

The Impact of Product Quality and Price on Consumer Satisfaction of PD Jamu Seduh Utama Pamanukan

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Abstract – This study aims to determine the effect of product quality and price on consumer satisfaction of Jamu Seduh Utama Pamanukan. This study uses quantitative approach with questionnaire method. This study involved 100 respondent who were customers of PD Jamu Seduh Utama Pamanukan. Data collection techniques used in this study were observation, interviews, questionnaires. The results showed that partially Product Quality (X_1) had a significant effect on Customer Satisfaction (Y), while Price (X_2) partially had no significant effect on Consumer Satisfaction (Y). Simultaneously, Product Quality and Price have a significant effect on Customer Satisfaction.

Keywords – Product Quality, Price, Customer Satisfaction, Jamu.

I. INTRODUCTION

The spirit of globalization has encouraged companies and organization to improve their performance so that they can compete with other competitors' product (Chattopadhyay & Bhawsar, 2017; Stucke, 2013). One of the efforts that can be made to improve performance is to try to understand consumer need (Iqbal et al., 2016; Lemon & Verhoef, 2016; Peighambari et al., 2016). Understanding these consumer needs will in turn provide valuable feedback for company to be able to design an effective marketing strategy.

As a company in the traditional herbal medicine (jamu) trade, PD Jamu Seduh Utama Pamanukan sells its products independently. It can be said that sales strategy is not optimal. As a result, sales turnover has tended to decline in recent years. In fact, jamu or herbal medicine as a traditional medicine is widely used by Indonesian people both as treatment and supplement (Andriati & Wahjudi, 2016; Purwaningsih, 2013).

Indonesian people themselves have known various types of jamu, both those produced by large-scale producers and small-scale herbal producers. In fact, at this time there are still many sellers of *jamu gendong* who offer their products from house to house. This implies, that Indonesian public's acceptance of jamu is high and has the potential to continue to increase from time to time, especially if it is supported by continuous development and innovation.

From the gap between the high interest of Indonesian people to consume jamu and the decline in sales turnover of PD Jamu Seduh Utama Pamanukan in recent years, this study aims to elaborate on the relationships between *product quality*, *price*, and customer *satisfaction*, in which the three variables are believed to be interrelated (Brata et al., 2017; Choi et al., 2017; Razak et al., 2016; Slack et al., 2020; Zeithaml, 1988). By paying attention to consumer satisfaction, small scale jamu companies are expected to grow and compete in the midst of intense business competition.

II. LITERATURE REVIEW

Customer Satisfaction

Customer satisfaction has various meanings (Habel et al., 2016; Oliver, 2018; Razak et al., 2016). Kotler and Keller define consumer satisfaction as feeling (pleasure or disappointment) that arise after comparing results (products) with expectations for the product. (Kotler & Keller, 2012). This definition indicates that satisfaction is not always measured in money, but based more on fulfilling feelings related to meet the consumers needs. (Basit & Handayani, 2018; Darmawan et al., 2017; Minh & Huu, 2016; Suchánek & Králová, 2018).

Product Quality

Quality can be interpreted as an advantage (Zeithaml, 1988), and product is something (good or service) that can be offered to consumers to meet consumer want or need (Kotler & Armstrong, 2010). According to Aaker, product quality is consumer's perception of the strengths or advantages of a product or service as whole (Aaker & Jacobson, 2018; Ehsani & Ehsani, 2015). In this case, if the perceived product quality is in accordance with consumer expectations, product quality can be assessed good. Conversely, product quality will be considered bad if it does not match consumer expectations (Basith, 2014; Ghezelbash & Khodadadi, 2017; Jannah et al., 2019).

Price

Price is what consumer give up to get a product or a service (Bei & Chiao, 2001; Zeithaml, 1988). Level of price of a product or service in turn has a significant impact on

consumer desires to buy a product or service (Kaura et al., 2015; Mulhern & Leone, 1991; Zhu et al., 2019). In this context, consumers will pay attention to the price paid by other customer, because consumers do not want to pay more than other customers (Jena & Jog, 2017; Nyström et al., 1975).

III. METHOD

This research is a quantitative research. Using a questionnaire method, the research was carried out at PD Jamu Seduh Utama Pamanukan, Subang. This study involved 100 respondents who were customers of PD Jamu Seduh Utama Pamanukan. Data collection techniques used in this study were observation, interview, and questionnaires. The independent variable (X) in the research on Product Quality (X^1) and Price (X^2), while dependent variable is Customer Satisfaction (Y). The research data analysis technique used descriptive statistical analysis, correlation coefficient, and multiple linear regression

IV. RESULTS

Research Validity and Reliability

The statistical approach is used to determine the validity of a measuring instrument, namely through the correlation coefficient value of the statement item score with the statement item total score. A statement can be declared valid only if the correlation coefficient is greater than or equal to 0.30. In this study, the validity of the measuring instruments used can be seen in Table 1 and 2 where the correlation coefficient is greater than or equal to 0.30.

Table 1. Validity Test Result

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Product Quality (X^1)					
X1	17.43	15.642	.736	.679	.901
X2	17.79	13.844	.784	.761	.896
X3	17.67.816	14.526		.785	.889
X4	17.44	15.441	.809	.776	.892
X5	17.65	16.189	.648	.474	.912
X6	17.62	15.410	.778	.625	.895
Price (X^2)					
X2.1	17.30	14.394	.706	.524	.856
X2.2	17.60	13.313	.742	.672	.849
X2.3	17.57	13.480	.775	.662	.843
X2.4	17.39	15.735	.455	.247	.895

X2.5	17.57	14.187	.679	.493	.860
X2.6	17.52	13.848	.779	.631	.843
Customer Satisfaction (Y)					
Y1	17.44	16.047	.742	.684	.904
Y2	17.80	14.242	.786	.762	.899
Y3	17.67	14.850	.820	.790	.892
Y4	17.44	15.764	.817	.782	.894
Y5	17.65	16.513	.656	.485	.915
Y6	17.65	15.765	.778	.627	.899

Table 2. Reliability Test Result

	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Product Quality (X₁)	.913	.915	6
Price (X₂)	.879	.879	6
Customer Satisfaction (Y)	.916	.918	6

Regression Analysis

Table 3. Regression Analysis

Coefficients^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-.236	.193		1.222	.225
Product_Quality	1.005	.010	.993	103.377	.000
Price	.006	.010	.006	.639	.524

a. Dependent Variable: Customer_Satisfaction

Based on the regression equation above there are three explanations as follow. *First*, a constant of -0.236 indicate that if the value of Product Quality (X¹) and Price (X²) is 0, Customer Satisfaction (Y) is -0.236. *Second*, the regression coefficient value for Product Quality variable (X¹) is 1.005; if other independent variables have fixed value and Product Quality has increased by 1, then Consumer Satisfaction (Y) will increase by 1,005. This shows that there is a positive relationship between Product Quality and Customer Satisfaction. So, the better product quality, the higher customer satisfaction. *Third*, regression coefficient for Price variable (X²) is 0.006; if other independent variables are fixed in value and Price has increased by 1, Consumer Satisfaction (Y) has decreased by 0.006. This shows that there is a negative relationship between price and customer satisfaction. The better the price, the better customer satisfaction.

Partial Test (T Test)

Based on the Table 3, the t-count value is 103,377 > t-table 1,660 and the value of Sig. 0.000 is less than 0.05. This shows that Product Quality (X¹) partially has significant effect on Customer Satisfaction (Y). Meanwhile t-count value of 0.639 < t-table 1.985 and value of Sig. 0.524 is greater than 0.05. This shows that Price (X²) partially has no effect on Customer Satisfaction (Y).

Simultaneous Test (F Test)

Table 4. F Test Result

ANOVA^b					
Model	Sum of Squares	df	Mean Square	F	Sig.
1	2164.541	2	1082.271	8.2223	.000 ^a

a. Predictors: (Constant), Price, Product_Quality

b. Dependent Variable: Customer_Satisfaction

Based on Table 4, the F-count value $8.2223 > F\text{-table } 3.09$ and Sig. 0.000 is less than 0.05. This shows that Product Quality (X^1) and Price (X^2) simultaneously influence Customer Satisfaction (Y).

Coefficient of Determination

Table 5. Coefficient of Determination

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.974 ^a	.948	.947	1.080
Regression				

a. Predictors: (Constant), Price, Product_Quality

b. Dependent Variable: Kepuasan_Konsumen

Based on Table 5, it is found that R^2 is 0.948 which is the index of determination, which is the percentage that contributes to the effect of suitability of Product Quality and Price on Consumer Satisfaction. This is also shows that 94.8% of PD Jamu Seduh Utama Pamanukan's customer satisfaction is influenced by the variables of Product Quality and Price, while the remaining 5.2% is influenced by other factors not examined in this study.

V. CONCLUSION

Based on partial hypothesis testing, Product Quality has significant effect on Consumer Satisfaction of Jamu Seduh Utama Pamanukan, where t-count value is $103,377 > t\text{ table } 1,699$ and the Sig value 0,000 is less than 0.05. Conversely, the Price variable doesn't have a significant effect on consumer satisfaction of Jamu Seduh Utama Pamanukan, where t-count value of $0.639 < t\text{-table } 2.045$ and Sig value of 0.524 is greater than 0.05. However, the product quality and price simultaneously have a significant effect on consumer satisfaction, where value of F count $8.2223 > F\text{-table } 3.32$ and Sig value of 0.000 is less than 0.05. Based on the results of this research, the suggestions that can be put forward is the need to maintain and improve product quality while re-evaluating product prices.

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