

Research Paper

The Effect of Country of Origin, Price and Quality Perception on Customer Satisfaction and Loyalty at Della Collection Store Medan

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ABSTRACT

The purpose of this study was to determine and analyze the influence of country of origin, price and quality perception on customer satisfaction and loyalty at Della Collection Store Medan. Theory used was marketing management regarding country of origin, price and quality perception and consumer behavior. This type of research is quantitative descriptive research. The population is 3600 people. Determination of sample size using purposive sampling techniques and Slovin formula, with error tolerance = 10%, so that a sample of 98 respondents was obtained. Research data were collected through interviews, questionnaires and study documentation. Data analysis techniques in this study used multiple regression analysis at the significance level = 0.05 and path analysis. The results of the research on the first structural equation show that country of origin, price and quality perception have a positive and significant effect on customer loyalty, and country of origin, price and quality perception have a positive and significant effect on customer satisfaction. The second structural equation shows that country of origin, price, quality perception and customer satisfaction have a positive and significant effect on customer loyalty. Based on the direct effect, it is known that country of origin, price and quality perception have a positive and significant effect on customer loyalty, customer satisfaction has a positive and significant effect on customer loyalty, and country of origin, price and quality perception have a positive and significant effect on customer satisfaction. Based on the indirect effect, it is known that country of origin, price and quality perception have a positive and significant effect on customer loyalty through customer satisfaction.

Keywords: *Country of Origin, Price, Quality Perception, Customer Satisfaction, Customer Loyalty*

INTRODUCTION

The rapidly developing era of globalization makes distance no longer an obstacle in marketing a product. Companies from other countries easily enter international markets with the potential to develop businesses which in turn results in products being offered to consumers increasingly varied. This ease can be seen from the number of foreign products marketed to other countries. Products circulating in a country, both local and foreign products compete with each other

for and show their superiority to be different from other products.

Indonesia has become one of the targets of global entrepreneurs in marketing their products, driven by the behavior of Indonesian consumers who have a high level of consumption. This makes the imported goods business a potential and quite competitive business. In the midst of these competitive conditions, companies should start to realize how important the role of customers is in business. There needs to be an appropriate marketing strategy that

can meet the desires and needs of customers so that customers feel satisfied and can become loyal customers. Therefore, many companies maintain their market share through customer loyalty development programs

Loyalty is the commitment of consumers to buy or subscribe to certain products again in the future despite the influence of the situation and marketing efforts that have the potential to cause behavioral changes. Customer loyalty is very important for the company in order to maintain the continuity of its business activities. Customers who are very satisfied with certain products will be enthusiastic about introducing products to people around. Kotler and Keller (2012) state that customer loyalty is a situation in which customers consistently spend all available budget to buy a service product / product from the same seller.

It can be said that the Indonesian people have experienced the phenomenon of country of origin, namely the influence of the country of origin of products perceived by consumers in making a purchase decision. The identity of the country of origin is usually seen from the label "made in" printed on a product. The label can be an influence that raises consumer perceptions about a product from a particular country. That perception can later influence consumers in making purchases.

Another factor that influences customer loyalty is price. Price is the value that the customer must pay for something that he gets. Customers will perceive goods originating from abroad at a high price as reasonable. Prestige or value obtained by customers for imported goods is considered to be able to increase customer self-esteem in the midst of their social environment. Expensive prices for imported goods will then be perceived as good quality goods. Good quality goods will make customer loyalty higher.

Besides Country of origin and price, another variable that influences customer loyalty is consumer perception of product

quality. According to Durianto (2004: 96) quality perception can be defined as customer perception of the overall quality or excellence of a product or service related to what is expected by the customer. This means that customers still pay attention to the quality of a product before making a purchase. This will encourage entrepreneurs to compete in improving product quality to attract customers. This quality improvement is commonly done by foreign countries which have high production and export levels.

One of the shops selling imported goods from abroad (imports) in Medan is the Della Collection shop. The shop, which was established 23 years ago, is located in Medan Mall, 2nd floor and sells a variety of women's and men's fashion needs such as handbags, belts, sandals, shoes and others. Della Collection Store Medan act as retailers or parties who directly sell goods to consumers.

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Della Collection Store Medan customers are mostly people who do not see the brand as a determinant of their purchasing decisions, but see where the items come from. By knowing the country of origin of the goods, consumers will immediately assume that the goods are of high quality and feel reasonable when priced at relatively high prices.

LITERATURE REVIEW

Country of Origin

Kotler and Keller (2012), states that the country of origin forms a perception, that is, the perception of the country of origin. The origin country perception is an association and mental trust that is triggered by a country. The country of origin perception can affect consumers' decision

making directly and indirectly. Country of origin or product-making countries according to some experts are simply defined as "made in".

Listiana (2012), basically, the image of a country in a marketing perspective can be defined at three levels, namely:

1. Overall Country Image

Is the overall beliefs, ideas and impressions of a particular country as a result of consumer evaluations of their perceptions about the strengths and weaknesses of that country.

2. Aggregate Product Country Image

Is the overall cognitive feeling associated with products from certain countries or an impression of the overall quality of products originating from a particular country. For example, the general view of consumers towards high-tech Japanese-made products, cheap Chinese-made products, and German-made products have high durability.

3. Specific Product Country Image

Is the overall cognitive feeling associated with product specifications from a particular country. For example, the general view of consumers who appreciate French cosmetics, processed milk from the Netherlands, electronic goods from Japan.

Price

Prices are not just numbers on the price tag. Prices have many forms and carry out many functions. Prices are determined through negotiations between buyers and sellers (Simamora 2003).

According to Machfoedz (2006: 112), the purpose of pricing, includes:

1. Profit-oriented goals

a) Reach the profit target, a company can apply the price of its products to achieve a certain percentage of sales or investments.

b) Increase profits, the purpose of pricing to get as much money as possible

2. Sales-oriented goals

a) Increase sales volume, pricing in some companies is focused on sales volume for a certain period of time

b) Maintaining or increasing market share, the company receives a smaller profit

margin and reduces costs so that it can sell products at prices below the selling price they should.

Perception

According to Simamora (2003), perception is the process by which we choose, organize and translate information to create a picture of the world. In marketing, perception is more important than reality, because perception influences the actual behavior of consumers. There are three processes of understanding about objects that distinguish consumer perception, namely:

1. Selective attention is the allocation of processing capacity to several stimuli.

2. Selective distortion is a tendency to translate information in a manner consistent with the initial conception.

3. Selective retention is the process of remembering good points about a product you like and forgetting good points of competitors' products.

Quality Perception

According to Griffin (2005), the perception of quality is defined as the customer's perception of the overall quality or excellence of a product or service related to what is expected by the customer. Quality perception reflects overall customer feelings about a brand.

According to Ferrinadewi (2008), Consumer perceptions of quality are overall consumer ratings of product or service performance. In evaluating product performance, the ability of consumers to make an assessment is very dependent on the intrinsic attributes of the product can be felt and evaluated when they want to make a purchase decision.

Customer Satisfaction

Customer satisfaction can be created through quality, service and value. The key to generating customer loyalty is to provide high customer value. Meanwhile according to Kotler and Armstrong (2005:70) customer satisfaction is a level where

estimates of product performance are in line with buyer expectations.

Customer Loyalty

Sutisna (2001:35) states four things that show the tendency of loyal consumers, as follows:

1. Consumers who are loyal to the brand tend to be more confident in their choices.
2. Loyal consumers are more likely to feel a higher level of risk in their purchases.
3. Consumers who are loyal to the brand are also more likely to be loyal to the store.
4. Minority consumer groups tend to be more loyal to the brand.

RESEARCH METHODS

Types of Research

This type of research is associative research. Associative research is research that aims to determine the relationship or influence between two or more variables (Suliyanto, 2006), namely to find out and analyze the influence of country of origin, price and quality perception of customer satisfaction and loyalty in Della Collection Store Medan.

Population and Sample

Population is a whole individual or a certain object or size obtained from all certain individuals or objects to be studied that have certain characteristics clear and complete. The populations in this study were customers in the Della Collection Store Medan the last 3 years totaling 3600 people. The sample is the part of the population

under study that is taken in certain ways that also have certain characteristics, clear and complete so that it is considered to be representative of the population. The researcher determines the number of samples using the Slovin formula with a sample size of 98 people.

Data Analysis Method

This study uses descriptive qualitative analysis methods to determine the existence of relationships between dependent variables and independent using inductive statistics correlation with multiple regression analysis. The qualitative descriptive objective in this study is to provide a systematic, factual and accurate description of certain facts.

The data analysis method used in this study is multiple regression analysis (Sugiyono, 2004). Therefore the research formulation in the path analysis framework only revolves around the independent variable (X_1, X_2, \dots, X_k) influencing the dependent variable Y, or how much direct, indirect, and total influence or simultaneous set of independent variables (X_1, X_2, \dots, X_k) to the dependent variable Y.

RESEARCH RESULT

Partial Hypothesis Testing (t Test)

Partial hypothesis test (t test) is conducted to determine the effect of partially independent variables on the dependent variable. The results of partial hypothesis testing (t test) can be seen in Tables 1, 2, and 3.

Table 1 Partial Hypothesis Test (t Test) X against Y₁

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.424	1.480		2.988	.004
	X ₁	.222	.103	.216	2.151	.034
	X ₂	.083	.090	.101	2.118	.036
	X ₃	.193	.074	.272	2.621	.010

a. Dependent Variable: Y₁

Source: Research Results

The value of $t_{\text{calculate}}$ the country of origin variable is 2,151. Because the value of $t_{\text{count}} > t_{\text{table}}$ 1.986, it can be concluded that country of origin has a positive and significant effect on customer satisfaction. The value of $t_{\text{calculate}}$ the price variable is

2.118. Because the value of $t_{count} > t_{table}$ 1.986, it can be concluded that the price has a positive and significant effect on customer satisfaction. The value of t_{count} calculated quality perception is 2,621. Because the value of $t_{count} > t_{table}$ 1.986, it can be concluded that quality perception has a positive and significant effect on customer satisfaction.

Table 2 Partial Hypothesis Test (t Test) X against Y₂

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.934	1.696		3.500	.001
	X ₁	.186	.118	.166	2.845	.012
	X ₂	.037	.104	.041	1.994	.027
	X ₃	.179	.084	.231	2.410	.037

a. Dependent Variable: Y₂

Source: Research Results

The value of $t_{calculate}$ the country of origin variable is 2.845. Because the value of $t_{count} > t_{table}$ 1.986, it can be concluded that country of origin has a positive and significant effect on customer loyalty. The value of t_{count} variable price is 1.994. Because the value of $t_{count} > t_{table}$ 1.986, it can be concluded that the price has a positive and significant effect on customer loyalty.

The value of t_{count} the quality perception variable is 2,410. Because the value of $t_{count} > t_{table}$ 1.986, it can be concluded that quality perception has a positive and significant effect on customer loyalty.

Table 3 Partial Hypothesis Test (t Test) Y₁ against Y₂

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.980	.820		4.856	.000
	Y ₁	.631	.068	.687	9.257	.000

a. Dependent Variable: Y₂

Source: Research Results

The coefficient value of customer satisfaction is 0.631 with a significance value of 0.00. These results indicate that the hypothesis is accepted, which states that customer satisfaction has a positive effect on customer loyalty. Then based on the SPSS output above, it is known that the value of the customer satisfaction variable t_{count} is 9,257. Because the value of $t_{count} > t_{table}$ 1.986, it can be concluded that customer satisfaction has a positive and significant effect on customer loyalty.

MANAGERIAL IMPLICATIONS

Based on the results of the study it can be seen that country of origin, price and quality perception have a positive and significant effect on customer satisfaction and loyalty at Della Collection Store Medan. The results of this study can be one of the sources of company information in planning breakthroughs or strategies in

explaining country of origin, making prices and quality perception better in Della Collection Store Medan.

In terms of perception of country of origin or country of origin, strategies that can be applied in the Della Collection Store Medan are:

1. Give complete information about the country of origin, such as:

a) Goods originating from Hong Kong have original brands and are only sold in a limited number of stores (limited edition).

b) Goods originating from China are goods with counterfeit brands from well-known brands, which are widely circulated in the market.

c) Goods originating from Thailand are goods without brands that are widely circulating in the market but the model and quality are quite good but the prices are relatively cheaper.

2. Give information about the type of goods, whether the goods are original (ORI) or imitations (super KW, KW 1, KW 2), etc.

Because many customers do not have enough information from the country of origin of the goods maker, there is a misunderstanding in receiving information. Perceptions that arise about the country of origin of goods can make customers dissatisfied and lead to disloyalty.

In terms of price, Della Collection Store Medan can implement several strategies, namely:

1. Give a special price when customers buy goods in large quantities.

2. Create a customer database, so that they can provide information on discount vouchers on certain dates such as half price discounts on customer's birthdays, Indonesian independence days, Eid al-Fitr holidays etc.

3. Implement pricing strategies that affect consumer psychological namely Prestige Pricing strategy. By implementing this strategy customers who are very concerned about their social status will be interested in continuing to buy the item even at a high price. Customers believe that the more expensive the price of an item, the more it can raise its social status.

In terms of quality perception, the strategies that can be applied at the Della Collection Store Medan are:

1. Improve the quality of goods sold more carefully in choosing suppliers that are trusted in the quality of raw materials.

2. Delivering to customers about goods that are sold more specifically such as:

a) Inform how long the goods last (durability of goods)

b) Informs how to care for the goods in order to be durable, what cleaning products are commonly used etc.

CONCLUSION AND SUGGESTION

CONCLUSION

Based on the results of research and discussion that has been carried out in this study, the researchers draw conclusions as follows:

1. Country of origin has a positive and significant effect on customer satisfaction at Della Collection Store Medan.

2. Price has a positive and significant effect on customer satisfaction at Della Collection Store Medan

3. Quality perception has a positive and significant effect on customer satisfaction at Della Collection Store Medan.

4. Country of origin has positive and significant effect on customer loyalty at Della Collection Store Medan.

5. Price has a positive and significant effect on customer loyalty at Della Collection Store Medan.

6. Quality perception has a positive and significant effect on customer loyalty at Della Collection Store Medan.

8. Customer satisfaction has a positive and significant effect on customer loyalty at Della Collection Store Medan.

SUGGESTION

Based on the results and discussion, there are several suggestions that can be delivered:

1. For Companies

It is hoped that the Della Collection Store Medan can provide complete information about the country of origin, whether the goods are original (ORI) or imitations (KW). Because many customers do not have enough information from the country of origin of the goods maker, there is a misunderstanding in receiving information.

Della Collection Store Medan can provide special prices when customers buy goods in large quantities. Della Collection Store Medan is also expected to create a customer database, so that it can provide information on discount vouchers on certain dates such as half-price discounts on customers' birthdays, Indonesian independence days, Eid holidays etc.

It is hoped that the Della Collection Shop can continue to improve the quality of goods sold more carefully in choosing suppliers that are trusted in the quality of raw materials.

2. For Further Researchers

It is expected to be a reference and continue to develop this research. This study uses country of origin, price and quality perception as independent variables and customer satisfaction and customer loyalty as the dependent variable. The next researcher can replace the variables in this study with other variables in order to find new variables in the discussion about customer satisfaction and loyalty.

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