

## Effect Of House Prices, Product Quality On Customer Loyalty Through Customer Satisfaction In Housing Permata Royal Garden Malang

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**ABSTRACT:** This study aims to analyze the influence of price and product quality to customer loyalty; analyze the influence of customer satisfaction on customer loyalty and analyze the influence of price, product quality to customer loyalty through customer satisfaction at Permata Housing Royal Garden Malang. This research is included in the explanatory research category, i.e. to find out whether an associate variable or not with other variables, or whether a variabel is caused or influenced or not by other variables. The population in this study is all users of home buyers and who occupy the house in Permata Royal Garden Malang, amounting to 119 people. The sampling technique used is to use the census, which takes the entire data from users who buy and occupy the house in Permata Housing Royal Garden. After the research, the data collected were 87 respondents, because 32 home users are empty and not occupied. The analysis technique uses path analysis. Price and quality of the product can increase customer satisfaction, it indicates that customer satisfaction will be created with reasonable price, affordable, isesuai with its quality, competing price, price discount and good quality of production. In this case if the price of a house in Permata Royal Garden is reasonable and affordable, in accordance with its quality, competitive prices, discounted price and good product quality of home buyers satisfied The price and quality of products that match the expectations of consumers will give rise to satisfaction for consumers and build customer loyalty levels. The price of the house and the qualification of a good product of the Royal Garden Gem can provoke customer loyalty to say positive things to others. Consumer satisfaction can increase customer loyalty. Level consumers' feelings after comparison of what they accept and their expectations that customer satisfaction will lead to customer loyalty. Customer satisfaction is able to mediate price effects, product quality to customer loyalty, which means that the price, quality of home products in the Courtesy of Royal Garden well-matched and goodwill can increase customer loyalty, when the customer feels satisfied with the home purchased at Permata Royal Garden.

**Keywords:** price, product quality, customer satisfaction, customer loyalty

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### I. Introduction

The population growth of pesat and urbanization in developing countries causes a lack of housing which causes the price of housing or land to be more expensive. Uncontrolled urbanization of the year, especially in urban areas, led to an increase in infrastructure requirements and housing facilities and neighborhood settlements along with the provision of housing for groups of people with economic levels medium to surpass.

At least there are two reasons why Malang property markets need to be taken into account: (1) KotaaMalang is slowly but surely a large number of investment investors, as an example of PT. Ciputra Residence who is working on the CitraaGardeniCity and Arayai Group projects that set up a thousand hectares. In addition to the development, there are also a number of local developers who are beginning to engage in the prospect of Kotai Malang investment. According to the data from the APPLICATION of the Malanggi Corruption, the average increase in the price of residential housing reached around 30% per year, especially for middle-income housing markets. (2) There are several new infrastructure projects being prepared by the government such as the toll road project Pandaan-Malang. The plan for this project will be completed in 2018. This Malang-Pandaan toll road access is also very close to Abdul Abdullah Airport Airport in the District of Pontianak, Kabupaten Malalang.

Perumahan Permata Royal Garden is located in the Kecamatan Kecamatan Pakis offering an integrated residential concept in an area of 5 hectares. Around the location, there are several near-high allocations of reach. For example, close to the toll gate door of Malang-Pandaan, and close to Bandar Airport Abdulrahmann Salih.

In residential environments, residents are also provided with facilities such as sharks, parks, internet networks, telephones, 24 hour security. Each housing unit is also equipped with electrical networks and PPDAM.

The need for Rumahh is not only a place to stay but has a function that is like the location of the strategy, a quality building and solid and comfortable environment. In other words, there is not enough of the origin to take shelter, but it must also be the place of residence that serves. Therefore houses with good quality and good quality are a major consideration for the community in deciding the purchase of houses offered by many developers.

The price and quality of products are the main factors for companies engaged in home developers because it will affect customer satisfaction, which in turn will cause customer loyalty. Customer satisfaction is determined by the price and quality of products desired by consumers as stated by Hoei and Chiao (2001) that "Prices and quality of products are a foundation for building customer satisfaction", whereas Ehsaniidannhani (2015) concludes that prices can be used as sources to increase customer benefits and satisfaction.

Pricing in line with the expectations of consumers will lead to satisfaction for consumers and build a level of customer loyalty. Such pricing decisions are important in finding how far a service is valued by consumers and also in the process of building a level of customer loyalty (Lupiyoadi, 2009).

According to SangadjiidannSopiah (2013: 116), the benefits of superior quality are other ways (1) Customer loyalty is greater (2) Share market more (3) Higher prices (4) Higher prices (5) Greater productivity.

According to Umarr (2008, p14), satisfaction is a response from customers. Satisfaction is a customer assessment that the product of the service has increased the level of enjoyment where the level of compliance can be more or less. Customers feel that if expectations are fulfilled or will be very satisfying if the expectations of customers are exceeded (Tjiptono, 2008). Customer demand is customers who will share satisfaction with producers or service providers. Even so, both customers and retailers will benefit from satisfaction.

The creation of customer satisfaction will provide benefits, namely the relationship between the company and the customer to be good and provide harmony and the creation of customer loyalty (Permana, 2013) Every time a company always strives to provide satisfaction to its customers because it gives satisfaction to customers as well as maintaining the business itself.

PT. Graha Intan Kreatif as a company engaged in property, in fulfilling community needs for housing or housing, Permata Royal Garden was developed in a beautiful and comfortable residential area, therefore Housing Permata Royal Garden prioritizes the quality of residential buildings and affordable prices to fulfill the satisfaction of residential buyers can create loyalty for users in saying positive halls in the vicinity of Permata Royal Garden housing (worddoffmouth) and also refer to the housing of Permata or Royal Garden to others.

## II. Methods

This research includes the explanatory research category which is to find out whether a variable is associated with other variables, or an alternative is caused or influenced by or other variables. The population in this study is all consumers who buy houses and occupy their homes in Permata RoyallGarden's Housing in Malang with a total of 119 people. The way in which data is collected in this research is by means of consensus. The analysis technique used is descriptive analysis and path analysis.

## III. Results

### Price Path Coefficient, Product Quality to Customer Satisfaction

Estimation of the path efficiency that shows the effect of price, product quality on customer satisfaction is carried out by using regression analysis. The coefficient of the line is obtained from the results of the standardized regression coefficient (beta). For more details, the description of the results of the regression analysis obtained is presented in table 1.

**Table 1.** Coefficient of Price Path Test Results, Product Quality for Customer Satisfaction

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std Error	Beta		
(Constant)	-.142	.258		-.548	.585
Price (X1)	.299	.092	.276	3.268	.002
Product quality (X2)	.733	.098	.633	7.501	.000

Source: Primary data processed in 2018.

From table 1, the equation can be obtained as follows:

$$Y1 = 0.276 X1 + 0.633 X2$$

Based on the equation, it can be explained that the value has a significant effect on customer satisfaction, as evidenced by the value of sig 0,002 smaller than  $\alpha = 0,05$  with the coefficient of the line of 0,276. Product qualifications have a significant effect on customer satisfaction, proven by a value of 0,000 more than  $\alpha = 0,05$  with a path coefficient of 0,633.

**Price Path Coefficient, Product Quality, Customer Satisfaction to Customer Loyalty**

The estimation of the path efficiency shows the effect of price, product quality, customer satisfaction, and customer loyalty is done by using regression analysis. Efficiency lines are obtained from the results of standardized regression coefficients (beta). For more details, the description of the results of the regression analysis obtained is presented in table 2.

**Table 2.** Price Line Coefficient Test Results, Product Quality, Customer Satisfaction with Customer Loyalty

Model	Coefficients				
	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std Error	Beta		
(Constant)	0.454	.319		1.424	.158
Price (X1)	.249	.120	.234	2.075	.041
Product Quality (X2)	.363	.156	.319	2.324	.023
Customer satisfaction (Y1)	.270	.135	.276	1.998	.049

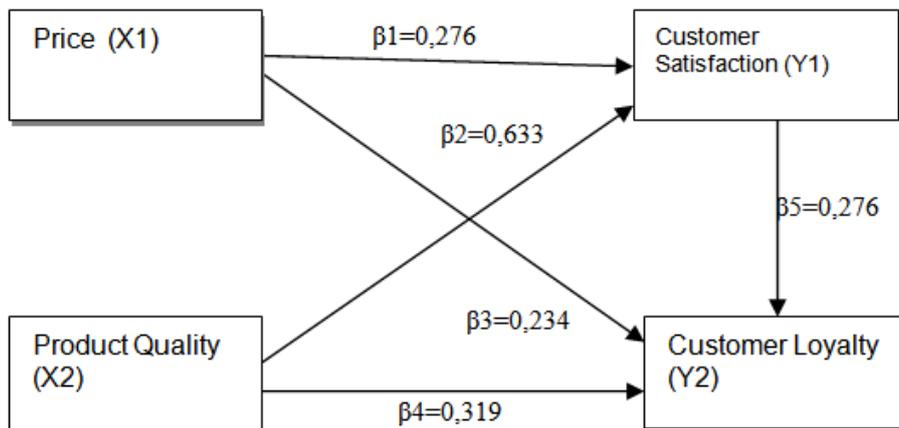
Source: Primary data processed in 2018.

From table 2, the equation can be obtained as follows:

$$Y2 = 0.234 X1 + 0.319 X2 + 0.276 Y1$$

Based on the equation, it can be explained that the value of a significant effect on customer loyalty is proven by a value of 0.041 more than  $\alpha = 0.05$  with a path efficiency of 0.234. The product quality has a significant effect on customer loyalty, as evidenced by a value of 0.023 more than  $\alpha = 0.05$  with a path coefficient of 0.319. Customer satisfaction has a significant effect on customer loyalty, proven by a value of 0.049 more than  $\alpha = 0.05$  with a path coefficient of 0.276.

Based on the two paths, the overall path analysis results are presented in Figure 1.



**Picture 1**

Results of Price Path Analysis, Product Quality to Customer Loyalty Through Customer Satisfaction

**The Effect of Direct Price of Product Quality on Customer Satisfaction**

Based on the results of the sub-structural analysis 1, the indirect effects are made, the analysis results are presented on table 3.

**Table 3.** Effect of Direct Prices on Customer Satisfaction

Variable	Direct Influence
Price (X1) → Customer satisfaction (Y1)	0,276
Product quality (X2) → Customer satisfaction (Y1)	0,633

Source: Primary data processed, 2018.

Based on label 3, it appears that the influence of the variable quality of the product is faced by Customer Satisfaction (0.633) greater than the effect of the price variable on customer satisfaction (0.276). These results indicate that the variable quality of a product is more dominant affecting customer satisfaction than the price variable because the value of direct influence is greater.

**Direct Influence and Indirect Influence on Customer Loyalty through Customer Satisfaction**

Based on the results of sub-structure analysis 2, it can be arranged direct effect, the analysis results are presented in table 4.

**Table 4.** Direct Effect of Indirect Influence on Price, Product Quality on Customer Loyalty Through Customer Satisfaction

Variable		Direct effect	
Price (X1) → Customer satisfaction (Y1)		0,276	
Price (X1) → Loyalitas Pelanggan (Y2)		0,234	
Product quality (X2) → Customer satisfaction (Y1)		0,633	
Product quality (X2) → Loyalitas Pelanggan (Y2)		0,319	
Customer satisfaction (Y1) → Customer loyalty (Y2)		0,276	
Variabel	Direct effect	Indirect effect	Total effect
Harga (X1) → Customer satisfaction (Y1) → Customer loyalty (Y2)	0,234	$0,276 \times 0,276 = 0,08$	0,314
Product quality (X2) → Customer satisfaction (Y1) → Customer loyalty (Y2)	0,319	$0,319 \times 0,276 = 0,09$	0,409

Source: Primary data processed, 2018.

Based on label 4 it appears that the total variable effect of prices on customer loyalty (0.314) is greater than the direct effect (0.234). These results indicate that customer satisfaction is an intervening variable in the price effect on customer loyalty because the total value is greater than the direct effect. Also, it seems that the total effect of product quality on customer loyalty (0.409) is greater than the direct effect (0.319). These results indicate that customer satisfaction as an intervening variable influences product quality on customer loyalty because the total value is greater than the direct effect.

**IV. Discussion**

**Effect of price and excitation products on customer satisfaction**

Price and Product Quality affect customer satisfaction, this shows that customer satisfaction will be created with reasonable prices, affordable, according to quality, competitive prices, discounted prices and good product quality. In this case if the price of the house is Royal Garden is a price, affordable, according to its quality, competitive price, the price of a discount and the quality of the product is good then the buyer will be satisfied, if the price is expensive, not affordable, the quality of the home buyer is not satisfied. This is in line with Bei and Chio's opinion that "Price and quality of production are a foundation for building customer satisfaction." The results of this study also support the research conducted by Ghozali (2014). The results of this study state that the price variable and product quality towards consumer satisfaction have a positive and significant effect.

**The effect of price and excitation products on customer loyalty**

The price and product quality that meet consumer expectations will lead to satisfaction for consumers and build a level of customer loyalty. Appreciating good homes and quality products in the Jewel of RoyaliGarden can lead to customer loyalty and say positive things to others. Decisions about pricing are important in finding how far service is valued by consumers and also in the process of building consumer loyalty levels (Lupiyoadi, 2009). The results of the study state that the variable price and product quality towards customer loyalty has a significant effect.

**The influence of customer satisfaction on customer loyalty**

Satisfaction consumers are the feelings of consumers after comparing what is accepted and expected (Umar, 2005). The results of this study are consistent with those conducted by Irawan and Japariantoi (2013),

Sanjaya, Rahyuda, Wardana (2016) Wakhidah, Permatasari, Pramesti (2017) which states that customer satisfaction will result in customer loyalty.

### **The influence of product quality prices on customer loyalty through customer satisfaction.**

Satisfaction of customers is able to mediate the influence of prices, product qualifications on customer loyalty, which means that prices, quality of home products in the Housing of Royal Gardens that are suitable and good can increase customer loyalty, whether the value of customers feels agitated at homes that are bought in the Royal Garden. The results of this study are consistent with the research of Murtiyanto (2011) Utami, Oetomo (2015).

## **V. Conclusion**

Based on the results of the analysis and discussion, it can be concluded as follows: 1) The price and quality of products can increase customer satisfaction, this shows that customer satisfaction will be created with reasonable, affordable prices according to quality, competitive prices discounted prices and good product quality. In this case, if the price of a house in Permata Royal Garden is a reasonable and affordable price, according to its quality, competitive prices, prices for discounts and qualifications of good products, satisfied home buyers. 2) The price and quality of production according to the expectations of consumers will lead to satisfaction for consumers and build customer loyalty levels. The price of good housing and product quality in the Jewel of RoyaliGarden can lead to customer loyalty and say positive things to others. 3) Consumer satisfaction can increase customer loyalty. Measure the feelings of consumers after comparing what they receive and their expectations that customer satisfaction will result in customer loyalty. 4) Satisfaction of customers is able to mediate the influence of prices, products to customer loyalty, which means that prices, quality of housing products Permata RoyaliGarden is suitable and good can increase customer loyalty if the customer is satisfied with the house purchased at Permata Royal Garden.

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