



The Effect of Promotion, Price and Product Quality on Consumer Loyalty of PT. Palmanco Inti Sawit

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ABSTRACT

This research was carried out at PT. Palmanco Inti Sawit. This study aims to determine and analyze the effect of promotion, price and product quality on consumer loyalty at PT. Palmanco Inti Sawit. The population in this study were customers of PT. Palmanco Inti Sawit, amounting to 145 respondents and a sample of 106 respondents. The data analysis technique uses multiple linear regression analysis with the help of the SPSS program. The results showed that partially promotion has a positive and significant effect on consumer loyalty in PT. Palmanco Inti Sawit. Partially the price has a positive and significant effect on consumer loyalty at PT. Palmanco Inti Sawit. Partially product quality has a positive and significant effect on consumer loyalty at PT. Palmanco Inti Sawit. Simultaneously promotion, Price and product quality have a positive and significant effect on consumer loyalty at PT. Palmanco Inti Sawit.

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1. Introduction

At this time the economy is getting more difficult because there is a lot of competition in various fields of the business world. This much competition affects the level of consumer loyalty to decrease. consumers decline due to consumers less satisfied with the promotion, price and quality of the company's products. Factors that influence the level of consumer loyalty are value (price and quality), image (both from the personality it has and the reputation of the brand), convenience and ease of getting products and the satisfaction felt by consumers. The use of the product for a long time will lead consumers to be loyal to the product, therefore the company must be responsible for maintaining the quality of the product.

PT. Palmanco Inti Sawit is a company engaged in Palmanco cooking oil products. This company has various types of oil products, so in the face of competition, PT Palmanco Inti Sawit pays attention to consumer difficulties and loyalty.

The company implements this strategy to increase sales and consumer loyalty which is effectively achieved not only by looking at the conditions from within the company but also from the customer side, so the management promotes Palmanco cooking oil products. This promotion aims to introduce Palmanco cooking oil in order to increase sales turnover.

The promotion of Palmanco cooking oil products is inseparable from the problem of product prices where Palmanco's cooking oil is cheaper than Sania cooking oil, Bimoli cooking oil, Fortune cooking oil and Sunco cooking oil.

Regarding the product quality factor, consumers do not often complain that the products being sold are booked or damaged. Every month there is no increase in sales returns due to freezing cooking oil, but only a few packages of Palmanco cooking oil are damaged / softly leaked.

2. Research methodology

2.1. Population and Sample

The population in this research is the customer PT. Palmanco Inti Sawit, totaling 145 respondents. Based on the Slovin formula, it can be seen that the number of research samples is:



$$n = \frac{145}{1 + 145(0,05)^2} = 106.42 \text{ rounds to } 106.$$

Thus the population in this study is PT. Palmanco Inti Sawit totaled 145 people with a research sample of 106 customers PT. Palmanco Inti Sawit.

2.2. Operational definition

DefiOperational mission is a variable that is expressed in the definition of the concept, operationally, in real terms within the scope of the research object / object under study. The operational definition of variables can be presented in Table 3 as follows:

Table 3
Operational Definition of Variables

No.	Variable	Variable Definitions	Indicator	Scale
1.	Promotion (X1)	Promotion is an activity carried out by a company in order to inform, persuade and remind consumers about goods or services by means of advertising, personal selling, sales promotion, so that consumers have the desire to try and buy the company's products.	1. Advertising 2. Personal selling 3. Sales promotion 4. Public relations (public relations) 5. Publicity Source: Setyaningrum, Udaya and Efendi (2015: 228)	Likert
2.	Price (X2)	Harga is the value of a good or service which is measured by an amount of money based on that value a person or company is willing to release the goods or services owned to other parties.	1. Base price and discount 2. Terms of payment 3. Credit terms Source: Hasan (2014: 72)	Likert
3.	Product quality (X3)	Product quality is the ability of a product to perform its functions including, durability, reliability, accuracy of ease of operation and repair, and other valuable attributes.	1. Durability 2. Reliability 3. Accuracy 4. Ease of use 5. Another valued attribute Source: Abdullah and Tantri (2012: 159)	Likert
5.	Consumer Loyalty (Y)	Loyalys consumer is a commitment that is stored in depth to make a purchase or reuse a product or service that has been loved either now or in the future.	1. Repeat purchase 2. The habit of consuming brands 3. Great love for brands 4. Assignment on brand. 5. The belief that certain brands are the best brands. 6. Recommendation of brands to others. Source: Sangadji and Sopiah (2013: 115)	Likert

2.3. Test the Validity and Reliability of Variable Instruments

A. Validity test

According to Ghozali (2013: 47), a questionnaire is said to be reliable or reliable if a person's answer to a statement is consistent or stable over time. Testing is done by trying out the questionnaire only once, then the data obtained is analyzed with certain techniques, in this case the technique used is the Cronbach Alpha (α) technique. A variable is said to be reliable if it gives a Cronbach Alpha value > 0.70.

3. Results and Discussion

3.1. Research result

A. Research Model

Hypothesis testing used in this study is to use multiple linear regression analysis. The regression model used is as follows:

Table 1.
Results of Multiple Linear Regression Analysis
Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4,901	3,280		1,494	.138
	Promotion	.240	.078	.268	3,052	.003
	Price	.401	.119	.295	3,364	.001
	Product quality	.221	.103	.192	2,137	.035

a. Dependent Variable: Loyalty

Source: Research Results, 2020 (Data processed)

$$Y = 4.901 + 0.240 X1 + 0.401 X2 + 0.221 X3 + e$$

The explanation of the multiple linear regression above is:

- a. Constant 4.901
- b. If promotion, price and product quality are constant, then consumer loyalty on amounting to 4,901 units.
- c. Promotion regression coefficient of 0.240



- d. Every promotion increase of one unit will increase consumer loyalty by 0.240 units assuming the other variables are constant.
- e. Price regression coefficient 0.401
- f. Each unit price increase will increase consumer loyalty by 0.401 units assuming the other variables are constant.
- g. Product quality regression coefficient 0.221
- h. Every one-unit increase in product quality will increase consumer loyalty by 0.21 units assuming the other variables are constant.

B. Hypothesis Determination Coefficient

Koefficient of determination (R²) is used to determine the percentage change in the dependent variable (Y) caused by the independent variable (X).

Table 2.
Determination Coefficient Test
Model Summary b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.535a	.286	.265	9,86661

- a. Predictors: (Constant), Product Quality, Price, Promotion
- b. Dependent Variable: Loyalty

Source: Research Results, 2020 (Data processed)

Table 2. The test results of the coefficient of determination seen from the Adjusted R Square value of 0.265, this means 26.5% that customer loyalty can be explained by promotion, price and product quality, while the remaining 73.5% is explained by other variables not examined in this research, such as service quality, customer satisfaction, product innovation.

C. Simultaneous Hypothesis Testing (Test F)

The F test is used to determine the effect of the independent variables on the dependent variable together. In this study, Fcount will be compared with Ftable at a significance level of (α) = 5%.

Table 3.
Simultaneous Test (Test F)
ANOVA b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3973,896	3	1324,632	13,607	.000a
	Residual	9929,698	102	97,350		
	Total	13903,594	105			

- a. Predictors: (Constant), Product Quality, Price, Promotion
- b. Dependent Variable: Loyalty

Source: Research Results, 2020 (Data processed)

Table 3. Degree of freedom 1 (df1) = k - 1 = 4-1 = 3, and degrees of freedom 2 (df2) = nk = 106-4 = 102, where n = number of samples, k = number of variables, then the value of F table at the level of confidence significance 0.05 is 2.69. The test results obtained that the value of F count (13.607) > F table (2.69) and a significance probability of 0.000 < 0.05, meaning that simultaneously promotion, price and product quality have a positive and significant effect on consumer loyalty of PT. Palmanco Inti Sawit.

D. Partial Hypothesis Testing (t test)

The t test is used to determine whether there is a significant (significant) relationship or influence between the independent variables partially on the dependent variable.

Table 4.
Partial Test (t test)
Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4,901	3,280		1,494	.138
	Promotion	.240	.078	.268	3,052	.003
	Price	.401	.119	.295	3,364	.001
	Product quality	.221	.103	.192	2,137	.035

- a. Dependent Variable: Loyalty
- Source: Research Results, 2020 (Data processed)



The t-table value for probability 0.05 at degrees of freedom (df) = 106-4 = 102 is 1.980. Thus the results of partial hypothesis testing can be explained as follows:

- a. The results of the calculation of the partial hypothesis testing obtained $t_{count} > t_{table}$ or $3.052 > 1.980$ and a significant value obtained was $0.003 < 0.05$, means that H_a is accepted and H_o is rejected, that is partially promotion has a positive and significant effect on consumer loyalty at PT. Palmanco Inti Sawit.
- b. The results of the calculation of the partial hypothesis testing obtained $t_{count} > t_{table}$ or $3.364 > 1.980$ and significant obtained $0.001 < 0.05$, means that H_a is accepted and H_o is rejected, namely partially the price has a positive and significant effect on consumer loyalty at PT. Palmanco Inti Sawit.
- c. The results of the calculation of the partial hypothesis testing obtained $t_{count} > t_{table}$ or $2.137 > 1.980$ and the significance obtained was $0.035 < 0.05$, means that H_a is accepted and H_o is rejected, that is partially product quality has a positive and significant effect on consumer loyalty at PT. Palmanco Inti Sawit

3.2. Discussion

A. The effect of promotion on consumer loyalty at PT. Palmanco Inti Sawit

The results of the calculation of the partial hypothesis testing obtained $t_{count} > t_{table}$ or $3.052 > 1.980$ and a significant value obtained was $0.003 < 0.05$, means that H_a is accepted and H_o is rejected, that is partially promotion has a positive and significant effect on consumer loyalty of PT. Palmanco Inti Sawit. According to Rangkuti (2009: 29) the impact of promotion aims to arouse desire or stimulate consumers to make purchases and customers feel confident so they want to make a purchase. The company implements this strategy to increase sales and consumer loyalty which is effectively achieved not only by looking at the conditions from within the company but also from the customer side, so the management promotes Palmanco cooking oil products. This promotion aims to introduce Palmanco cooking oil in order to increase sales turnover. The promotional tools used by the company still have low frequency. The company has been less incessant in giving price discounts for Palmanco cooking oil. Sales companies only provide promo prices to customers who take products in large quantities.

B. The effect of price on consumer loyalty at PT. Palmanco Inti Sawit

The results of the calculation of the partial hypothesis testing obtained $t_{count} > t_{table}$ or $3.364 > 1.980$ and significant obtained $0.001 < 0.05$, means that H_a is accepted and H_o is rejected, namely partially the price has a positive and significant effect on consumer loyalty at PT. Palmanco Inti Sawit. Wibawa, Farida, Listyorini (2014: 3) defines that price is the value of a good or service as measured by an amount of money based on this value, a person or company is willing to release goods or services owned to another party. Palmanco cooking oil is cheaper than oil Sania cooking oil, Bimoli cooking oil, Fortune cooking oil and Sunco cooking oil. Palmanco cooking oil is cheaper than Fortune, Sunco, Sania and Bimoli cooking oil. Palmanco cooking oil is cheaper but the quality is not much different from cooking oil which is more expensive.

C. The effect of price on consumer loyalty at PT. Palmanco Inti Sawit

The results of the calculation of the partial hypothesis testing obtained $t_{count} > t_{table}$ or $2.137 > 1.980$ and the significance obtained was $0.035 < 0.05$, means that H_a is accepted and H_o is rejected, that is partially product quality has a positive and significant effect on consumer loyalty at PT. Palmanco Inti Sawit. Widiawara and Sutopo (2017: 2) state that loyalty is a sustainable stage of customer satisfaction. When a customer is satisfied, he will continue to buy the product regardless of the price offered by the company and the products offered by competitors. Thus, customer loyalty can provide benefits for the company where the company does not need to increase promotional costs to add new customers. In terms of product quality, consumers do not complain too often that the products being sold are damaged.

4. Conclusion

The conclusion from the results of this study is Partially promotion has a positive and significant effect on consumer loyalty at PT. Palmanco Inti Sawit. Partially the price has a positive and significant effect on consumer loyalty at PT. Palmanco Inti Sawit. Partially product quality has a positive and significant effect on consumer loyalty at PT. Palmanco Inti Sawit. Simultaneously promotion, price and product quality have a positive and significant effect on consumer loyalty of PT. Palmanco Inti Sawit.

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