

The Effect of Product Quality and Price on Customers' Loyalty through Customers' Satisfaction: The Case of Selling Region II, PT Wijaya Karya Beton Tbk.

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Abstract

This research aims to determine the impact of product quality and price on customer loyalty through customer satisfaction in the Sales Region II PT Wijaya Karya Beton Tbk. The population is customers of the Sales Region II PT Wijaya Karya Beton Tbk with a sample or respondents of 190 people using a probability sampling technique with a cluster sampler system. The data used is primary data with the method of collecting query data and secondary data taken through literature. The analysis technique used by the researchers was structural equation modeling (SEM) using the Lisrel. The results of the research show that: 1) product quality has a positive and significant impact on customer satisfaction; 2) price has a significant and positive impact on client satisfaction, 3) product quality positively and significantly affects customer loyalty; 4) price has a positive and non-significant effect on customer loyalty, 5) customer satisfaction has a positive impact and significant influence on customer loyalties.

Keywords: product quality, price, customers' loyalty, customers' satisfaction.

JEL CODES: D12, G21, L84, M31, O33

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1. Introduction

Marketing management is one of the main activities carried out by many companies to support the company's sustainability, growth and development, gain profits, and have good company value (value of firm). The marketing process or cycle is marked before the goods are produced and should continue after sales. A company's marketing activities must satisfy consumers if they want their business to continue or for consumers to have a better view of the company

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(Dharmmesta & Handoko, 2014).

Companies are pressured to demonstrate professional management in today's business landscape, even in open markets. This is crucial for their survival and future growth. The intense competition at the marketing level necessitates a heightened focus on marketing management.

PT Wijaya Karya Beton Tbk, more popularly called Wika Beton, is a subsidiary of PT Wijaya Karya (Persero) Tbk, also popularly called Wika. Wika Beton is a company operating in the precast concrete industry whose vision is "To become a leading company in the Engineering, Production, Installation (EPI) Concrete Industry in Southeast Asia." Wika Beton is a pioneer precast concrete company in Indonesia since 1997, with its first product being prestressed concrete electricity poles with the customer being PLN in 1978; at that time, it was still under the name of PT Wijaya Karya (Persero) as the holding. PT Wijaya Karya Beton Tbk significantly contributes and plays a vital role in developing this country's precast concrete construction industry. Precast concrete products, the flagship products of which are concrete piles and concrete girder beams; apart from that, Wika Beton produces several precast concrete products; there are approximately 12 variants of precast concrete products (Marketing Wika Beton, 2022).

Sales Area II (WP II) is one of Wika Beton's sales or marketing units at Jalan Bambang Utoyo Rama Kasih Raya No. 957 Palembang. WP II's work area is southern Sumatra, covering South Sumatra Province, Jambi Province, Bengkulu Province, Lampung Province, and Bangka Belitung Province. Wika Beton has several customer types, including BUMN Oil and Gas, BUMN Energy, BUMN Karya, National and Local Private, and APBN / APBD Government (Wika Beton marketing database 2022). Many companies will face problems and risks that must be minimized in achieving their goals. PT Wijaya Karya Beton Tbk, in Sales Area (WP) II, Southern Sumatra, is not free from existing problems.

Marketing mix activities play an essential role in the survival of a company. The increasing competition in the precast concrete business sector continues to improve advice and infrastructure, human resources, pricing, and customer comfort. This is done to increase customer satisfaction and loyalty so that they can compete and excel compared to other competitors. Several phenomena occurred at WP II Wika Beton, namely the discovery of indications of problems in customer loyalty indicators.

Contract turnover at WP II Wika Beton has decreased on average in the last five years. In 2018, contract turnover was achieved at six hundred seventy billion and sixty-three million from the target of six hundred and seventy billion. Until 2020, contract turnover experienced a significant decline. If a straight line is drawn on the acquisition until 2022, the contract turnover will experience a decline, and the achievement of the target that has been set has yet to be achieved. Achievement in 2022 is 58.78% of the target. The decline in contract turnover and the failure to achieve targets shows that WP II Wika Beton's customer loyalty still needs to improve.

The results of interviews with the marketing section of WP II Wika Beton show a decrease in customers in the last five years, from 2018 to 2022. A significant decrease occurred in 2020 from the previous year, 2019. The decrease occurred due to the level of customer return requests and repurchases from Wika Beton, an indicator of repeat purchases. Researchers also received information that several regular customers had reduced the number or volume of orders; this was due to the existence of alternative providers or other manufacturers. Researchers' observations found referral indicators that some customers at Wika Beton only sometimes

recommended Wika Beton as a concrete product manufacturer. However, several manufacturers could be an option for purchasing concrete products.

The customer satisfaction index for the last five years has been above the minimum target of 4 IDX but is still below the company's target of 4.5 IDX. The customer satisfaction score was not achieved according to the target, which is in line with the non-achievement of the contract turnover target.

Based on interviews and observations, in terms of indicators of customer satisfaction, several customers feel dissatisfied after purchasing products with Wika Beton. This is due to several customer complaints. Apart from that, regarding customer expectations, customers also expressed that there needed to be a better match between the products they needed. Customers sometimes complain about the durability, dimensions, and toughness when the product is used. The lack or low quality of the product does not match the price paid by the customer. Furthermore, some customers tend to recommend something other than Wika Beton to other customers due to low customer satisfaction.

Piles have the most significant sales at 61.45% of the total contract turnover in 2022, followed by Concrete Electric Poles at 12.59%, dominated by most orders from PT PLN (Persero). The river normalization project in the city of Palembang impacted sales of concrete retaining walls by 6.39%. The construction of connecting bridges in the South Sumatra Area (APBN/APBD) impacts Bridge Concrete sales by 6.22%—railway line development by PT. KAI (Persero), using the tender method, contributed sales of 6.16%, while Water Building Concrete, Other Concrete (Special Orders), and Services also contributed to sales of concrete products, although not too big.

Based on observations, in terms of work quality indicators, it is indicated that several customers have received defective products and even rejected them. Products that have been produced and are ready to be sent have gone through a Quality Control process with the hope of zero rejects (no failed products). High distribution mobility sometimes results in product defects, causing customer complaints.

The cause of product failure, based on the results of interviews with the implementation team, was installation methods that did not comply with SOPs by partners or contractors/customers, as well as product quality. Water-building products have the most miniature composition due to many improvements during the installation process. This indicates that there are indicators of product durability and design on product quality.

During interviews with the WP II Wika Beton field implementation team, several customers asked for repairs to products sent to the project site. This indicates a problem with the product quality conformity indicator.

Apart from the variables of loyalty, job satisfaction, and product quality influencing them, researchers also found indications of other phenomena related to the price variable. Based on interviews, product pricing is determined by company regulations and policies. Information received from customers shows that Wika Beton's prices are higher than those of competitors. Not only that, WP II Wikan Beton lost the tender for the procurement of Concrete Bearings at PT Kereta Api Indonesia (Persero) in November 2022 (RKS/10/TENDER/MANUAL/P-2022 November 14, 2022). This indicates the existence of price suitability indicators.

The results of interviews with customers and the WP II Wika Beton Marketing Team indicate

competitiveness indicators. Payment methods by competitors that provide easy payment, namely no down payment or 100% payment after the work is completed, create a lack of price competitiveness for Wika Beton with competitors. Apart from higher prices than competitors, Wika Beton's payment methods could be more flexible and flexible.

Based on the description and conditions explained above, the researcher is interested in conducting research titled "The Influence of Product Quality and Price on Customer Loyalty Through Customer Satisfaction in Sales Area II of PT Wijaya Karya Beton Tbk."

2. Literature Review

Marketing activities aim to excel in competition by influencing consumers, customers, or potential buyers to choose company products. To achieve this, companies and marketing managers must have a deep understanding of consumer behavior and purchasing patterns. This knowledge enables them to develop products, manage quality, set prices, promote, distribute products, and build consumer or customer loyalty effectively.

Consumer behavior is strongly influenced by cultural, social, personal, and psychological attitudes. One of the components of consumer or customer behavior and attitude is loyalty. According to Saravanakumar (2014), consumer or customer loyalty plays a vital role in business organizations or businesses. The attitude component of customer loyalty is the idea of reusing the product or the willingness to recommend it to others. In addition, a demonstration of commitment takes the form of reluctance to switch to other competitors. On the other hand, customer loyalty behavior is repeat purchases of products or services, recommending them to others, and long-term use of the product.

One of the critical studies in marketing management is customer or consumer loyalty. Tjiptono (2011) and Robby (2017) define *loyalty* as repurchasing solely involving purchasing a particular brand repeatedly. Loysumer loyalty is given to the product because the product meets consumer needs. Customer loyalty is one factor that companies need to pay attention to in order to do their best, and it is directly related to the strength of customer satisfaction (Odunlami & Matthew, 2015).

Customer satisfaction has also become an essential concept in strengthening and influencing loyalty. According to Kotler & Keller (2012) in the book Tjiptono (2019), *satisfaction* is the level of a person's feelings after comparing the perceived performance or results to their expectations. Customers or consumers generally expect products in the form of goods or services consumed or used to be received sustainably and satisfactorily. According to Ferdinand Napitupulu (2019), satisfaction can form loyal perceptions and position company products in the eyes and hearts of customers. Many factors influence customer loyalty and satisfaction, including product and price, service quality, reliability, and customer relations.

Product quality will influence loyalty; Kotler and Keller (2017) state that product quality is the ability of a product to carry out its function, including durability, reliability, accuracy, ease of operation and repair, and other valuable attributes. A company can be good if it can provide products that customers desire and make customers loyal and committed to the product. Product quality and good service performance will have a big influence on increasing customer loyalty.

Product quality will also influence consumer satisfaction. Product quality is the primary reference for determining the level of consumer satisfaction. Product quality is considered good if the product meets what the customer expects, and if it exceeds customer expectations, the

quality is considered very satisfactory. However, some products need to meet expectations. Product quality is said to be harmful if it can fulfill consumer desires, either through the product or through service. Therefore, product quality will be related to how the product can satisfy consumers.

Apart from satisfaction and product quality, price is another factor influencing loyalty. According to Kotler and Armstrong (2018), price is the amount of money charged for a product or service or the amount of value exchanged by customers to obtain benefits from owning or using a product or service. Meanwhile, according to Gerung et al. (2017), price is the money needed to get several combinations of goods and services. Therefore, price is a reasonable consideration for customers when purchasing first and repeat products. When customers no longer feel the benefits from the price of a product, they end up switching to a competitor's product.

The price of a product will also influence consumer satisfaction. Consumers or customers view price as essential when purchasing products or services. Consumers will feel dissatisfied if the price is high but the quality differs from what is expected. Price is also an element of the marketing mix that generates revenue, while other elements generate costs.

The Effect of Product Quality on Customer Satisfaction. According to Tjiptono & Fahmi (2012), Product quality influences customer satisfaction. Quality products have an essential role in shaping customer satisfaction. Dedek Kumara and Iip Marlia's (2021) research is entitled *The Influence of Product Quality and Service Quality on Steel Customer Satisfaction at PT Limas Prima Steel, Tangerang City*. Research Results Product quality has a significant effect on customer satisfaction. The phenomenon of product quality on satisfaction that can be seen at WP II Wika Beton is product failure or rejection, which makes customers feel dissatisfied. Customers must repair the damage or even replace the product. This affects the customer's work targets in terms of time and cost. Therefore, the higher the quality of the product provided, the higher customer satisfaction. If customer satisfaction is higher, the company can generate profits.

The Effect of Price on Customer Satisfaction. According to Tjiptono (2012), a company's price is different based on the product's benefits, which can reduce customer satisfaction. According to research from Chandra Kartika (2016), entitled *The Influence of Product Standards, Quality Assurance, Competitive Price and Delivery on Time on Customer Satisfaction and Customer Loyalty of Precast Concrete Products at PT Tjakrindo Mas - Gersik*. Research Results: Price influences customer satisfaction. The phenomenon of price on satisfaction that can be seen at WP II Wika Beton is that the price of Wika Beton is higher than that of competitors. Customers would prefer the prices offered by Wika Beton. High prices can reduce customers' profits, and rigid payment methods make customers choose other alternative concrete manufacturers. Moreover, the product quality is the same as competitors. This is very unfortunate because it caused Wika Beton to lose customers. Therefore, if a company's price is on the benefits received, it will increase satisfaction.

The Influence of Product Quality on Customer Loyalty. According to Tjiptono (2012). Customer loyalty is the primary key for companies to win in competition, both in service companies and goods companies. According to the results of research conducted by Prasetyo (2007), the hypothesis that "product quality has a direct effect on loyalty" is accepted as accurate.

The phenomenon of product quality on loyalty seen at WP II Wika Beton is the need for work quality, suitability quality, durability, and design, so there are still customer complaints. Defective products and even rejects still often occur while receiving goods from customers. Many researchers see customer loyalty as a form of success for an organization. Suppose the quality of the product provided by the company meets expectations. In that case, consumers will be happy because they have reasonable expectations of the quality of the product, and consumer loyalty will arise directly from the company.

The influence of price on customer loyalty. According to economist Kotler (2014), price is a variable related to customer loyalty. Price can also influence customers' decisions to buy a product. Customer loyalty will be higher if the product price matches the quality provided (Kotler, 2009). Loyalty can be interpreted as fidelity. Consumer loyalty is demonstrated by continuously repurchasing goods or services in demand. According to research by Dita Indah Sari, Sugiharto, Achmad Daengs GS (2022), entitled *The Influence of Prices and Promotions on Consumer Loyalty for Concrete Pillars at PT Sentosa Sakti Makmur Surabaya*. Research results: Price influences customer loyalty. The phenomenon of price on loyalty seen at WP II Wika Beton is that some customers feel that Wika Beton's prices are more expensive than competitors, and the payment method process needs to be more flexible. Therefore, price is everything deliberately provided by providers of goods and services for consumers' use and enjoyment to satisfy them.

The Effect of Satisfaction on Customer Loyalty. Jones and Sasser (1994) state that customer loyalty is an endogenous variable caused by a combination of satisfaction, so it is a function of satisfaction. According to research by Sita Budiastri (2013), entitled *The Influence of Product Quality and Price Perception on Customer Loyalty through Customer Satisfaction of Holcim Ready-Mix Concrete Products in Jakarta*, Customer satisfaction influences customer loyalty. Customer satisfaction is proven to be an essential factor in influencing loyalty. This means that when customers are happy and satisfied with the product they consume, they also tell other people to buy it, and consumers tend to switch to another brand and repeat the purchase. The phenomenon of customer satisfaction regarding customer loyalty that can be seen at WP II Wika Beton is that the level of customer satisfaction is not up to the target or is low, so customer loyalty is low. Customer loyalty influences the company's target, in this case, contract turnover. Contract turnover has decreased in the last five years. Therefore, if the relationship between satisfaction and customer loyalty is positive, then high satisfaction will increase customer loyalty.

3. Research Method

This research was conducted in Southern Sumatra (South Sumatra, Jambi, Bengkulu, Lampung, and Bangka Belitung), and the objects in this research were four variables, namely Product Quality and Price, which influence Customer Loyalty through Customer Satisfaction. The quantitative research method analyzes the relationship between one variable and other variables. The research variables are customer satisfaction (η_1), loyalty (η_2), product quality (ξ_1), and price (ξ_1). The population in this research are customers who have made purchases in Sales Area II of PT Wijaya Karya Beton Tbk from 2021 to 2022. In this research, the sample size was 190 respondents from customers in Sales Area II of PT Wijaya Karya Beton Tbk. With 38 statements (questionnaires) multiplied by 5 = 190 samples. So, through calculations based on this formula, the sample size obtained from this research was 190 respondents from customers in Sales Area II of PT Wijaya Karya Beton

Tbk. Primary data were obtained by distributing questionnaires to research objects and filling them indirectly by respondents. The data used for hypothesis testing in this research is Primary Data received from customers at WP II Wika Beton, as respondents with the main instrument in the form of a questionnaire. The questionnaire used in this research consists of positive and negative items. Questionnaire measurements use a Likert Scale. The data analysis technique for measuring the variables in this research uses the Structural Equation Modeling (SEM) equation.

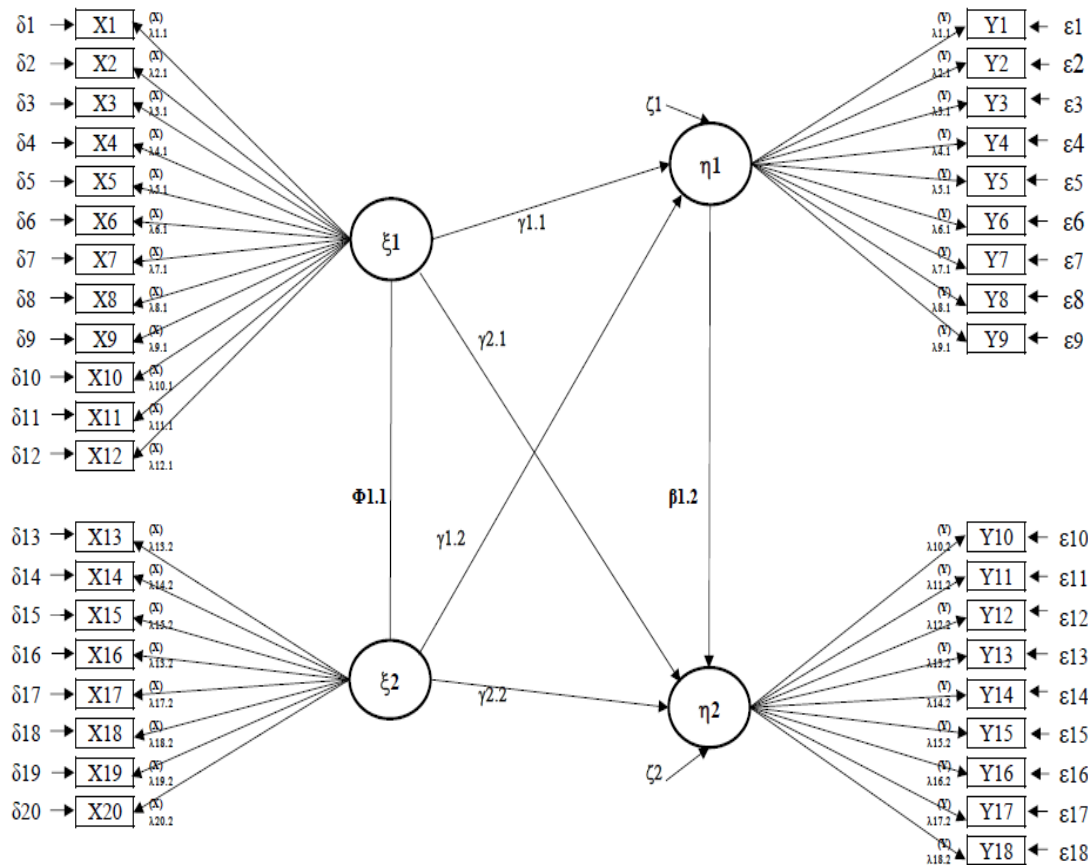


Figure 1. Structural Equation Modelling

4. Findings and Discussions

4.1. Confirmatory Factor Analysis

This analysis was carried out on all constructs separately in order to test the measurement model through the evaluation of construct validity and construct reliability.

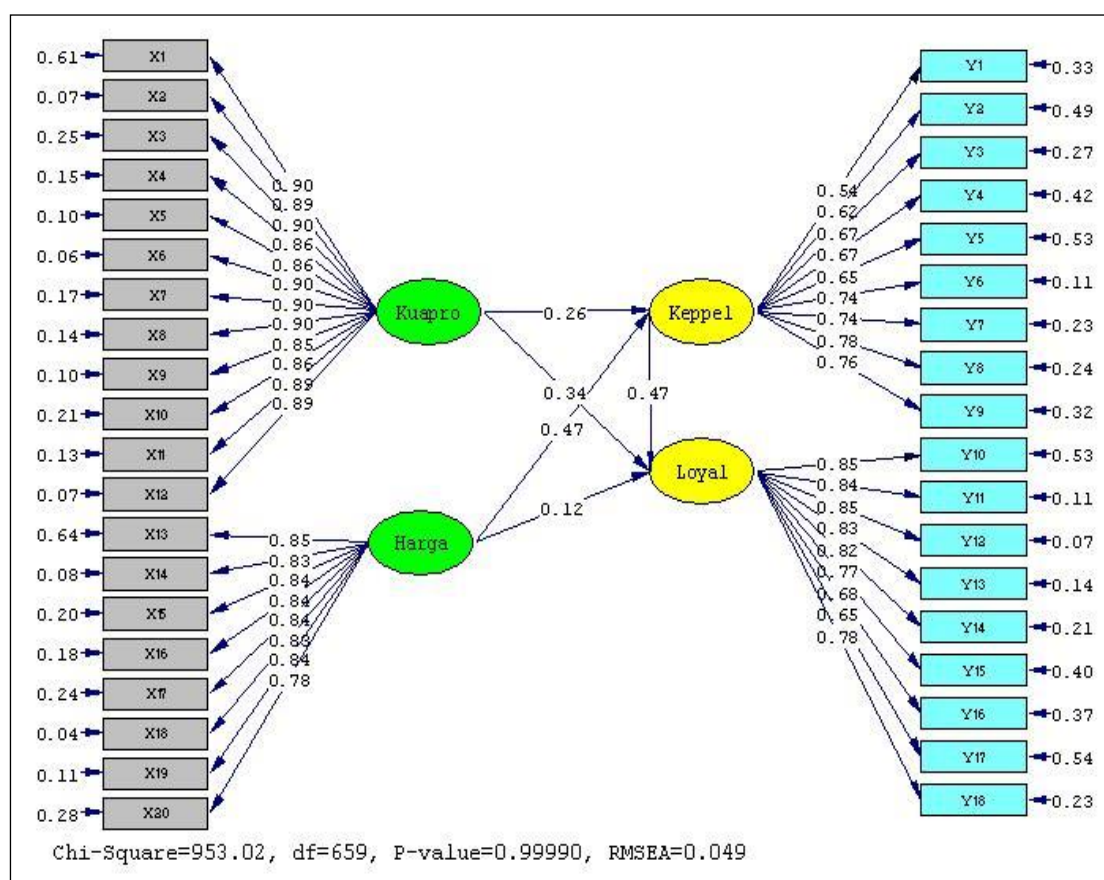


Figure 2. Confirmatory Factor Analysis (CFA)

Based on Figure 2, it shows that all loading factor variables have values greater than the error value. This shows that the CFA (Confirmatory Factor Analysis) examiner at the initial stage in the picture above has met the requirements for the next stage of testing.

4.2. Goodness of Fit

Based on Goodness of Fit results. A summary of the results of the model suitability test can be made as follows:

Table 1. Goodness of Fit

Goodness Of Fit Index	Cut Of Value	Hasil Analisis	Evaluasi Model
P-Value	$\geq 0,05$	0,63	Good Fit
RMSEA	$\leq 0,1$	0,049	Good Fit
GFI	$\geq 0,90$	0,79	Fit
NNFI	$\geq 0,90$	0,98	Good Fit
SRMR	$\leq 0,1$	0,054	Good Fit
IFI	$\geq 0,90$	0,98	Good Fit
CFI	$\geq 0,90$	0,98	Good Fit
RFI	$\geq 0,90$	0,95	Good Fit
NFI	$\geq 0,90$	0,96	Good Fit

Based on Table 1, it can be concluded that the model is good because the overall goodness of fit index criteria are included in the good fit category, especially the P-Value value which is greater than 0.05 and the RMSEA value which is less than 0.05 so there is no need to model modifications were made.

4.3 *t-value Result*

The Effect of Product Quality on Customer Satisfaction Sales Region II PT Wijaya Karya Beton Tbk. Our research findings, based on the rigorous test results, reveal a significant and positive correlation between product quality and customer satisfaction in Sales Region II PT Wijaya Karya Beton Tbk. The *t*-value results of $3.77 > 1.96$, unequivocally indicate that product quality plays a pivotal role in shaping customer satisfaction. The results of this research are in accordance with the theory, according to Tjiptono (Fahmi, 2012), that Product quality influences customer satisfaction. Quality products play an essential role in shaping customer satisfaction. According to research by Dedek Kumara and Iip Marlia (2021), entitled The Influence of Product Quality and Service Quality on Steel Customer Satisfaction at PT Limas Prima Steel, Tangerang City. Research Results Product quality has a significant effect on customer satisfaction. This research differs from Hamid Halim's (2018) research because it is based on several aspects. For example, the sample used in Hamid Halim's (2018) research was 78. In contrast, in this research, there were 190 samples. Hamid Halim's (2018) sampling technique used the census or saturated sampling method, while in this study, the cluster sampling technique (sample area) was used. The results of respondents show that product quality influences satisfaction. It can be seen from the distribution of answers among respondents that the problem is as follows: (a) there are still several product failures or rejects; (b) some customers still repair damaged products or even replace them; and (c) several customers complained about delays in customer work targets both in terms of time and cost due to low product quality. Researchers suggest that to improve product quality, companies must pay attention to the manufacturing or production activities of goods or products so that they can be carried out according to the standards (SOP) the company has set. Apart from focusing on production activities, companies must also pay attention to distribution activities. Distribution or delivery activities of goods can be carried out using technical and security procedures. Maintain good product quality until the customer receives the goods. The next suggestion is to carry out product installation activities at the customer's location by procedural standards, or you can provide a manual book to the customer. This is so that there are no errors in the installation or product installation process. In the future, increasing product quality will increase customer satisfaction.

The Effect of Price on Customer Satisfaction Sales Region II PT Wijaya Karya Beton Tbk. Our research findings, based on the rigorous test results, reveal a significant and positive correlation between product quality and customer satisfaction in Sales Region II PT Wijaya Karya Beton Tbk. The *T*-Values results of $3.77 > 1.96$ unequivocally indicate that product quality is pivotal in shaping customer satisfaction. According to Tjiptono (2012), a company's price is based on something other than the product's benefits, which can reduce customer satisfaction. According to research from Chandra Kartika (2016), entitled The Influence of Product Standards, Quality Assurance, Competitive Price and Delivery on Time on Customer Satisfaction and Customer Loyalty of Precast Concrete Products at PT Tjakrindo Mas - Gersik. Research Results: Price influences customer satisfaction. This research is different from the Nut Aini Dwi Jayanti (2020) research because it is based on several aspects, namely, the number of respondents in the Nut Aini Dwi Jayanti (2020) research is much smaller, namely 40 respondents. In contrast,

in this study, there were 190 respondents. Nut Aini Dwi Jayanti's (2020) sampling used purposive or saturated sampling, while the research used cluster sampling (sample area). The Nut Aini Dwi Jayanti (2020) data analysis method uses a data analysis method, namely multiple linear regression, while the research uses Structural Equation Modeling (SEM). The results of the respondents show that price affects customer satisfaction. It can be seen from the distribution of answers among respondents that the problem is as follows: (a) prices tend to be more expensive than competitors; (b) payment methods that still need to be flexible or adapt to the customer's financial facilities. The consequences of this problem are that the prices offered are higher or more expensive than competitors and that the payment methods are sometimes still rigid. Researchers suggest that companies must pay more attention to the composition or price calculation of products to increase price competitiveness, considering aspects of the internal and external environment. Internal environmental factors include improving the quality of human resources, raw materials at low prices with good quality standards, and modernization of equipment and work equipment. Meanwhile, from an external perspective, the company can review the appropriateness of the selling price by considering competitor factors. The 100% (one hundred percent) payment method before the goods are sent or picked up by the customer secures the company from a financial perspective. It is better if there are customer priorities that can be made more accessible in the payment process while still adhering to the principle of providing benefits for the company. In the future, more competitive prices will increase customer satisfaction.

The Influence of Product Quality on Customer Loyalty Sales Region II PT Wijaya Karya Beton Tbk. Based on the test results, product quality positively and significantly affects customer loyalty in Sales Region II PT Wijaya Karya Beton Tbk. Test results using the lisrel application show T-Values results of $4.65 > 1.96$, so it can be concluded that product quality has a positive and significant effect on customer loyalty. According to the results of research conducted by Prasetyo (2007), the hypothesis that "product quality has a direct effect on loyalty" is accepted as accurate. The results of this research are in accordance with the theory that, according to I Made Bagus Dwiarta (2016), one factor that influences customer loyalty is product quality. Based on the results of respondents show that product quality affects customer loyalty where (a) there are still some product qualities that do not meet the specifications desired by customers; (b) customers tend to make modifications to the products they receive; (c) customers complain about delays in customer work targets both in terms of time and cost due to low product quality. The consequences of this problem are that the product quality has not demonstrated performance, conformity, or durability quality, and the design has not been good. Researchers suggest that to improve product quality, companies must pay attention to the manufacturing or production activities of goods or products so that they can be carried out according to the standards (SOP) that the company has set. Apart from focusing on production activities, companies must also pay attention to distribution activities. Distribution or delivery activities of goods can be carried out using technical and security procedures. Maintain good product quality until the customer receives the goods. The next suggestion is to carry out product installation activities at the customer's premises by procedural standards, or you can provide a manual book to the customer. This is so that there are no errors in the installation or product installation process. Increasing product quality will increase customer loyalty in the future.

Effect of Price on Customer Loyalty Sales Area II PT Wijaya Karya Beton Tbk. Based on the test results, price does not significantly affect customer loyalty in Sales Region II PT Wijaya

Karya Beton Tbk. Test results using the lisrel application show T-Values results of $1.78 < 1.96$, so it can be concluded that price has no significant effect on customer loyalty. This research is the same as Nut Aini Dwi Jayanti's (2020) research, which states that price does not significantly affect customer loyalty. However, the results of this research are different from the theory. According to Kotler (2014), price is a variable that relates to customer loyalty. Price will also influence customers' decision to buy a product. The reasons the price variable does not affect customer loyalty are: first, the elements in the indicators other than those asked by the researcher may affect customer loyalty, meaning that in this case, the researcher conducting the research only took two indicators that were close to the goal in asking the question. This is important to respondents because, according to researchers, these indicators best represent or correspond to the phenomena and facts when making observations. However, the results obtained by researchers from questionnaires that have been distributed and processed state that the price variable does not affect customer loyalty, so price indicators not included in this research may have a significant favorable influence on the price variable on customer loyalty. Based on the results of respondents show that price has no effect on customer loyalty where (a) not all customers have accepted the components of the price offered, and (b) discounts or discounts received by customers on repeat purchases are relatively small, even the same as previous purchases. The consequences of this problem are that the prices offered are higher or more expensive than competitors', and payment methods are rigid. Researchers suggest that companies must pay more attention to the composition or calculation of product prices, considering aspects of the internal and external environment to increase price competitiveness. As for internal environmental elements, these include improving the quality of human resources, raw materials at low prices with good quality standards, and modernization of equipment and work equipment. Meanwhile, from an external perspective, the company can review the appropriateness of the selling price by considering competing factors. The 100% (one hundred percent) payment method before the goods are sent or picked up by the customer secures the company financially. It is better if there are customer priorities that can be made more accessible in the payment process while still adhering to the principle of providing benefits for the company. In the future, more competitive prices will increase customer loyalty.

The Effect of Customer Satisfaction on Customer Loyalty in Sales Region II PT Wijaya Karya Beton Tbk. Based on the test results, customer satisfaction significantly affects customer loyalty in Sales Region II PT Wijaya Karya Beton Tbk. Test results using the lisrel application show T-Values results of $4.86 > 1.96$, so it can be concluded that customer satisfaction affects customer loyalty. The results of this research are based on the theory of Jones and Sasser (1994), which states that customer loyalty is an endogenous variable caused by a combination of satisfaction, so customer loyalty is a function of satisfaction. According to research by Sita Budiastri (2013), entitled The Influence of Product Quality and Price Perception on Customer Loyalty through Customer Satisfaction of Holcim Ready-Mix Concrete Products in Jakarta. Research Results Customer satisfaction influences customer loyalty. Customer satisfaction, by theory, is proven to be an essential factor in influencing loyalty. This means that when customers are happy and satisfied with the product they consume, they also tell other people to buy it, and consumers tend to switch to another brand and repeat the purchase. The results of respondents show that customer satisfaction influences customer loyalty: (a) customers are not satisfied because of the implementation time and the slowness in getting information about the product; (b) there are still customers who complain about inappropriate prices for the products they receive; and (c) customers who are not satisfied tend not to recommend them to other parties.

The result of this problem is there are still customers who are unsatisfied, have not met their expectations, and do not want to recommend. Researchers suggest that companies always provide choices and completeness of the products, speed, and service accuracy as promised, and communicate well with customers. To meet customer expectations, companies should give appropriate product quality and prices. So, it is very important for companies to increase customer satisfaction so that customers will be able to make repeat purchases, persist in collaborating with the company, and recommend the company to potential new customers.

The Effect of Product Quality on Customer Loyalty in Sales Region II PT Wijaya Karya Beton Tbk with Customer Satisfaction as an Intervening Variable. Based on the test results, the direct effect of product quality on customer loyalty is 0.26, while the indirect effect of product quality on loyalty with customer satisfaction as an intervening variable is 0.12. This means that customer satisfaction strengthens product quality's influence on customer loyalty. In this case, the customer satisfaction intervening variable must support the product quality variable. Supporting customer satisfaction enhances the impact of product quality on customer loyalty. This statement is based on the results of distributing questionnaires and responses to existing statement items showing that product quality has an influence on customer loyalty through the intervening variable of customer satisfaction with the results of the questionnaire statement from the Product Quality variable dominated by respondents' answers disagreeing and strongly disagreeing, even neutral, relatively high. However, out of 190 respondents, some respondents agreed and strongly agreed.

Effect of Price on Customer Loyalty Sales Area II PT Wijaya Karya Beton Tbk with Customer Satisfaction as an Intervening Variable. Based on the test results, the direct effect of price on customer loyalty is 0.47, while the indirect effect of price on customer loyalty with customer satisfaction as an intervening variable is 0.22. This means that customer satisfaction strengthens the influence of price on customer loyalty. In this case, the price variable needs to be supported by the intervening variable of customer satisfaction. Supporting customer satisfaction strengthens the influence of price on customer loyalty. This statement is based on the results of distributing questionnaires and responses to existing statement items showing that price affects customer loyalty through the intervening variable of customer satisfaction, with the results of the questionnaire statement from the Price Variable being dominated by respondents' answers disagreeing and strongly disagreeing and even neutral, which is relatively high, although Thus, from 190 respondents there were respondents who agreed and strongly agreed.

5. Conclusion

It can be concluded that product quality and price positively and significantly influence customer satisfaction and loyalty in Sales Region II PT Wijaya Karya Beton Tbk. Thus, to improve product quality and customer satisfaction, the company can ensure that production activities are carried out according to company standards (SOP). Product distribution activities are carried out by technical and safety standards so that the quality of the products received by customers is appropriately maintained. Manual books and product installation education can be delivered to customers to avoid errors during product installation in the field or on projects. To increase prices for customer satisfaction, companies can pay attention to the price composition of internal and external factors. Internal factors can be improved by improving the quality of human resources and raw materials and modernizing equipment and work equipment. For external factors, you can consider the appropriateness of the price by considering competitor factors and flexible payment methods to the company's and customer's financial conditions. To

improve product quality and customer loyalty, companies can establish good customer relationships by providing products with the best quality and good human resource competence.

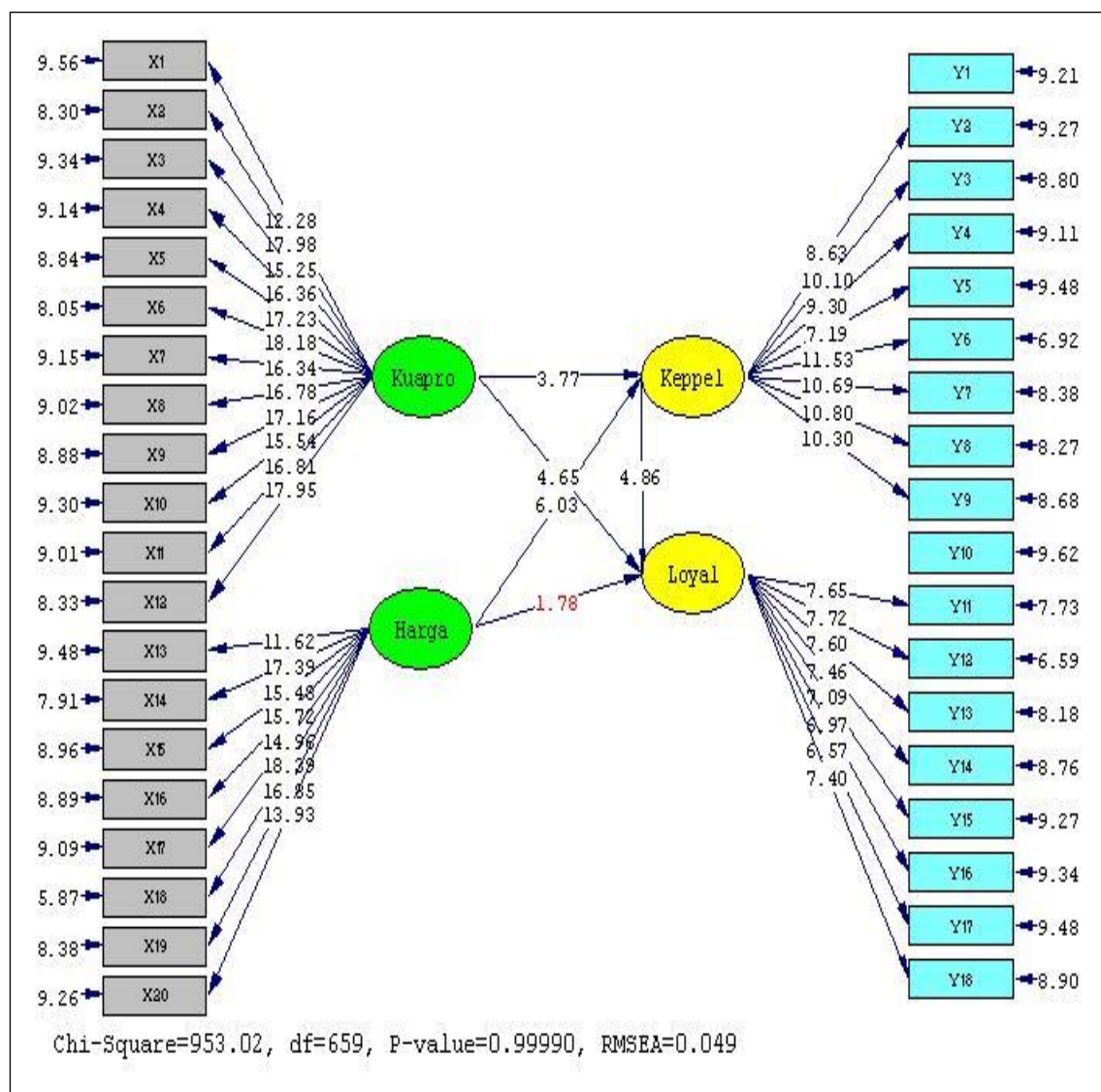


Figure 3. t-value

Companies can support and facilitate such things as periodically giving customers information about products to meet customer expectations and increase customer loyalty. To increase prices for customer loyalty, companies must increase customer satisfaction. Companies should be able to provide components that match the prices offered; apart from that, companies can provide discounts or discounts for customers who make repeat purchases. The company must provide the best quality products at appropriate prices to increase customer satisfaction and loyalty. This can increase customer loyalty in the hope that customers will make repeat purchases and recommend the company to other parties.

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