matching price with quality, consumers will see the price offered by quality offered with existing products.

4. Price competitiveness, consumers will see the prices offered and compare them with similar products.

5. Discounts, discounts are given by sellers to consumers during certain events

2.3. Performance

According to (Irfan Rizqullah, 2018) Product quality is the ability of a product to meet or satisfy customer needs and wants. (Yesenia & Siregar, 2014) Among them are good taste, variety, product hygiene, practical packaging, and halal assurance. According to (Teguh Budiyanto1, Christoffel Kojo2, 2016) states that the product quality indicators are:

1. Durability, a reflection of economic life in the form of a measure of the service life or durability of an item.

2. Reliability, something related to the possibility of an item successfully carrying out its function every time it is used.

3. Product conformity, something related to the level of conformity to predetermined specifications.

4. Ease of use and repair, a characteristic related to ease and accuracy in providing services for repairing goods.

3. Methods

This research was conducted at Home Smart Rantauprapat using a quantitative type of research where the research reviews data using numbers. This research was conducted to measure the hypothesis through the use of quantitative methods. The study segment in this research is Home Smart (home furniture) Rantauprapat. And the observation unit of this research is the Home Smart Rantauprapat customer. To test the variables of this study, the subject of a study was conducted. The method used in taking the sample in this study is purposive sampling. Purposive sampling is a sampling technique with certain considerations. The author uses a purposive sampling technique by setting certain criteria that must be met by the samples used in this study.

The criteria used in sampling are consumers who have made purchases at HomeSmart RantauPrapat. Because the exact number of the consumer population is not known, the sample size is calculated using the Cochran formula (Sugiyono, 2013). Data collection techniques used in this study were interviews, observations and questionnaires, observations were made by looking directly at the research location and the object of research, namely the Home Smart Rantauprapat consumer. Questionnaires were distributed to Home Smart Rantauprapat consumers.

4. Result and Discussions

4.1. Outer Model Analysis

4.1.1. Convergent Validity

In table 1 above, it is explained that all items have met the prerequisites for convergent validity, meaning that all items in this study are able to explain the variables or research constructs well. If the loading value has a correlation with other constructs, then the correlated items must be removed, because these items cannot explain the research variables. The research item can be said to be valid if the loading value ranges from 0.4 to 0.7 (Hair et al., 2014) and in the table above we can see that each loading value is above 0.4.

Table 1. Convergent Validity

	PRICE	PRODUCT QUALITY_	SATISFACTION
CS1	0.043	0.017	0.958
CS2	0.008	0.057	0.981
CS3	0.081	0.006	0.960
PQ1	0.007	0.931	0.004
PQ2	0.066	0.914	0.014
PQ3	0.067	0.937	0.086
PQ4	0.030	0.891	0.049
PQ5	0.027	0.904	0.033
PQ6	0.062	0.892	0.089
PR2	0.967	0.044	0.042
PR3	0.951	0.010	0.007
PR4	0.957	0.019	0.026
PR5	0.969	0.007	0.036
PR6	0.966	0.020	0.029
PR7	0.941	0.029	0.035
PR1	0.957	0.063	0.043

Source: primary data processed by researchers (2022).

4.1.2. Discriminant Validity

Discriminant validity tests the validity at the construct level to see the extent to which a construct is really different from other constructs based on empirical standards. The method used to determine whether a construct is discriminantly valid is through the Fornell-Larcker Criteria. The Fornell-Larcker criterion is an approach that compares the square root of the AVE value with the correlation between latent variables (Hair et al., 2014). Based on table 2 above, we can see

that each variable can be declared discriminantly valid because it has a greater value when correlated with itself than with other variables.

Table 2. Discriminant Validity

	PRICE	PRODUCT QUALITY_	SATISFACTION
PRICE	0.959		
PRODUCT QUALITY_	0.036	0.912	
SATISFACTION	0.039	0.156	0.966

Source: primary data processed by researchers (2022).

Based on the table above, it can be concluded that all variables in this study were declared to meet the criteria and were declared discriminantly valid.

4.1.3. Reliability Test

Reliability test is used to measure the reliability or level of consistency of a questionnaire if it is used as a measuring instrument at different times.

Table 3. Reliability Test

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
PRICE	0.986	0.988	0.919
PRODUCT QUALITY_	0.959	0.967	0.831
SATISFACTION	0.965	0.977	0.934

Source: primary data processed by researchers (2022).

Based on the results of the reliability analysis test in table 3, it is concluded that all of the variables of this study have met the criteria and are considered reliable.

4.2. Inner Model Analysis

The test of the inner model aims to test the path relationship of the independent variable to the dependent and test the research hypothesis through the p-value. In this study, testing was carried out to test all hypotheses in this study by looking at the path coefficient value (Beta) and the significance of the p-value. If the path coefficient value is positive, it indicates that the independent variable has a positive influence on the dependent variable. On the other hand, if the path coefficient value is negative, then the independent variable is negatively related to the dependent variable and the significance value of the p-value is less than 0.05, indicating that the hypothesis is supported (Hair et al., 2014).
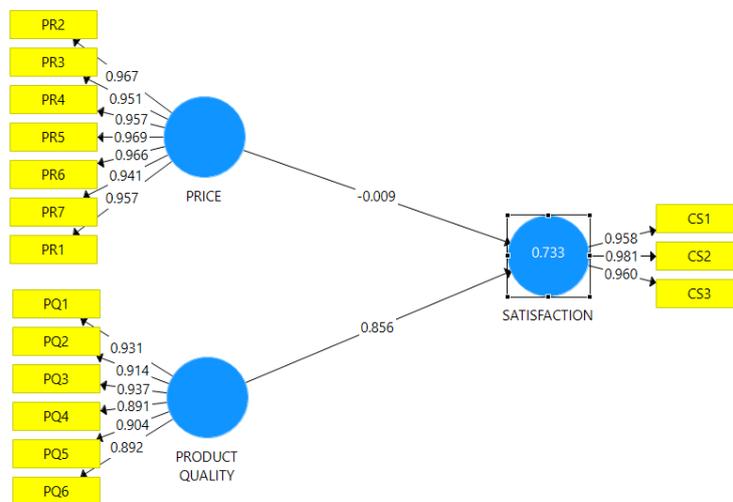
Figure 1. Relationship of Paths Between Constructs

In the picture above, we can see that the path relationship between Price and Satisfaction has a value of -0.009 and P values > 0.05, which means that there is a positive relationship. There is also a positive relationship between Product Quality and Satisfaction, as evidenced by the coefficient value of 0.856 and p-value 0,000.

Table 4. Path Analysis

	Path-Coefficients	P Values
PRICE -> SATISFACTION	-0.009	0.030
PRODUCT QUALITY_ -> SATISFACTION	0.856	0.000

Source: primary data processed by researchers (2022).

In the table above, it can be seen that the P-values have met the criteria for the acceptance of the formulated hypothesis, namely <0.05. So based on the table above, it can be concluded that all hypotheses are supported.

5. Conclusions

Based on the statistical calculations that have been summarized above, and from the analysis and discussion conducted in the study, conclusions can be drawn, including:

1. Price has positive and significant effect on satisfaction of Homesmart Rantauprapat.

2. Product Quality has positive and significant effect on satisfaction of Homesmart Rantauprapat.

Based on the results of data analysis of satisfaction, price and product quality on consumer satisfaction partially or simultaneously at the HomeSmart RantauPrapat purchase, the following conclusions are obtained:

Price has a positive and significant effect on consumer satisfaction on purchases at HomeSmart RantauPrapat. a significance level of 0.000 and smaller than the expected significant level (<0.05). Price is an important variable in a sale, therefore pricing is an important thing in a company.

Product quality has a positive and significant influence on consumer satisfaction on purchases at HomeSmart RantauPrapat. a significance level of 0.000 and smaller than the expected significant level (<0.05). Product quality is the main reason consumers make purchases. Therefore, the better the product quality, the higher the level of customer satisfaction.

Price and product quality have a simultaneous or simultaneous influence on consumer satisfaction, the two variables influence and support the dependent variable, namely consumer satisfaction purchasing at HomeSmart RantauPrapat, therefore the leader of the HomeSmart RantauPrapat company must remain and always pay attention to satisfaction, price and product quality within the company in order to increase purchases and the number of customers.

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