THE INFLUENCE OF PRODUCT QUALITY, PRICE AND PROMOTION ON CONSUMER LOYALTY TO LUWAK WHITE KOFFIE COFFEE PRODUCTS IN LHOKSEUMAWE CITY

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Abstract

This study examines the effect of product quality, price and promotion on consumer loyalty to luwak white coffee products in Lhokseumawe city. This study uses primary data obtained by distributing questionnaires to 100 respondents selected using the Nonprobabality Sampling technique. The data analysis method used is multiple linear regression method with the help of SPSS. Product quality (X1) partially has a positive and significant effect on consumer loyalty (Y) on luwak white coffee products in Lhokseumawe city. This shows that good product quality can foster consumer loyalty to the product, Price (X2) has a positive and significant effect on consumer loyalty (Y) on luwak white coffee products in Lhokseumawe city, and Promotion (X3) has a positive and significant effect on consumer loyalty (Y) on luwak white coffee products in Lhokseumawe city. Simultaneously, product quality (X1), product (X2) and promotion (X3) have a positive and significant effect on consumer loyalty (Y) on luwak white koffie coffee products in Lhokseumawe city

Keywords: *Product Quality, Price, Promotion, Consumer Loyalty.*

INTRODUCTION

Along with the development of science and technology, it has made enormous progress towards human civilization. The culture and activities of society have also changed with the times. One of these developments is coffee. Coffee is a type of berry that was first discovered in the highlands of Ethiopia in the 9th century, and now coffee has spread throughout the world. Apart from tea, coffee is also one of the most drinks for people around the world and has many stories in world history. So coffee has become very meaningful in some cultures of the world, even every country has its own way of serving a cup of coffee, including Indonesia.

In Indonesia coffee has a very long history, coffee in Indonesia itself was brought by the VOC or Dutch during the colonial period. Coffee was first planted in Batavia and the results failed. For this reason, the VOC had the idea to plant coffee in other areas, one of which was in the highlands of Aceh, namely the gayo area and Aceh produced high-quality coffee beans, at that time coffee was cultivated in Aceh. Coffee lovers in Aceh are very many, this can be proven by the number of coffee shops in Aceh that we can easily find in cities and villages there, not only that, every day coffee shops in Aceh are very crowded. visited by the people there. Especially when there are sports activities on television such as: soccer, badminton and other sports. People not only enjoy coffee in coffee shops but they also often buy coffee and enjoy it in other places to accompany their daily activities such as at work, hanging out, at home and even when relaxing alone.

Of course it is very tiring and takes time if we enjoy coffee we have to go to a coffee first to buy a glass of coffee with a long distance and return home or work again to accompany daily activities. For this reason, with the development of technology and science, there is another option, namely instant coffee in cassettes or coffee that can be brewed directly, which is only the size of a shirt pocket which is very practical and easy. With saset coffee everyone can make a delicious cup of coffee with the same taste anytime and anywhere. Bagged coffee is very easy to find in stalls, with a very cheap price, even nowadays bagged coffee is also provided in warkop-warkop. There are many kinds of coffee sachets with different flavors currently sold in markets, such as: sugar coffee, milk coffee, cappuccino, mocachino, latte, white coffee and other cafe-style coffee. There are many companies that produce this sachet coffee with their own brands such as: Nescafe, Kapal Api, ABC Coffee, Luwak White Koffie, Tora Bika, Good Day, etc.

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And even every year there are new instant coffee brands launched into the market. Bagged coffee itself also dominates the coffee market in Indonesia. due to the many variants of flavors in packet coffee and the price is very affordable for the middle to lower class people and also the presentation is very easy, practical and easy to find in the nearest stalls. Seeing this opportunity, of course, makes business people compete to make delicious instant coffee and different flavor variants, and have their own coffee characteristics. For this reason, instant coffee companies must develop appropriate and efficient strategies to win the hearts of consumers and become consumers who are loyal to their brands.

Kopi Luwak White Koffie is one of the most successful brands of bagged coffee in the Indonesian market. It has been more than a decade since its launch in the Indonesian market, Luwak White Koffie cassette coffee has been known by almost all Indonesians and even foreign countries. this coffee also has other flavors, namely: original flavor, mocca rose, French vanilla, caramel, less suger and sugar coffee. Kopi Luwak White Koffie customers are very numerous and loyal, this can be proven because every year Kopi Luwak White Koffie is awarded the No. 1 TOP Brand Award Indonesia in the white coffee category. TOP Brand Award is an award given to brands that are most chosen by the public, the TOP Brand award assessment is based on the results of survey (TBI) conducted independently by Frontier Group in major cities in Indonesia. The TOP Brand award is not just an ordinary award but also a media for companies to know which position their products or brands are in the community, whether they still exist or not and become one of the benchmarks for loyalty. customers. For this reason, the company must be sensitive to the changes that occur so that the company survives and can develop.

The following is the data of TOP Brand Indonesia in the white coffee category from 2016 to 2020 :

Table 1. TOP Brand Indonesia Data

Product brand	TBI				
	2016	**2017**	**2018**	**2019**	**2020**
Luwak White Koffie	74.2%	68,5%	68,9%	80,3%	74,6%
ABC White Coffee	9.1%	15,3%	12,9%	8,0%	10,1%
TOP White Coffee	5.4%	5,4%	7,8%	2,9%	2,8%
Kapal Api White Coffee	2.5%	2,9%	4,9%	5,7%	7,6%
Kopiko White Coffee				2,3%	3,9%

Source: https://www.topbrand-award.com

From the data above we can see that every year the luwak white coffee brand is at the top, in 2016 the TBI (Top Brand Index) of luwak white coffee was 74.2%, in 2017 the TBI dropped to 68.5%, in the following year 2018 the TBI rose slightly only to 68.9%, in the following year 2019 the TBI jumped to 80.3%, and in the following year 2020 the TBI dropped again to 74.6%. From this data, we can conclude that every year Luwak White Koffie coffee is the choice of the majority of Indonesians compared to other white coffee brands with a TBI range of 68.5% - 80.3%. This also shows that every year Kopi Luwak White Koffie is able to maintain most of its customer loyalty.

According to Erdipriwiranti, etc. (2019) consumer loyalty is a situation of where consumers behave positively towards products or producers and are accompanied by consistent purchasing patterns. Tjiptono and Chandra in Cardia et al (2019) say that so far customer loyalty is often associated with repurchase behavior. Both are related, but actually different. In the context of brands, for example, loyalty reflects a psychological commitment to a particular brand, while repurchase behavior merely involves buying the same particular brand repeatedly (it can be because it is the only brand available, the cheapest brand and so on). according to Jannah and Oetomo 2016 creating strong and close relationships with customers is the dream of all markets and this is often the key to long-term marketing success. There are many aspects that can affect consumer loyalty, including good product quality, affordable prices and the right promotions.

A product is anything that can be offered in the market to get attention, buy, use, or consume and that can satisfy wants or needs Rosalina (2021). According to Jannah and Oetomo (2016), a quality product is a product that meets customer expectations. Products must have a certain level of quality because products are made to fulfill consumer tastes or satisfy users. Cardia, etc (2019) defines product quality as the ability of a product to demonstrate its function, this includes overall durability, reliability, accuracy, durability and also other product attributes. If the quality of the product matches or is higher than consumer expectations then the product is satisfactory.

With good and guaranteed product quality, consumers will be satisfied and buy it again, if consumers continue to be satisfied with each subsequent purchase, consumers will be loyal to our products. That means consumer loyalty is determined by product quality.

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The quality of Luwak White Koffie sachets coffee products cannot be doubted besides having a delicious taste, this sachets coffee is also comfortable in the stomach so that anyone can enjoy it without worrying about the stomach feeling bloated. And like other coffee sachets, coffee is very practical, durable, can be drunk at any time and its small size so that this sachet coffee can be stored and taken anywhere, the packaging design is elegant. and consumers can recognize it easily. .

According to Jannah and Oetomo 2016, price is the amount of money charged for a product or service, or amount of value that consumers exchange for the benefits of owning or using the product or service. If the price is too high, consumers will not want to buy it and if the price is too low, the company will lose money. For this reason, companies must provide the right price for their products so that consumers are satisfied and prices can determine consumer loyalty.

Price list of white coffee sachets from several brands quoted from the Ngupasan Jaya website:

Table 2. White Coffee Sachet Price List

Product brand	Price per pack
TOP White Coffee	Rp 9,500
Kopi Luwak White Koffie	IDR 10,200
ABC White Coffee Instant Coffee	IDR 10,200

Source: http://www.ngupasan-jaya.com

From the price list above, we can see that the price of TOP White Coffee brand saset coffee is cheaper than other saset coffee brands including the Luwak White Koffie brand. And ABC White Coffee Instant brand coffee has the same price as Luwak White Koffie brand. Usually Luwak White Koffie coffee and ABC White Coffee Instant coffee are sold for Rp 1,500 per bag in supermarkets and street shops, while TOP White Coffee is sold for Rp 1,500.

1,000 per bag in supermarkets and street shops. While other brands of bagged coffee, such as: indocafe, good day, and others with different flavors, such as: cappuccino, moccacino, latte, milk coffee and so on are sold at Rp 2,000. This shows that the price of Luwak Whitw Koffie coffee is between two prices, some are cheaper at Rp 1,000 and some are more expensive at Rp 2,000.

Tjiptono in Cardia (2019) defines promotion as a marketing activity that seeks to disseminate information, influence or persuade, and or remind the target market of the company and its products to be willing to accept, buy and be loyal to the products offered by the company concerned. The purpose of promotion is to provide information to consumers about the products offered by the company. Promotion Attractive, communicative and continuously shown will make consumers curious and want to buy the products offered. And with good and strategic promotions, consumers will be satisfied and proud to buy our products and can affect consumer loyalty.

Since Luwak White Koffie coffee has been heavily promoted. They advertise their products on all national television broadcasts at very strategic hours in advertising something. They also hire famous artists in every advertisement, such as: Baim Wong, Reza Rahadian, Via Vallen. And not only domestic artists, the very famous South Korean artist Lee Minho also became the brand ambassador of this packet coffee. Luwak White Koffie also often advertises its products and sponsors television programs, such as: lectures, talk shows, comedy shows, music shows, even soap operas. Luwak White Koffie also often holds quizzes with prizes on television. And they also often hold gift coupons behind the packaging of their products which give away a certain amount of money, motorbikes, Umrah to a unit of car. Luwak White Koffie also often places its advertisements on billboards on the side of the road, places banners in self-service and street shops. From the explanation above, we can conclude that Luwak White Koffie is very serious and all out in advertising its products.

Lhokseumawe City is one of the cities in Aceh with a population of 203,284. The people of Lhokseumawe city are very fond of drinking coffee, both ground coffee and bagged coffee. This is proven by The many coffee shops, cafes and espresso coffee sellers using cars on the side of the city roads are always crowded with people from all groups, from the elderly to teenagers, men and women. They all gather to enjoy a delicious cup of coffee while chatting and there are many topics of discussion that are discussed until midnight.

However, packet coffee dominates the Lhokseumawe coffee market itself. This is because packet coffee is very cheap and can be found in the nearest stalls and even provided in warkop-warkop with various variations of coffee flavors including white coffee. And from the observation conducted by researchers in Lhokseumawe city, it was found that Luwak White Koffie coffee dominated the white coffee cassette coffee market in Lhokseumawe city. There are three white coffee brands that can be found in stalls, namely, Luwak White Koffie coffee, TOP White

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Coffee and ABC White Coffee Instant Coffee. While there is only one brand that is very frequent and even exists in every stalls and warkop-warkop in Lhokseumawe city and almost in all corners of the stalls and warkop-warkop in Aceh provide it, namely Luwak White Koffie coffee.

METHODS

In this study, to obtain data and information in preparing the writing, the authors conducted field research in Lhokseumawe City and the research subjects were the people of Lhokseumawe City who repeatedly bought or consumed Luwak White Koffie Coffee products. In this study, the population is the people of Lhokseumawe City. Sampling is done because of the large population.

In this study, the sampling technique used in was Nonprobabality Sampling. The sampling of respondents (samples) was carried out using a purposive method, namely a sampling technique with special considerations so that it was feasible to be sampled. In this study, researchers determined the sample with criteria: Lhokseumawe City residents who repeatedly buy or consume Luwak White Koffie Coffee. In this study, the sample size of 100 was the people of Lhokseumawe City. So, with a total of 16 indicators multiplied by 6. So, through calculations based on this formula, the number of samples for this study was 96 and evened out to 100 people.

The type of data used in this research is primary data. Namely refers to information obtained first-hand by researchers relating to satisfaction and loyalty variables for the specific purpose of the study. Sekaran, (2006). In this study, primary data was obtained from the results of filling out questionnaires by the people of Lhokseumawe City. Source of Data in this study the data used is primary data. Where primary data is data obtained from distributing questionnaires and getting responses from respondents to the questions that have been given.

The data that has been collected from distributing questionnaires in qualitative form is composited first so that it becomes quantitative data. The quantitative value is done by using a Likert scale. According to Djaali (2008) the Likert scale is a scale that can be used to measure the attitudes, opinions, and perceptions of a person or group of people about an educational symptom or phenomenon. With this scale, respondents expressed their agreement and disagreement with a number of statements-questions related to the object under study, for one option assessed (score) with an interval distance of 1.

The Likert scale uses five levels of answers which can be seen in the table below:

Table 3. Likert Scale Instrument

No.	Statement	Score
1	Strongly disagree (STS)	1
2	Disagree (TS)	2
3	Neutral (N)	3
4	Agree (S)	4
5	Strongly Agree (SS)	5

Source: Sugiono (2016)

RESULTS AND DISCUSSION

The results of the analysis of the effect of price (X2) on consumer loyalty (Y) obtained a t count value with a value of 3.319> 1.984 greater than the t table value with a confidence level of 95% (a = 5%) at a significant 0.001 <0.05. Thus hypothesis 2 (H2) is accepted. So the product quality variable has a positive and significant effect on consumer loyalty to luwak white coffee products in Lhokseumawe city. Thus hypothesis 2 (H2) is accepted. This is because the amount of money charged for a product or service, or the amount of value that consumers exchange for the benefits of owning or using a product or service. using the product or service, and also in accordance with Kotler's (2008) research theory which states that price has a significant effect on product loyalty.

The results of the analysis of the effect of product quality (X1) on consumer loyalty (Y) obtained a value of t hi tu ng with a value of 2.947> 1.984 greater than the value of t ta be l with a confidence level of 95% (a = 5%) of a significant 0.004 <0.05. So the product quality variable has a positive and significant effect on consumer loyalty to luwak white coffee products in Lhokseumawe city. Thus hypothesis 1 (H1) is accepted. Thus hypothesis 1 (H1) is accepted. This is because a product is anything that a producer can offer to be noticed, requested, sought, purchased, used, or consumed by the market as a fulfillment of the needs or desires of the market concerned, and also in accordance with the research theory of Tjiptono (1997) which states that product quality has a significant effect on

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product loyalty. The results of the analysis of the effect of promotion (X3) on consumer loyalty (Y) obtained a t count value with a value of 0.911 < 1.984 smaller than the t table value with a 95% confidence level (a = 5%) of 0.365> 0.05 significant. So the promotion variable has a negative and insignificant effect on consumer loyalty to luwak white coffee products in Lhokseumawe city. Thus hypothesis 3 (H3) is not accepted. Thus hypothesis 3 (H3) is accepted. This is because those who try to disseminate information, influence or persuade, and remind the target market of the company and its products to be willing to accept, buy, and be loyal to the nproducts offered. The company concerned, and also in accordance with the research theory of Fandy Tjiptono (1997) which states that promotion has a significant effect on product loyalty.

CONCLUSION

Based on the results of research and discussion regarding the effect of product quality, price and promotion on consumer loyalty to Luwak White Koffie products in Lhokseumawe city, the following conclusions can be drawn:

1. Product quality (X 1) partially has a positive and significant effect on consumer loyalty (Y) on Luwak White Koffie products in Lhokseumawe city. This shows that the quality of products owned by Luwak White Koffie coffee can increase consumer loyalty.
2. Price (X 2) partially has a positive and significant effect, also the most dominant on consumer loyalty (Y) on Luwak White Koffie products in Lhokseumawe city. This shows that the price that Luwak White Koffie coffee currently offers well can increase loyalty to consumers.
3. Promotion (X 3) partially has no positive and insignificant effect on consumer loyalty (Y) on Luwak White Koffie products in Lhokseumawe city. This shows that the current promotion carried out by Luwak White Koffie Coffee cannot increase consumer loyalty.
4. Product quality (X1), price (X2) and promotion (X3) simultaneously have a positive and significant effect on consumer loyalty (Y) on Luwak White Koffie products in Lhokseumawe city.The conclusion explains what is expected in the Introduction section, as well as conclusions from the Results and Discussion section. Conclusions can also be added to the development plan for the implementation of the future service.

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