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## Customer Satisfaction And Product Quality As Intervening Variables

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### Abstract

*The purpose of this study project is to clarify two things: (1) how product quality affects customer happiness among Xiboba beverage product customers in Jakarta; and (2) how price affects customer satisfaction among Xiboba beverage product consumers in Jakarta. (3) How product quality affects product consumers' loyalty to a product. Drinks Xiboba in Jakarta (4) Price's Impact on Customer Loyalty Among Jakartan Xiboba Drink Product Users Customers in Jakarta who purchased Xiboba Drink Products. This study employs a quantitative methodology and an associative type. The participants in this study are those who buy Xiboba drinks in the Jakarta region. In the meantime, the sample consists of 92 respondents who are over the age of 18 and reside in Jakarta and purchase and consume Xiboba beverage products on a regular basis. Path analysis techniques are employed for data analysis. The results of the analysis of this research activity showed that Price (X2) and Product Quality (X1) both had positive and significant effects on Customer Satisfaction (Z), Customer Loyalty (Y) and Product Quality (X1) had a positive and significant effect on Customer Loyalty (Z).*

**Keywords :** Product Quality, Price, Customer Satisfaction, Customer Loyalty, Xiboba

## INTRODUCTION

As time goes by, needs Today's society is also increasing and developing, especially in terms of food and drink needs. Current technological advances cannot be denied, which has an influence on the increasing number of packaged drinks on the market. This makes businesspeople also see that there is a new market share in Indonesia, which is quite interesting. Changes in people's lifestyles today also influence the drinks on the market in Indonesia. Currently, the most popular drinks among people are coffee and tea, because they have many benefits for the body. As the years go by, there are more and more fans of tea drinks. The trend of tea drinks in Indonesia is also experiencing development; the bubble tea trend is well received by the wider community. Bubble tea drinks have now become a lifestyle. With the increasing number of tea drinks, more and more business people are involved in this business, and bubble tea itself will also continue to develop and change according to market tastes.

Xiboba is a food and beverage company with a franchise system originating from Taiwan that was founded in 1994 and sells high-quality products. Xiboba is an international franchise business with more than 4,200 branches in 78 countries, including Indonesia. Xiboba entered Indonesia in 2017 and currently has 431 branches in 88 cities in Indonesia. Xiboba was a pioneer in creating tapioca pearl drinks, which later became known as bubbles or boba (Xiboba.co.id, 2023).

The table above shows the percentage of brands in the bubble drink category, including Xiboba, Hop-Hop, Lup-Lup, Quickly, Chill Bubble Tea, Koi The, and Kokumi. Based on the top brand award for the past 4 years, the Xiboba brand dominates the market share. Thus, it can be concluded that Xiboba has succeeded in becoming the top choice of consumers in the bubble drink product category in Indonesia for five consecutive years. Knowing these gains illustrates that the company has tried to maintain buyers' trust in Xiboba products.

The high consumption of Xiboba products is due to the good-quality goods and prices that consumers can afford. Apart from that, Xiboba also continues to innovate products so that customers are satisfied and customer loyalty is maintained. (Saepudin, 2023) explains that various studies argue that retaining customers is cheaper than acquiring new customers. This situation motivated Xiboba to strive to improve its understanding of consumer behaviour to meet their needs.

Apart from customer satisfaction, product quality is also an important key to retaining customers. A product is something that can satisfy a need or desire and can be offered on the market for purchase, attention, or use, according to Kotler and Armstrong (2022). The higher the quality of a product, the higher the customer satisfaction. This has been proven by Xiboba, which has won the top brand award for four consecutive years, which proves that Xiboba has excellent quality.

After product quality, price is an important key that Xiboba must pay attention to. Price is the total amount that buyers receive to obtain services or products, according to Kotler and Armstrong (2020). Consumers' thoughts on product quality are usually influenced by price, with consumers considering high prices to reflect high quality, mostly in the food and beverage category. Xiboba offers quite affordable prices, making Xiboba drinks easy to obtain for all middle- to lower-class people.

The next important key is consumer loyalty. According to Kotler and Keller (2022:217) in Suganda et al. (2023), loyalty is a strong desire to repurchase services or products that are liked, even if the circumstances and effects of future marketing efforts are likely to cause customers to switch.

Xiboba must be able to create products with high quality and affordable prices in order to maintain customer satisfaction and loyalty to Xiboba. Loyal buyers who feel satisfied and loyal to the company usually bargain less because of the trust factor that has been embedded in the customer. This will later influence customer loyalty towards Xiboba beverage products.

**LITERATURE REVIEW**

**1) Product Quality**

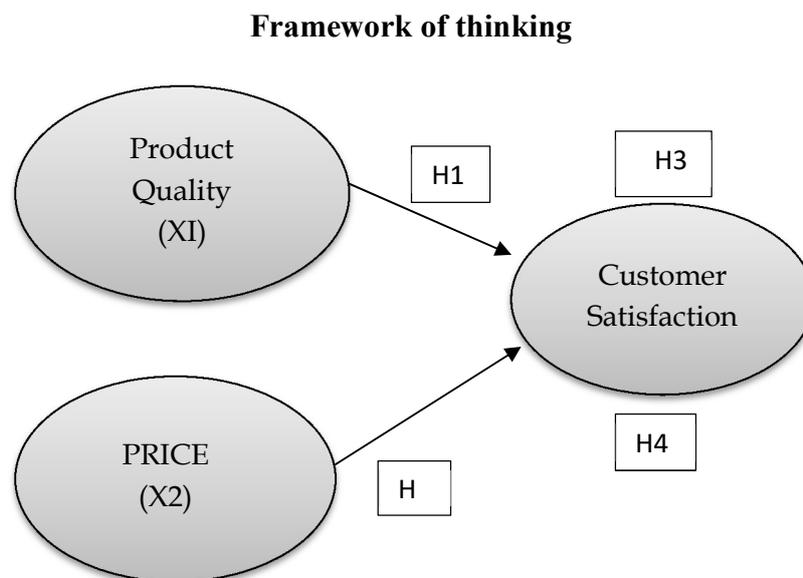
Product quality is the performance of a product or service in carrying out its benefits, which includes overall durability, credibility, efficiency, easy operation, repair of goods, and other product equipment, according to Sugandi (2022). Meanwhile, according to Prihadi et al. (2023), product quality is the specification of a service or product, which is determined by its ability to fulfil the expressed and implied desires and needs of buyers.

**2) Price**

According to Kotler & Armstrong (2022:322), price is the total value that consumers receive in exchange for the benefits of having a product or service. According to Kotler (2022:131), price is the total amount of money that must be paid by buyers to get a particular product.

**3) Customer satisfaction**

Yusuf (2023) believes that customer satisfaction is a comparison between expectations before purchasing and perceptions of performance after purchasing. Meanwhile, according to Saepudin (2022:70), customer satisfaction is the result of how buyers view themselves after comparing something they received with something they expected.



**Figure 1. Framework of thinking**

## **Hypothesis**

H1: Product quality has a positive and significant effect on customer satisfaction. H2: Price has a positive and significant effect on Customer Satisfaction.

H3: Product quality has a positive and significant effect on customer loyalty. H4: Price has a positive and significant effect on customer loyalty.

This research activity uses an associative type and a quantitative approach, because this research activity requires numbers or numbers in processing data. The measurement of variables in this research activity uses a Likert scale. The population in this research activity is consumers of Xiboba drinks in the Jakarta area. The population in this research activity was consumers of Xiboba drinks in the Jakarta area, taking a total sample of 92 respondents. The sampling technique used in this research activity is non-probability sampling. Meanwhile, to determine the sample using Purposive Sampling. The variation of data used in this research activity is primary data. This research activity obtains data sources directly from the research object, namely Xiboba customers. The tool for collecting main data in this research activity is a questionnaire created using Google Form. Data processing carried out in this research activity was a computer using the SPSS (Statistical Program For Social Science) version

## **Reliability Test**

Reliability is a measure of the respondent's stability and stability in answering questions related to the order of the questions. Sugiyono (2022:134) explains that reliable media is media that if it is used many times to measure the same object, it will create the same data.

## **Classic assumption test**

The Classic Assumption Test is a test that aims to find out whether the regression model that has been created can be used as a good prediction tool or not. This classical assumption test uses the normality test, multicollinearity test, heteroscedasticity test and linearity test.

## **Path Analysis**

Saepudim (2023) believes that path analysis is a branch model of multiple linear regression analysis to calculate the relationship between variables that have been created

previously. This path analysis is useful for knowing the direct and indirect impacts between independent and dependent variables.

**1. RESULT AND DISCUSSION**

Data processing carried out in this research activity is a computer using the SPSS (Statistical Program For Social Science) version 29 program. Which consists of Validity Test and Reliability Test, Classical Assumption Test, as well as path analysis and Hypothesis Testing.

**Reliability Test**

The method used in the reliability test is the Cronbach Alpha method. Cronbach's Alpha used in this research activity was  $\alpha$  0.70. It is called reliable if Cronbach's Alpha is  $> 0.70$ . The following are the results of the reliability test for each indicator in the independent, dependent and intervening variables:

**Table 1. Reliability Test**

No.	Variable	Cronbach's Alpha Compute	Cronbach's Alpha Minimal	Conclusion
1	Product Quality (X1)	0.718	0.70	Reliable
2	Price (X2)	0.784	0.70	Reliable
3	Customer Satisfaction (Z)	0.774	0.70	Reliable

From table 1 above, it can be concluded that the calculated Cronbach's Alpha value in all variables is greater than the Minimum Cronbach's Alpha, namely 0.70. So it can be stated that the measuring instrument in the form of a questionnaire in this research activity is reliable.

**Multicollinearity Test**

To determine whether or not there is multicollinearity, you can observe the Variance Inflation Factor (VIF) and tolerance values. If the VIF value is  $\leq 10$  and the tolerance value is  $> 0.10$ , the result is that there is no multicollinearity. And here are the results of the multicollinearity test:

**Table 2 Multicollinearity Test**

No.	Variable	Tolerance	VIF	Conclusion
1	Product Quality (X1)	0,742	1,433	No Multicollinearity occurs
2	Price (X2)	0,474	1,739	No Multicollinearity occurs

From table 2 above, you can see that the VIF is below 10 and the tolerance value is not more than 1. So it can be concluded that the regression model does not have multicollinearity.

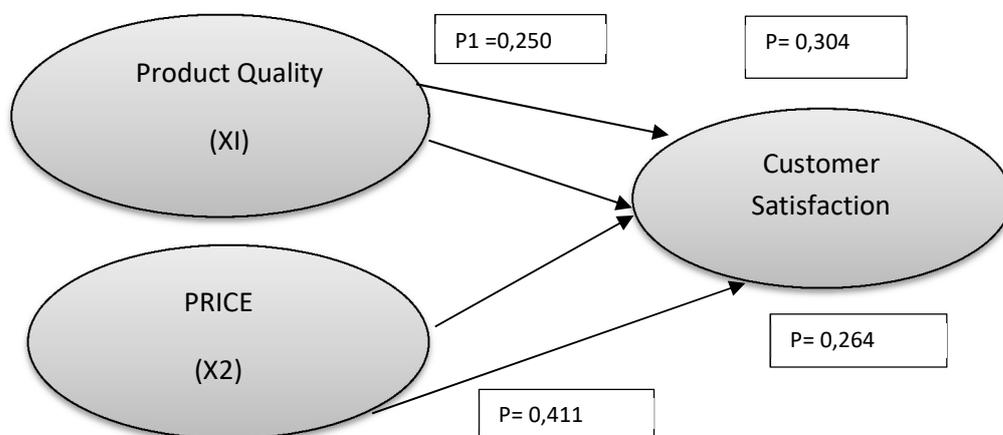
### Linearity Test

This test uses the Test For Linearity with significant level 0.04. If the probability value is  $> 0.04$ , it means that the relationship between the independent variable and the dependent variable is linear. The test uses SPSS version 29, and the following are the results of the linearity test:

**Table 3 Linearity Test**

No.	Variable	Sig Deviation from Linearity	Sig Deviation from Linearity minimum	Conclusion
1	Product quality	0.987	0.04	Linear
2	Price	0.382	0.04	Linear
3	Customer satisfaction	0.434	0.04	Linear

### Path Analysis



**Figure 2. Path analysis of of the influence between product quality and price variables**

**a) The Effect of Product Quality on Customer Loyalty Through Customer Satisfaction**

From the results of the analysis of the direct influence of each of the variables above, an indirect influence test model can be created as follows:

Direct effect of X1 on Y = 0.304

Indirect effect of X1 to Z on Y =  $0.240 \times 0.248 = 0.0744$

Total effect of X1 on Y =  $0.304 + 0.074 = 0.378$

**b) The Influence of Product Quality on Customer Satisfaction**

From the results of data analysis from table 7 above, it is known that product quality has a positive and significant effect on customer satisfaction. Hypothesis test results show that Product Quality has a sig value of 0.002 and t table 3.170 at a coefficient of 4% because the sig value is  $<0.04$  and t count  $> 1.77$  results: Product Quality (X1) has a positive and significant effect on Customer Satisfaction (Z) Consumers of Xiboba Beverage Products in Jakarta.

**c) The Effect of Price on Customer Satisfaction**

From the results of data analysis from table 7 above, it is known that price has a positive and significant effect on customer satisfaction. The results of the hypothesis test show that Price has a sig value  $<0.001$  and t table 4.941 at a coefficient of 4% because the sig value  $<0.04$  and t count  $> 1.77$  results in Price (X2) having a positive and significant effect on Customer Satisfaction (Z) in Consumers Xiboba Beverage Products in Jakarta.

**CONCLUSION**

Based on the results of activitiesResearch that has been carried out regarding the influence of product quality and price on loyalty through customer satisfaction as an intervening variable among consumers of Xiboba beverage products in Jakarta, can be drawn as follows:

- 1) Product quality has a positive and significant effect on customer satisfaction among consumers of Xiboba beverage products in Jakarta
- 2) Price has a positive and significant effect on customer satisfaction among consumers of Xiboba beverage products in Jakarta

- 3) Product quality has a positive and significant effect on customer loyalty among consumers of Xiboba beverage products in Jakarta
- 4) Price has a positive and significant effect on customer loyalty among consumers of Xiboba beverage products in Jakarta

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