

THE EFFECT OF PRICE AND PROMOTION ON CUSTOMER LOYALTY WITH CUSTOMER SATISFACTION AS AN INTERVENING VARIABLE IN BISCUITS HATARI MALKIST CRACKERS

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ABSTRACT

Asia Sakti Wahid Foods, abbreviated as ASWFOODS, is a professional manufacturing company engaged in the production, distribution and export of various kinds of biscuits, crackers, wafers and chocolate. The company was founded in 1978 and is located in Medan, North Sumatra-Indonesia. In addition, ASWFOODS also develops and creates various products according to consumer demand and has met international quality standards. The problem in this study is whether price and promotion affect customer loyalty through customer satisfaction. Respondents in this study were 128 customers on hatari malkist crackers products. The data analysis technique in this study uses four tests, namely descriptive analysis, classical assumption test, path analysis and hypothesis testing with SPSS Statistic 22 (Statistical Package For The Social Sciences). The results showed that: (1) price has a positive and significant effect on customer satisfaction, (2) promotion has a positive and significant effect on customer satisfaction, (3) price has a positive and significant effect on customer loyalty, (4) promotion has a positive and significant effect on customer loyalty, (5) customer satisfaction has a positive and significant effect on customer loyalty, (6) price through customer satisfaction has a positive and significant effect on customer loyalty, customer satisfaction is able to mediate the relationship between the effect of price on customer loyalty and (7) promotion through customer satisfaction has a positive and significant effect on customer loyalty, customer satisfaction is able to mediate the relationship between the effect of promotion on customer loyalty.

Keyword: Price, Promotion, Customer Satisfaction and Loyalty

INTRODUCTION

Nowadays, customer loyalty is the focus of several companies because it has a big impact on the business being run. To buy and sell products, expand trademarks, create switching costs for competitors, and strengthen gaining power are positive goals for customer loyalty on the way to marketing (Payangan, 2018).

Price is one of the things in getting customer loyalty. The important role of price in customer loyalty is that the cheaper the product price, the more customer loyalty increases, but the low price of the product cannot guarantee good quality. Providing regular promotions for products will create customer loyalty. High price increases cause low customer loyalty which results in customer complaints and protests about price increases.

Purchasing decisions can result in price competition from brands where most consumers, if there is a price change, tend to choose products with cheaper brands, on the other hand, there are also some consumers who are loyal to the brand that will remain preferred despite price changes. A product is owned by consumers against the background of a product price, where consumers want to feel the benefits and value of the product. This is usually evidenced by low prices when compared to other products (Fandy Tjiptono, 2017: 152).

In creating a customer loyalty, it is considered from the price and promotion given to the product. The customer's

assessment of the product is basically from each customer's perception of the overall product factor. When the promotion perceived by consumers is good, there is an increase in customer satisfaction and of course it creates customer loyalty.

It is increasingly difficult for customers to be loyal to a particular product, because there are more and more offers that allow moving to other products. Of course, there is competition between each company, where the company must be able to provide satisfaction to customers by producing better quality products, more economical prices, faster product distribution, promotions provided and services that are much better than competitors (Wijayanti, 2017: 180).

The emergence of customer loyalty is characterized by characteristics such as getting very high satisfaction where customers purchase products in a company at an economical price, then there is feedback from customers whether the product purchased shows feelings of satisfaction / pleasure or disappointment. If the customer is satisfied / happy with the product purchased, this customer will buy the product continuously which causes the customer to become loyal or loyal to the product.

Nowadays, of course, the food business covers a wide variety, for example, the development of the food industry, for example biscuit companies in Indonesia, is growing. More and more new / start-up companies are developing their business in the biscuit industry which results in intense competition in the biscuit industry. With intense competition between companies in the biscuit industry, it is expected that companies must be able to commit, survive, and continue to develop to show new products/new innovations at competitive prices as well.

Hatari Malkist Biscuits are malkist crackers sprinkled with sugar and coated with cream inside. Hatari Malkist biscuits are packaged in plastic weighing 120 grams and have been known to the Indonesian people for a long time. The Hatari brand survives various competitors because of its delicious taste and is quite attached to the Indonesian people. Some customers are not satisfied enough with a brand and they share their bad experiences with others and will create losses from failing to satisfy customers. Price and Promotion on products are seen as several factors that determine whether or not customers make purchases which are expected to create customer satisfaction in purchasing Hatari Malkist biscuit products.

As stated earlier, competition in the food business, for example biscuits, is getting higher which encourages every company to continue to innovate in maintaining and developing several new product innovations. One of the products in question is Hatari Malkist biscuits. The biscuit, wafer and chocolate markets are growing significantly. Biscuit products initially experienced a decline due to competition. The price of Hatari Malkist biscuits is categorized as cheap and affordable and there are promotions when compared to some of its competitors. The price comparison of Hatari Malkist biscuits with competitors can be seen in Table 1.1.

Tabel 1.1 Perbandingan Harga Biskuit

No	Product / Brand	Price
1	Sandwich Unibis Bizkis Mini Malkist Choco 120 gr	Rp. 7.500
2	Roma Biskuit Malkist Chocolate 120 gr	Rp. 6.200
3	Hatari Malkist Crackers Chocolate 120 gr	Rp. 6.000

Source :<https://www.blibli.com/cari/malkist>

Based on observations / initial research, various phenomena were found that gave an overview of Hatari Malkist biscuit customers. The way to create customer satisfaction is to form a feeling of satisfaction / pleasure for customers who consume it, provide affordable prices and quality products according to the needs of customers, provide fast and accurate information and provide price reductions when doing promotions / discounts on products, making customers satisfied and making purchases on Hatari Malkist biscuits. In addition to choosing a good brand recognition for Hatari Malkist biscuits to the public, it is necessary to improve attitudes in customer satisfaction with a product brand, for example, responding to customer complaints quickly. The number of competitors / other biscuit competitors who have a good brand image, this is the main focus of attention for Hatari Malkist biscuit products to better consider the perception / willingness of the general public in consuming Hatari Malkist biscuits.

Customer disloyalty can be the result of customers feeling disappointed with the price and taste of Hatari Malkist biscuit products due to the slowness/inability of company employees/staff to respond to community needs and customer complaints. Seeing the condition of customer disloyalty, the company can survive in competition with competitors Hatari Malkist biscuits must be able to meet the wants and needs of the community / customers through improving product quality, affordable prices, promotions and services for customers to maintain and increase sales of Hatari Malkist biscuits. In addition, Hatari Malkist biscuits must also be able to provide something different / unique (out of the box) to Hatari

Malkist biscuit products in the form of other flavor variants, such as Hatari Malkist Peanut and Hatari Malkist Cheese so that customers are satisfied with the product and do not switch to other products / similar competitors.

Based on the background and explanation above, the researcher raised the research title "The Effect of Price and Promotion on Customer Loyalty with Customer Satisfaction as an Intervening Variable on Hatari Malkist Crackers Biscuits".

MATERIALS & METHODS

Coefficient of Determination Test (R2)

Testing the Coefficient of Determination (R2), used to measure how far the model's ability to explain variations in the dependent variable. The coefficient of determination ranges from zero to one. A smaller R2 value close to zero indicates that the ability of the independent variables to explain the dependent variable is very limited, if R2 gets bigger close to 1, it indicates that the independent variables provide almost all the information needed to predict the variation in the dependent variable.

RESULT

Hypothesis Test of Sub Model I

Table 1.2 Sub Model I t Test Results

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1(Constant)	15.198	.910		16.704	.000
Price	.535	.062	.159	.556	.004
Promotion	.268	.056	.514	4.828	.000

Dependent Variable: slow loyalty

Source: Primary data processed, 2023

In table 1.2, the t statistical test is obtained as follows:

1. Price Variable (X1) with a probability level of 0.004. Thus it can be concluded that $P = 0.004 < \alpha = 0.05$, accept the hypothesis that the Price Variable has a significant effect on the Customer Loyalty Variable.
2. Promotion Variable (X2) with a probability level of 0.000. Thus it can be concluded that $P = 0.000 < \alpha = 0.05$, accept the hypothesis which states that the Promotion Variable has a significant effect on the Customer Loyalty Variable.

Thus the path analysis equation can be arranged as follows:

$$Z = 0,159 X1 + 0,514 X2$$

The analysis equation model means:

1. Price variable (X1) = 0.159. The price variable with a positive sign means that it has a unidirectional effect, which means that each addition or increase in the value of one unit score of the price variable will increase the value of the customer loyalty variable by 0.159 per one unit score.
2. Promotion variable (X2) = 0.514. The promotion variable with a positive sign means that it has a unidirectional influence, which means that each addition or increase in the value of one unit score of the promotion variable will increase the value of the customer loyalty variable by 0.514 per one unit score.

Table 1.3
Test Results of the Coefficient of Determination (R2) Sub Model I

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.658 ^a	.553	.545	2.243

a. Predictors: (Constant), promotion, price

Source: Primary data processed, 2023

The result of the calculation of the R Square value is 0.553. This means that 55.3% of customer satisfaction can be explained by the two independent variables above, while the remaining 44.7% is explained by other variables not included in this study.

Hypothesis Test Sub Model II

Table 1.4
Sub Model II t test results
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1(Constant)	12.151	1.071		11.340	.000
price	.034	.058	.057	.581	.002
promotion	.160	.057	.306	2.820	.006
satisfaction	.653	.055	.380	4.615	.000

a. Dependent Variable: slow loyalty

Source: Primary data processed, 2023

In the table, the t statistical test is obtained as follows:

1. Price variable (X1) with a probability level of 0.002. Thus it can be concluded that $P = 0.002 < \alpha = 0.05$, accept the hypothesis that the price variable has a significant effect on the customer loyalty variable.
2. Promotion variable (X2) with a probability level of 0.006. Thus it can be concluded that $P = 0.006 < \alpha = 0.05$, accept the hypothesis that the promotion variable has a significant effect on the customer loyalty variable.
3. Customer Satisfaction Variable (Z) with a probability level of 0.000. Thus it can be concluded that $P = 0.000 < \alpha = 0.05$, accept the hypothesis which states that the customer satisfaction variable has a significant effect on the customer loyalty variable.

Thus the path analysis equation can be arranged as follows:

$$Y = 0,057 X1 + 0,306 X2 + 0,380 Z$$

The analysis equation model means:

1. Price variable (X1) = 0.057. The price variable with a positive sign means that it has a unidirectional effect, which means that each addition or increase in the value of one unit score of the price variable will increase the value of the customer loyalty variable by 0.057 per one unit score.
2. Promotion variable (X2) = 0.306. The promotion variable with a positive sign means that it has a unidirectional influence, which means that each addition or increase in the value of one unit score of the promotion variable will increase the value of the customer loyalty variable by 0.306 per one unit score.
3. Customer satisfaction variable (Z) = 0.380. The positive customer satisfaction variable means that it has a unidirectional effect, which means that each addition or increase in the value of one unit score of the customer satisfaction variable will increase the value of the customer loyalty variable by 0.380 per one unit score.

Table 1.5
Test Results of the Coefficient of Determination (R2) Sub Model II

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.642 ^a	.812	.798	1.153

a. Predictors: (Constant), Customer Satisfaction, Price, Promotion

Source: Primary data processed, 2023

The result of the calculation of the R Square value is 0.812. This means that 81.2% of customer loyalty can be

explained by the three independent variables above, while the remaining 18.8% is explained by other variables not included in this study..

DISCUSSION

The Effect of Price on Customer Satisfaction

Based on the results of respondents' answers, the price variable has a significant effect on customer satisfaction. Where the price variable has a regression coefficient value of 0.665. In general, consumers want an affordable price, where this price is expected to be able to compete with competitors. This is because when buying a product, consumers usually compare prices between products. These different prices are adjusted by several companies with similar products. Some consumers prefer low prices, rather than products with good quality.

Based on the results of this study, it shows that price affects customer satisfaction. This is not in accordance with research previously conducted by Putri Nafra Berliana, Suharyati Suharyati, Tati Handayani (2020) which shows that price has no significant effect on customer satisfaction. For customers, if the price is not in accordance with consumer desires, customer satisfaction will not be created. This is in line with the theory of Zeithaml and Bitner (1996) that consumer satisfaction and customer loyalty are influenced by price, where consumers usually make purchases looking at prices. Consumers tend to assume that low prices are relative to low product quality and vice versa, expensive prices are relative to higher product quality. If the price does not affect customer satisfaction and customer loyalty, the price created by the company is not in accordance with consumer desires.

The Effect of Promotion on Customer Satisfaction

Based on the results of respondents' answers, the promotion variable has a significant effect on customer satisfaction. Where the promotion variable has a regression coefficient value of 0.546. The promotion variable contributes directly and positively to customer satisfaction, so promotion is a good predictor of customer satisfaction. This shows that the more promotions provided by the company, the more customer satisfaction can increase. Promotion is one of the important consumer factors in customer satisfaction. Based on the results of this study, it shows that promotion affects customer satisfaction. This is in accordance with research previously conducted by Ronal Aprianto, SE, M. Si (2016) which shows that promotion is a way of introducing products to customers and potential customers through advertising, individual sales, sales promotion and direct marketing. With promotion, the product will be recognized by customers and it is hoped that customers will be interested in buying the product. This is in line with the theory of Septian, Daniel (2020) that promotion partially has a positive and significant effect on customer satisfaction.

The Effect of Price on Customer Loyalty

Based on the results of respondents' answers, the price variable has a significant positive effect on customer loyalty. Where the price variable has a regression coefficient value of 0.057. So that price is a good predictor of customer loyalty. If the price offered is considered right by the customer, then this will create loyalty for the customer, thereby increasing customer tolerance for price fluctuations. The higher a person's loyalty to a manufacturer, the wider the range of price acceptance levels for that individual. Customers with high loyalty focus on the benefits received rather than the price paid. Thus, loyal customers tend to pay the price requested by the producer because these customers have a higher price acceptance level than consumers with low loyalty.

Based on the results of this study, it shows that price has an effect on customer loyalty. Thus, customer loyalty in this study is caused by price. This is in accordance with research previously conducted by Indah Dwi Kurniasih (2012) which shows that price has a positive and significant effect on customer satisfaction variables. The price in the product under study has not provided suitability for consumers where if the price is appropriate, customer loyalty will be achieved. This is in line with the theory of Kotler and Armstrong (2012: 318), an indicator of characterizing prices that can create customer loyalty is one of the price compatibility with the benefits obtained. This takes place where consumers decide to buy the product because the benefits consumed are commensurate with the price set by the company and vice versa if consumers feel the benefits of a product that is smaller than the price spent, customer loyalty will not be created.

The Effect of Promotion on Customer Loyalty

Based on the results of respondents' answers, the promotion variable has a significant positive effect on customer loyalty. Where the promotion variable has a regression coefficient value of 0.306. So that promotion is a good predictor of customer loyalty. If the quality of the promotion provided by the company is high, then consumers usually make repeat purchases of these products (customer loyalty is created), while if the promotion provided is low and results in disappointed consumers, consumers will switch to other products. Based on the results of this study, it shows that promotion has a positive effect on customer loyalty. This is in accordance with previous research conducted by Sri

Rahayu et al (2022) which shows that promotion has a significant influence on customer loyalty. This is in line with the theory of Novianti, Endri, Darlius (2018) that promotion has a positive and significant indirect effect on customer loyalty.

The Effect of Customer Satisfaction on Customer Loyalty

Based on the results of respondents' answers, the customer satisfaction variable has a significant positive effect on the customer loyalty variable. Where the customer satisfaction variable has a regression coefficient value of 0.380. The goal of every company is to have assets such as having customers who are loyal to the products they produce. With the creation of customer loyalty, it will strengthen the relationship between the company and its customers. Based on the results of this study, it shows that customer satisfaction has a significant positive effect on customer loyalty. This is not in accordance with research previously conducted by Herawati, et al (2019) which states that customer satisfaction has no significant effect on customer loyalty. Loyal customers are not necessarily satisfied. This is in line with Kotler's theory (2000), that one aspect of consumer satisfaction is loyal to the products consumed, where consumers who are satisfied will tend to be loyal, where this word tends to not mean that all satisfied consumers are loyal consumers.

The Effect of Price on Customer Loyalty through Customer Satisfaction

Based on the results of the sobel test calculation above, the t value is 6.995, so that the t value is $6.995 > t$ table 1.65685, it can be concluded that the customer satisfaction variable is able to mediate the relationship between the effect of price on customer loyalty. Prices that are in accordance with consumer desires will create satisfied consumers. The price discussion here is an affordable price, consumers can save their expenses.

Based on the results of this study, it shows that the effect of price on customer loyalty through customer satisfaction has a positive and significant effect. This is not in accordance with previous research conducted by Herawati, et al (2019) which shows that price through customer satisfaction has no effect on customer loyalty. The price offered by the company to consumers is not yet classified as affordable. This is in line with the theory of Zeithaml and Bitner (1996) that consumer satisfaction and customer loyalty are influenced by price, where consumers usually make purchases looking at prices. Consumers tend to assume that low prices are relative to low product quality and vice versa, expensive prices are relative to higher product quality. If the price does not affect customer satisfaction and customer loyalty, the price created by the company is not in accordance with consumer desires.

The Effect of Promotion on Customer Loyalty through Customer Satisfaction

Based on the results of the sobel test calculation above, the t value is 4.445, so that the t value is $4.445 > t$ table 1.65685, it can be concluded that the customer satisfaction variable is able to mediate the relationship between the effect of promotion on customer loyalty. Customers feel satisfied if they get promotions as expected and feel loyal to buy the products offered by the company. Increasing promotions not only on one product needs to be done by the company because it can make customers feel satisfied with the products they buy and influence customers to make repeat purchases and create customer loyalty.

Based on the results of this study, it shows that promotion through customer satisfaction has a positive and significant effect on customer loyalty. This is not in accordance with research previously conducted by Anggia (2015), the result of which is that promotion has no significant effect on customer loyalty. Meanwhile, research according to Simanjuntak and Ardani (2018) is in accordance with the effect of promotion on customer loyalty, which shows the results that promotion has a significant effect on customer loyalty.

CONCLUSION

Based on the results of the research and discussion that has been carried out, there are several conclusions from the results of the analysis as follows: Price has a positive and significant effect on customer satisfaction. This means that the more affordable the price given will further increase customer satisfaction. Promotion has a positive and significant effect on customer satisfaction. This means that the more promotions provided will further increase customer satisfaction. Price has a positive and significant effect on customer loyalty. This means that the more affordable the price given will further increase customer loyalty. Promotion has a positive and significant effect on customer loyalty. This means that the more promotions provided will further increase customer loyalty. Customer satisfaction has a positive and significant effect on customer loyalty. This means that the better customer satisfaction will increase customer loyalty. Price has a positive and significant effect on customer loyalty through customer satisfaction. Promotion has a positive and significant effect on customer loyalty through customer satisfaction.

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