
The Influence of Product Quality, Service, Word of Mouth (WOM) and Price on Consumer Loyalty

Evi Novitasari¹, Wulandari², Zain Khiswari³, Siti Nur Halimah⁴

Received: 02.08.2023

Reviewed: 07.08.2023

Accepted: 04.10.2023

Abstract

This study aims to determine the effect of product quality, service, Word of Mouth (WOM), price, simultaneously on consumer loyalty. The population in this study were consumers of the Sulistio Rahayu Shop in East Sukadana Village, Sukadana District, East Lampung Regency, Lampung who had bought gamis products at the Sulistio Rahayu Shop more than twice. This research is homogeneous, where the entire population has the same opportunities for consumer loyalty. The design used in this study is a causal research design. The research method used is a qualitative research method based on post-positivism philosophy. This research uses the Cronbach's Alpha reliability test technique. The data that has been collected is processed in the form of numbers and analyzed quantitatively by testing the hypothesis with the analytical model used, namely the SPSS Statistics 26 software. The results of the statistical software data processing analysis show R^2 of 0.823 meaning that there is an influence of product quality, service, word of mouth (wom) and price on consumer loyalty at Sulistio Rahayu Stores of 82.3%, the rest is influenced by other factors. The alternative hypothesis H_a is accepted and H_o is rejected, meaning that the value of product quality is 0.055 so there is no positive and insignificant effect between product quality and consumer loyalty at Sulistio Rahayu Stores. Furthermore, the service value is 0.118, the value of word of mouth (wom) and the price value is 0.526 so that it can be said that there is a positive and significant influence between service, word of mouth (wom) and price on consumer loyalty at Sulistio Rahayu Stores.

Keywords: Product Quality, Service, Word Of Mouth (WOM), Price and Consumer Loyalty

1. Introduction

The condition of MSMEs during the pandemic experienced a decrease in income, even now in Indonesia there have been bankruptcy. Indonesia's condition, which is stated to have experienced an increase in confirmed cases of Covid-19 for approximately one year, has become a threat to MSME entrepreneurs and a cause of bankruptcy. In general, during the pandemic, it was *online* businesses that were still able to survive, even *offline* entrepreneurs also *transformed* their businesses a lot so that they could survive. MSME entrepreneurs are starting to bounce back, although not yet fully. The government's Large-Scale Social Restrictions (PSBB) policy has made business people and Micro, Small and Medium Enterprises (MSMEs) experience a decrease in income because trading and other transaction activities are restricted. MSME income in Indonesia consists of three categories, namely Producers, Trading Businesses and Services. Producers are generally businesses engaged in producing a number of raw materials into finished materials such as shoes, clothes, blankets, meatballs, tofu, tempeh, sugar, handicrafts, accessories and so on. Trading business in question is a variety of stalls, various kinds of shops, cafes, catering, culinary and clothing stores (*fashion shop*). Meanwhile, services include salons, couriers, workshops and others.

¹ Institut Bakti Nusantara, evinovitasariibn@gmail.com

^{2,3,4} Institut Bakti Nusantara

Business development in the East Sukadana region continues to increase every year. Various types of shop businesses continue to be built in the region. This can lead to increasingly fierce competition. Therefore, in order to survive and be able to compete, you must have a sales strategy that attracts consumers. One store that has added to its strategy and is quite famous in the East Sukadana area is the Sulistio Rahayu Shop which is located in IV Tulung Sawo Hamlet, East Sukadana Village, Sukadana, East Lampung which has quite a lot of product types. However, in this case only clothing products will be examined, especially children's clothing products to adults. The Covid-19 pandemic, which has been going on for more than two years, has had an impact on the economy and trade around the world, including East Lampung Regency, especially Sukadana City. This also had an impact on the sales of the Sulistio Rahayu Shop, especially the gamis clothing product. The following is the development of sales of gamis products at the Sulistio Rahayu Store in 2020.

Showed that the quality of work life proved to have no significant effect on job satisfaction while Tamzil Yusuf's research (2011) showed that the quality of work life was proven to have a significant positive effect on job satisfaction. Customer loyalty to a company /store is not only for reasons of quality of service provided, but also for reasons of product quality and price (Samplean, *et al.*, 2015). The approach that can be taken to increase consumer loyalty is to improve service quality. This is in accordance with research conducted by Putra, HA, & Ngatno, N. (2017), entitled *The Effect of Service Quality on Consumer Loyalty Through Consumer Satisfaction as an Intervening Variable*. The results of this study indicate that service quality has a positive and significant effect on consumer loyalty. In line with this research, Sampling, *et al.* 2015, Redo, F., & Iskandar, DA (2018), Pradigar Eri Mahardika (2021) conducted research on the effect of service quality, product quality and price on consumer loyalty. The results of this study indicate that service quality, product quality and price have a positive and significant effect on consumer loyalty. It indicates that increasing consumer loyalty depends on product quality, service quality and price. In addition to product quality, service quality and price, to increase consumer loyalty it is also necessary to increase *Word of Mouth*. Like the research conducted by Oliviana, M., Mananeke, L., & Mintardjo, C. (2017), entitled *the influence of brand image and word of mouth on consumer loyalty at Rm. Wanea's awesome*. The results of the study prove that *WOM* has an effect on consumer loyalty. These findings are supported by Zahroh, U., & Oetomo, HW (2018), that products and *WOM* have a significant effect on consumer loyalty.

2. Methods

Research that examines and analyses the influence of product quality, service quality, price, and *WOM* (*word of mouth*) has been carried out by several researchers. The results of this study indicate that product quality, service quality, price and *WOM* have a positive and significant effect on consumer loyalty (Rajab, A., & Nora, L. 2021; Huda, OK, & Nugroho, AT 2020.; Widyatma, CP & Lestari, SP, 2019; Bulan TPL, 2016; Utami, ND, & Oetomo, HW (2015); Putro, SW 2014, and Pongoh, ME, 2013). However, there are different results, namely price has no effect on consumer loyalty (Pongoh, ME, 2013).

Widyatma, CP & Lestari, SP, (2019). "The Influence of Product Quality on Consumer Loyalty in Rifa Culinary Kendal". (2018) whose research results: Product quality affects consumer loyalty. Bulan, TPL (2019) entitled "The Influence of Service Quality and Price on Consumer Loyalty at PT. TIKI Jalan Nugraha Ekakurir Langsa City Agent, the results of his research: Service quality and price have a positive and significant effect on consumer loyalty. Huda, OK, & Nugroho, AT (2020). "The Influence of *Word of Mouth* and Brand Image on

Customer Loyalty on Oppo Smartphones Mediated by Karawang Brand Trust" his research: WOM and brand image have an effect on loyalty. Pongoh, ME, (2013). Quality of service, product quality and price affect the loyalty of Telkomsel AS card customers in Manado City, the results of his research: product quality and service quality effect on customer loyalty but the price has no effect. Putro, SW (2014). The Influence of Service Quality and Product Quality on Customer Satisfaction and Consumer Loyalty at Happy Garden Restaurant. *Journal of Marketing Strategy*, 2 (1), 1-9: Service Quality, Product quality affects consumer loyalty. Rajab, A., & Nora, L. (2021). Effect of Product Quality on Consumer Loyalty with Consumer Satisfaction as Mediation (Study on Holland Bakery Consumers in Jabodetabek): Product quality has an effect on consumer loyalty. Novita Dian Utami "The Influence of Product Quality, Service, Price and Location on Consumer Loyalty" (2015): Product Quality, Service Quality, Price and Location have a direct effect on consumer loyalty.

Based on the theoretical review and empirical findings above, the hypotheses put forward in this study are:

H1: Product Quality, Service, Word Of Mouth (WOM) and Price have an influence on Consumer Loyalty at Sulistio Rahayu Stores

H2: Product Quality, Service, Word Of Mouth (WOM) and Price have no effect on Consumer Loyalty at Sulistio Rahayu Stores

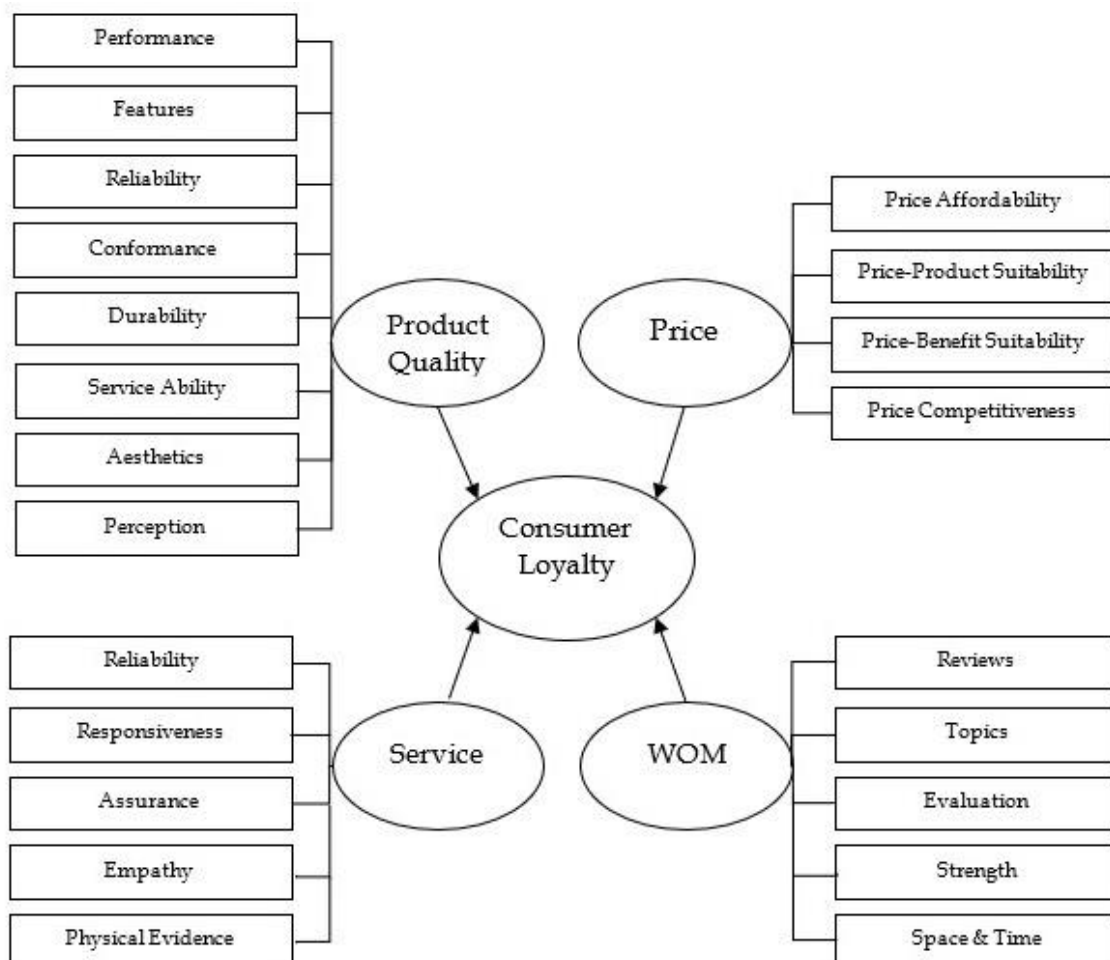


Figure 1. Research Model

2.1. Analysis Methods

The design used in this study is a causal research design. Causal design is to obtain evidence of a causal relationship between the independent variables and the dependent variable (Uma Sekaran, 2010). The research method used is a qualitative research method based on post-positivism philosophy, used to examine natural object conditions (as opposed to experiments) where the researcher is the key instrument, data collection technique. The subjects in this study were people or consumers of Toko Sulistio Rahayu, who were used as research samples. The object of research in this study is product quality, service, *word of mouth* (WOM) and price on consumer loyalty at Sulistio Rahayu Stores. Independent Variables: Product Quality (X_1), Service (X_2), *Word Of Mouth* (WOM) (X_3), Price (X_4). Dependent Variable: Consumer Loyalty (Y). This study uses construct validity, because construct validity is broader in scope than other validities. The method for testing the validity level of the instrument in the study used the *Pearson Product-Moment Correlation Coefficient* analysis technique. This study uses the *Cronbach's Alpha* reliability test technique because this technique determines whether a research instrument is reliable or not, if the answers given by respondents are in the form of a scale that interprets attitude assessments.

The data that has been collected is processed in the form of numbers and analyzed quantitatively by testing the hypothesis with the analytical model used, namely *SPSS Statistics 26 software*. Secondary data sources are literature, articles, websites, on the internet relating to the research being conducted, as well as organizational documents related to this research. The population used in this study were consumers of the Sulistio Rahayu Shop in East Sukadana Village, Sukadana District, East Lampung Regency, Lampung who had bought gamis products at the Sulistio Rahayu Shop more than twice. Sampling in this study was the sampling method for taking *Non Probability Sampling* because it was not known how many characteristics of the population or elements of the population were, so the determination of the samples or respondents taken were customers of the Sulistio Rahayu Shop in East Sukadana Village, Sukadana District, East Lampung Regency, Lampung.

3. Result

The characteristics of the respondents who were sampled in this study were 100 customers of the Sulistio Rahayu Shop who were female, and at least 17 years old.

Based on Table 3. the answers to the questionnaire show that the respondents are the most dominant with 53% answering the affirmative statement. Another 24% of respondents stated that they strongly agreed, then 19% of other respondents gave neutral answers and 4% of respondents did not agree. This shows that the respondents' answers admit that those who buy gamis products at the Sulistio Rahayu Shop are comfortable to wear.

Table 3. Product Quality Performance Indicators

No.	Respondents Answer	Frequency	Percentage
1.	Strongly agree	24	24%
2.	Agree	53	53%
3.	Neutral	19	19%
4.	Don't agree	4	4%
5.	Strongly Disagree	0	0%
Amount		100 respondents	100%

Source: Primary data processed, 2022

Table 4. Product Quality Feature Indicators

No.	Respondents Answer	Frequency	Percentage
1.	Strongly agree	16	16%
2.	Agree	52	52%
3.	Neutral	22	22%
4.	Don't agree	9	9%
5.	Strongly Disagree	1	1%
Amount		100 respondents	100%

Source: Primary data processed, 2022

Table 5. Product Quality Reliability Indicators

No.	Respondents Answer	Frequency	Percentage
1.	Strongly agree	71	71%
2.	Agree	17	17%
3.	Neutral	9	9%
4.	Don't agree	3	3%
5.	Strongly Disagree	0	0
Amount		100 respondents	100%

Source: Primary data processed, 2022

Table 6. Product Quality Conformation Indicators

No.	Respondents Answer	Frequency	Percentage
1.	Strongly agree	63	63%
2.	Agree	24	24%
3.	Neutral	11	11%
4.	Don't agree	2	2%
5.	Strongly Disagree	0	0%
Amount		100 respondents	100%

Source: Primary data processed, 2022

Based on Table 4, the most dominant respondents answered as much as 52% agreed, other respondents 16% strongly agreed, then as many as 22% of respondents answered neutral and 9% of respondents answered disagree and 1% of respondents answered strongly disagree. This shows that respondents acknowledged if the gamis product at the Sulistio Rahayu Shop varies in model.

Based on Table 5, the most dominant respondents were 71% who answered strongly agree, then 17% of respondents answered agree while other respondents 19% of them answered neutral and only 3% of respondents answered disagree. This shows that the respondents who answered the statement acknowledged that the gamis product at Toko Sulistio Rahayu had an interesting design.

Based on Table 6, the most dominant respondent's answer as much as 63% answered strongly agree, 24% of other respondents answered agree, then 11% of respondents gave

Table 7. Endurance Indicators

No.	Respondents Answer	Frequency	Percentage
1.	Strongly agree	46	46%
2.	Agree	39	39%
3.	Neutral	13	13%
4.	Don't agree	3	3%
5.	Strongly Disagree	1	1%
Amount		100 respondents	100%

Source: Primary data processed, 2022

Table 8. Result of the Validity Test of Product Quality Instrument

Statement	Correlation coefficient	R-Table	Information
Statement 1	0.802	0.1966	VALID
Statement 2	0.846		VALID
Statement 3	0.820		VALID
Statement 4	0.856		VALID
Statement 5	0.835		VALID
Statement 6	0.924		VALID
Statement 7	0.895		VALID
Statement 8	0.870		VALID

Source: Primary data processed, 2022

Table 9. Result of the Validity Test of Service Instrument

Statement	Correlation coefficient	R-Table	Information
Statement 1	0.804	0.1966	VALID
Statement 2	0.880		VALID
Statement 3	0.884		VALID
Statement 4	0.901		VALID
Statement 5	0.831		VALID

Source: Primary data processed, 2022

neutral answers and 2% of respondents answered disagree. This shows that respondents admit that Gamis products from Toko Sulistio Rahayu can be returned.

Based on Table 7, the most dominant of the respondents' answers as much as 46% answered strongly agree, then 39% of other respondents answered agree, then 13% of respondents answered neutral and 3% answered disagree, then 1% answered strongly disagree. This shows that the respondents' answers agree about the statement that the gamis product at Toko Sulistio Rahayu has good materials.

3.1. Validity test

Table 8-12 shows the result of validity tes for Product Quality, Service, WOM, Price, and Consumer Reality. All statements of all variables are valid.

Table 10. Result of the Validity Test of WOM Instrument

Statement	Correlation coefficient	R-Table	Information
Statement 1	0.824		VALID
Statement 2	0.880		VALID
Statement 3	0.879	0.1966	VALID
Statement 4	0.880		VALID
Statement 5	0.863		VALID

Source: Primary data processed, 2022

Table 11. Result of the Validity Test of Price Instrument

Statement	Correlation coefficient	R-Table	Information
Statement 1	0.820		VALID
Statement 2	0.859		VALID
Statement 3	0.879	0.1966	VALID
Statement 4	0.819		VALID

Source: Primary data processed, 2022

Table 12. Result of the Validity Test of Consumer Loyalty Instrument

Statement	Correlation coefficient	R-Table	Information
Statement 1	0.892		VALID
Statement 2	0.897	0.1966	VALID
Statement 3	0.913		VALID
Statement 4	0.899		VALID

Source: Primary data processed, 2022

Table 13. Reliability Statistics

Variables	N of Items	Cronbach's Alpha
Product Quality	8	0.960
Service	5	0.945
Word of Mouth	5	0.948
Price	4	0.948
Consumer Loyalty	4	0.952

Source: Primary data processed, 2022

3.2. Reliability Test

A variable can be said to be reliable if the score of Cronbach's alpha > 0.60 . Based on Table 13, we can conclude that all of the variables we used are reliable, as the scores of the Cronbach's Alpha > 0.60 .

Table 14. Test Result for the Coefficient of Determination (R²)

Summary Models

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,823 ^a	,677	,663	2,067

^a Predictors: (Constant), Price, Service, Product Quality, WOM

Source: Primary data processed, 2022

Table 15. t-Test Results

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients Betas	t	Sig.
	B	std. Error			
1 (Constant)	-,340	1,348		-,252	,802
Product Quality	-.055	.056	-.087	-.977	,331
Service	,118	.089	,120	1.323	,189
WOM	,354	,097	,370	3,638	,000
Price	,526	,109	,476	4,832	,000

^a Dependent Variable: Consumer Loyalty

Source: Statistical software data processing (2022)

3.3. Hypothesis Testing

The results of data processing analysis in Table 14 shows the score of R² is 0.823 . It means that there is an influence of product quality, service, *word of mouth* (WOM) and price on consumer loyalty at Sulistio Rahayu Shop.

4. Discussion

So from table 15. the following results are obtained:

- ☑ calculated t value of product quality is 0.977 < 1.890 then H_a is rejected and H_o is accepted. This means that the product quality variable partially has a negative and insignificant effect on consumer loyalty at Sulistio Rahayu Stores.
- ☑ t value for service is 1.323 < 1.890, so H_a is rejected and H_o is accepted. This means that the service variable, partially and insignificantly influences customer loyalty at Sulistio Rahayu Stores.
- ☑ t value of t word of mouth (WOM) = 3.638 > 1.890 then H_a is accepted and H_o is rejected. This means that the WOM variable partially has a significant effect on consumer loyalty at Toko Sulistio Rahayu.

Value of t count price = 3.638 > 1.890 then H_a is accepted and H_o is rejected. This means that the price variable partially has a significant effect on consumer loyalty at Toko Sulistio Rahayu.

5. Conclusion

The results of data processing *software statistics analysis* show an R^2 of 0.823 in the *Model Summary table*, an R^2 of 0.823 means that there is an influence on product quality, service, *word of mouth (wom)* and price on consumer loyalty at Sulistio Rahayu Shop by 0.120% of service, 0.370% from *word of mouth (wom)* and 0.476% of price, then -0.087% of product quality and 0.034 influenced by other factors. Then in the Coefficients table, the t-count value is -0.977 for product quality, $t = 1.323$ for service, $t = 3.638$ *word of mouth (wom)*, $t = 3.638$ for price and $t = 4.832$ for consumer loyalty, this value when compared to t- table where $df=n-2$ is $100-2=98$ with an error level of 5% the t table value is 0.1980 with a sig value <0.05 . This means that the alternative hypothesis H_a is accepted and H_o is rejected, meaning that the value of product quality is 0.055 so that there is no positive and insignificant effect between product quality and consumer loyalty at Sulistio Rahayu Stores. Furthermore, the service value is 0.118, the value of *word of mouth (wom)* and the price value is 0.526 so that it can be said that there is a positive and significant influence between service, *word of mouth (wom)* and price on consumer loyalty at Sulistio Rahayu Stores.

Bibliography

- Andra Tersiana. 2018. *Research Methods*. Yogyakarta: Yogyakarta Publisher.
- Arikunto, S. 2019. *Research Procedures A Practice Approach*. Jakarta: Rineka Cipta.
- Bulan, TPL 2019. *The effect of service quality and price on consumer loyalty at PT. Tiki Jalan Nugraha Ekakurir Langsa City Agent*. Journal of Management and Finance, 5 (2), 592-602.
- Cholid Narbuko and H. Abu Achmadi. 2017. *Research Methodology*. Jakarta: Earth Script.
- Eri Mahardika, Pradigar. (2021). *THE INFLUENCE OF PRODUCT QUALITY, PRICE AND SERVICE QUALITY ON CONSUMER LOYALTY (Case Study at Utan Kayu Selatan Restaurant)* (Doctoral dissertation, Indonesian College of Economics, Jakarta).
- Ghozali. 2018. *Application of Multivariate Analysis with the SPSS Program*. Semarang: Diponegoro University.
- Huda, OK, & Nugroho, AT 2020. *The Effect of Word of Mouth and Brand Image on Customer Loyalty of Oppo Smartphones Mediated by Brand Trust*. Journal of Entrepreneurial Development, 22 (02), 141-150.
- Handoko. 2019. *Marketing Management*. Jakarta: IPWI issuing body.
- Hardiansyah. 2017. *Quality of Public Services*. Yogyakarta: Media Style
- Jill. Griffins. 2015. *Customer Loyalty Revised Edition*. Jakarta: Erlangga.
- Cashmere. 2017. *Excellent Customer Service*: Depok. PT Raja Grafindo Persada.
- Kotler, P., & Armstrong, G. 2012. *Marketing Principles*. Jakarta: Erlangga.
- _____. 2015. *Marketing Principles*. Jakarta: Erlangga.
- Kotler, P. 2019. *Marketing Management in Indonesia: Analysis, Implementation Planning and Control*. Jakarta: Salemba Empat
- Kotler P., & Keller, KL 2019. *Marketing Management*. Jakarta: Erlangga Publisher.
- Kusaeri. 2018. *Educational Measurement and Assessment*. Yogyakarta: Science Graha.

- Lupiyoadi, Rambat,. 2016. *Service Marketing Management Theory and Practice, First Edition*. Jakarta: Salemba Empat
- McGraw Hill, Sernovitz,. 2018. *Word Of Mouth Marketing*: Jakarta.
- Nidjo, Sandjojo,. 2017. *Path Analysis Method and Its Applications, First Print*. Jakarta: Sinar Harapan Library Publisher.
- Oliviana, M., Mananeke, L., & Mintardjo, C. 2017. *The Effect of Brand Image and Word of Mouth on Consumer Loyalty at Rm. awesome Wanea*. EMBA Journal: Journal of Economics, Management, Business and Accounting Research, 5 (2).
- Oliver. 2014. *Whence Consumer Loyalty: Journal of Marketing (Special Issue)*, 63, 33- 44
- Pongoh, ME 2013. *Service quality, product quality and price influence customer loyalty as Telkomsel Telkomsel customers in Manado City*. EMBA Journal: Journal of Economics, Management, Business and Accounting Research, 1 (4).
- Priansa, DJ 2017. *Integrated Marketing Communication*. Bandung: Faithful Library
- Priyotno, Marzuki, & Soesatyo, Y. 2016. *Influence of Motivation and Discipline on the Performance of Employees (Studies On CV Eastern Star Home in Surabaya)*. PGRI Surabaya University. *Journal Of Global Economics, Management and Business Research*. October 2015.
- Purba, lili sari A., & Harahap K. (2015). e. *Journal of Chemical Information and Modeling*, 53(9),1689-1699.
- Putra, HA, & Ngatno, N. 2017. *The Effect of Service Quality on Consumer Loyalty Through Consumer Satisfaction as an Intervening Variable (Case Study on Consumers of Pt. Lontar Media Digital Printing Semarang)*. *Journal of Business Administration*, 6 (4), 68-75.
- Rajab, A., & Nora, L. 2021. THE INFLUENCE OF PRODUCT QUALITY ON CONSUMER LOYALTY WITH CUSTOMER SATISFACTION AS MEDIATION (Study on Holland Bakery Consumers in Jabodetabek). *Journal of Muhammadiyah Business Management*, 2 (2), 73-84.
- Redo, F., & Iskandar, DA (2018). Effect of brand image and product quality on consumer loyalty futsal shoes. *Journal of Strategic Management and Business Applications*, 1 (1), 69-78.
- Samplean, AG, Oroh, SG, & Moniharapon, S. 2015. *The effect of service quality, product quality and price policy on consumer loyalty to Kawan Baru Mantos Manado*. EMBA Journal: Journal of Economics, Management, Business and Accounting Research, 3 (3).
- Schiffman, LG, and LL Kanuk. 2017. *Consumer Behavior. 7th Edition*.
- Siregar, Syofian. 2013. *Quantitative Research Methods: Equipped with a Comparison of Manual Calculations & SPSS First Edition*. Jakarta: Kencana.
- Rahayu, S. (2021). *STRATEGIES TO IMPROVE ATTITUDE LOYALTY AND PURCHASE LOYALTY*. Adab Publisher.
- Sugiyono. 2017. *Business Research Methods: Quantitative, Qualitative and R and D Approaches*. Bandung: Alfabeta.
- _____. 2018. *Quantitative, qualitative and R&D Research Methods*. Bandung: Alphabet
- Supranto, J. 2019. *STATISTICS: THEORY AND APPLICATION Seventh Edition*. Jakarta: Erlangga.
- Swastha, Basu. 2018. *Azaz-Azaz Marketing*. Yogyakarta: BPFE

- Tjiptono. 2012. *Modern Marketing Management. Second edition, ninth printing. liberty.* Yogyakarta: Methodology of the Panel
- Utami, ND, & Oetomo, HW 2015. The Effect of Product Quality, Service, Price and Location on Loyalty with Satisfaction as Intervening Variables. *Journal of Management Science and Research (JIRM)*, 4 (5).
- Widayatma, CP, & Lestari, SP 2019. *The Effect of Product Quality on Consumer Loyalty with Consumer Satisfaction as an Intervening Variable (Case Study on Kendal Culinary Rifa).* Acitasa Fiber, 7 (3), 25.
- Zahroh, U., & Oetomo, HW (2018). Effect of Product, Word of Mouth, Location on Consumer Loyalty Through Consumer Satisfaction. *Journal of Management Science and Research (JIRM)*, 7 (3).

