

The Role of Satisfaction in Mediation the Influence of Product Quality on Customer Loyalty of Face-Makeup Products

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ABSTRACT

The purpose of this study was to analyze the effect of product quality on customer loyalty and customer satisfaction. This research was conducted in Denpasar City with the number of samples used as many as 100 respondents using non-probability sampling method. Data was collected through the distribution of questionnaires. The analytical technique used is path analysis. Based on the results of data analysis shows that product quality has a positive and significant effect on customer satisfaction. Product quality has a positive and significant effect on customer loyalty. Customer satisfaction has a positive and significant effect on customer loyalty. Customer satisfaction is a mediating variable of the effect of product quality on customer loyalty.

Keywords: customer loyalty, customer satisfaction, product quality.

Submitted : January 30, 2022

Published : May 17, 2022

ISSN: 2507-1076

DOI: 10.24018/ejbmr.2022.7.3.1290

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I. INTRODUCTION

Advances in technology and information in the current era of globalization have a major influence on the growth of the industrial sector in Indonesia. The growth of the industrial sector greatly contributes to economic growth in Indonesia. One of the industries that continues to experience development is the cosmetic industry. The cosmetic industry has a wide variety of products such as makeup, skincare, body care, etc. The cosmetic industry market in Indonesia is very large and promising because Indonesia has a large population which affects the high level of public consumption. The main target of the cosmetic industry is women, but along with the times, the cosmetic industry has begun to innovate on cosmetic products for men and children. The cosmetic industry in Indonesia has the potential to continue to grow every year. In 2012 cosmetic sales in Indonesia stood at 4.75 and continued to increase every year, but in 2020 it decreased due to the Covid-19 pandemic which also affected various sectors. In 2021 sales will increase again at 7.45 in line with the economic recovery in Indonesia.

Cosmetics sales in Indonesia continue to grow every year, along with changes in today's modern lifestyle, making cosmetics a primary need, especially make-up. Make-up is one of the most popular cosmetic products. There are various makeup products such as powder, lipstick, blush, foundation, lip gloss, eyeliner, eyebrow, etc. Teenagers and adult women are now using makeup to support their appearance, not even a few men use it, especially for those who work as makeup artists.

The current trend of using make-up creates very competitive competition. Cosmetic companies also compete with each other in creating and innovating their products. The

diversity of make-up products on the market makes consumers have various choices that suit their needs. Currently, consumers are also very smart in choosing products according to their needs. Generally, consumers choose products that suit their skin type and do not cause harmful effects to skin health.

Customer loyalty is a positive attitude that is formed from the brand used. This positive attitude is also a form of commitment to the brand that will lead to a desire to make purchases in the future (Fauzi & Mandala, 2019). Maintaining customer loyalty is very important in the survival of the company. Loyalty is considered important because loyalty is a company asset that will have an impact on increasing company profits (Santoso & Aprianingsih, 2017). Loyalty will not just happen; a good strategy is needed in terms of managing consumers to get it. Companies must be able to translate what consumers want today and in the future.

In creating customer loyalty company must pay attention to product quality. Product quality is a characteristic of a product provided to customers. The quality of a product is perceived as good if the product matches consumer expectations (Nyonyie *et al.*, 2019). According to Amaranggana & Rahanatha (2018), the better the product quality, the higher the level of loyalty given by customers. Product quality concerns the physical condition, function, and nature of the product that meets consumer needs in the form of tastes and expectations for the product compared to the value of money that consumers are willing to spend to get the product (Fauzi & Mandala, 2019). The quality of these products will lead consumers to make decisions to continue using the product or to look for substitute products that are closer to consumer expectations. Product quality by expectations will result in customer satisfaction.

Customer satisfaction is a critical concept in marketing which generally argues that if customers are satisfied with a product, service, or brand, they will prefer to continue their purchase and tell others about their experiences (Margaretha & Sunaryo, 2016). Satisfaction or dissatisfaction of consumers in the quality of the product they get will affect their subsequent behavior. Customer satisfaction is the result of a comparison between product performance and the suitability of customer expectations after making a purchase. If the product/service exceeds expectations, it will provide satisfaction and vice versa, if it is far from expectations, there will be a sense of customer dissatisfaction (Andreas & Yuniati, 2016). Customer satisfaction is very important in supporting the success of the company, this is because customer satisfaction is the main driver of post-purchase. Customers who have a good experience and get satisfaction, tend to express their opinion by recommending it to others. Satisfaction with the perceived suitability of product quality can create customer loyalty.

Research conducted by Amaranggana & Rahanatha (2018), shows that product quality has a positive and significant effect on customer loyalty to lipstick products. In line with research by Andreas & Yuniati (2016), product quality has a positive and significant effect on customer loyalty. However, Sembiring *et al.* (2014) state that product quality has a positive and insignificant effect on customer loyalty.

Ananda & Jatra (2019) shows that customer satisfaction has a positive and significant effect on customer loyalty. Customer satisfaction is formed from product quality that is by what is expected and felt by customers. Customers will make repeated purchases which will create customer loyalty. So customer satisfaction can be a variable that mediates between product quality and customer loyalty, which can be seen from Amaranggana & Rahanatha (2018) where the role of satisfaction can or can significantly mediate the relationship between product quality and customer loyalty.

II. LITERATURE REVIEW

A. Product Quality

Product quality is the ability of a product to explain its benefits and functions which include durability, accuracy, convenience, reliability that will meet the needs and expectations and satisfy the desires of a consumer. Quoted from Tjiptono & Chandra (2016), the indicators for measuring product quality are as follows: Performance (X1), Reliability (X2), Durability (X3), Design (X4),

B. Customer Satisfaction

Customer satisfaction is a feeling of pleasure and satisfaction that arises after feeling the performance of a product by expectations. This perceived satisfaction will have an impact on repurchasing and telling others. Based on the indicators Amaranggana & Rahanatha (2018), the indicators for measuring customer satisfaction are as follows: Overall satisfaction (M1), Confirmation of expectations (M2), Intention to repurchase (M3).

C. Customer Loyalty (Y)

Customer loyalty is an encouragement to make purchases repeatedly, which will foster loyalty to a product. Amaranggana & Rahanatha (2018), customer loyalty is measured based on the following indicators: Make repeat purchases regularly (Y1), Recommend to others (Y2), Show immunity to competitors' attractiveness (Y3).

D. Hypothesis

Product quality has a positive and significant effect on customer satisfaction. This means that if the quality of the product increases, customer satisfaction will increase as well (Fauzi & Mandala, 2019). Likewise, Afina & Hastuti (2018) states that the effect of product quality on customer satisfaction is proven to be significant. Amaranggana & Rahanatha (2018) says product quality has a positive and significant influence on satisfaction, this means that the better the quality of a product, the greater the satisfaction of a customer. The results are the same as Nugroho *et al.* (2020) where the better the quality of the food, the more satisfied customers will be. Razak *et al.* (2016), product quality can affect customer satisfaction positively and significantly.

H1: Product quality has a positive and significant effect on customer satisfaction.

Nyonyie *et al.* (2019) states that product quality affects customer loyalty to cosmetic products because it has a significant value which means there is an influence. Product quality and customer loyalty have a positive relationship, meaning that the better the quality of products, the higher the customer loyalty. Good product quality will increase customer loyalty to the product. The results are the same with Amaranggana & Rahanatha (2018) where the product quality variable has a positive and significant influence on customer loyalty.

H2: Product quality has a positive and significant effect on customer loyalty.

Asma *et al.* (2018) said that there was a significant positive effect between the satisfaction and loyalty of Airlines customers. Rahmawati & Sentana (2021) have significant positive customer satisfaction on customer loyalty. Aditya & Kusumadewi (2017), Ananda & Jatra (2019), customer satisfaction has a positive and significant effect on customer loyalty.

H3: Satisfaction has a positive and significant effect on customer loyalty.

Amaranggana & Rahanatha (2018), satisfaction can play a significant role in mediating the relationship between product quality and customer loyalty. Andreas & Yuniati (2016), customer satisfaction was able to mediate product quality in creating customer loyalty. Customer satisfaction acts as a mediator.

H4: Customer satisfaction significantly mediates product quality on customer loyalty.

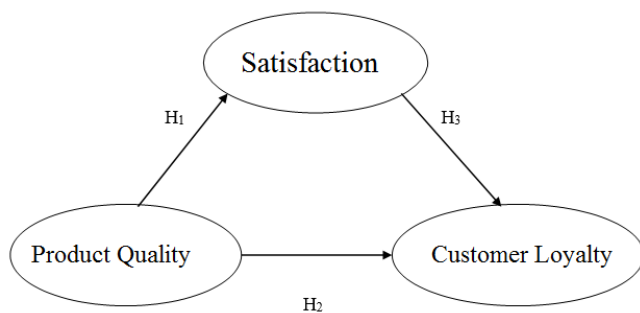


Fig. 1. Conceptual Framework.

III. METHODOLOGY

This research is classified as associative research (relationship), namely research that aims to determine the causal effect of the variables studied. This associative research is used to explain the role of satisfaction in mediating the effect of product quality on customer loyalty. This research was conducted in Denpasar City. This location was chosen because Denpasar is the city center in Bali with a dense population and a very modern lifestyle. This indicates a high amount of use of cosmetic or make-up products, one of which is blush-on.

The sampling method used, namely nonprobability sampling, is purposive sampling, namely the technique of determining the sample by considering certain criteria: Domiciled in Denpasar City and Have purchased and used Oriflame blush products. The sample size depends on the number of indicators times 5 to 10. This study uses 10 indicators, so the sample size ranges from 50 to 100 respondents. In this study set the number of respondents as many as 100 people.

Data collection in this study is by distributing questionnaires to respondents. Measurement of respondents' answers is measured by a Likert scale. The data analysis technique used in this study is a path analysis technique using the SPSS program.

IV. RESULTS AND DISCUSSION

A. Characteristics of Respondents

Based on age, the number of respondents aged < 20 years was 20 respondents with a percentage of 20 percent, respondents aged between 20-29 years were 68 respondents with a percentage of 68 percent, and respondents aged > 29 years were 12 respondents with a percentage of 12 percent. This shows that the majority of respondents who use blush products from Oriflame are in the age range of 20-29 years.

Based on occupation, the number of respondents who are students is 51 respondents with a percentage of 51 percent, respondents who are private employees are 30 respondents with a percentage of 30 percent, and respondents who have other jobs are 19 respondents with a percentage of 19 percent. This shows that the majority of respondents who use blush products from Oriflame are those who are students

B. Path Analysis Results

The results of the F-test (F-test) show that the value of F-count is 72,054 with a significance value of 0.000. The

significance value is $0.000 < 0.05$ which means that simultaneously product quality (X) and customer satisfaction (M) affect customer loyalty (Y). The coefficient of total determination of 0.772 means that 77.2 percent of the variance in customer loyalty is influenced by the variance of product quality and customer satisfaction, while the remaining 27.8 percent is explained by other factors not included in the model.

C. Hypothesis testing

1) The Effect of Product Quality on Customer Satisfaction

The first hypothesis (H1) adopted in this study states that product quality has a positive and significant effect on customer satisfaction. The results showed that the regression coefficient value of the product quality variable was positive, namely 0.502 with a significance value of $0.000 < 0.05$, so H1 is accepted, which means that product quality has a positive and significant effect on customer satisfaction with the blush on Oriflame Denpasar City. This indicates that the higher the quality of the products offered, the more likely it is to increase customer satisfaction. One of the factors that can affect customer satisfaction is product quality (Mentang, 2021). Product quality is the ability of an item to provide results or performance that match and even exceed what customers want (Kotler and Keller, 2016). Of course, the beauty product business must be able to provide quality products to its consumers. When the product purchased or enjoyed by a customer is of quality and by the function of the product, the customer will be more satisfied with the product and will tend to repurchase the same product in the future. In other words, the higher the product quality, the higher the resulting customer satisfaction.

2) The Effect of Product Quality on Customer Loyalty

The second hypothesis (H2) adopted in this study states that product quality has a positive and significant effect on customer loyalty. The results showed that the regression coefficient value of the product quality variable was positive, namely 0.290 with a significance value of $0.000 < 0.05$, so H2 was accepted, which means that product quality has a positive and significant effect on customer loyalty blush on Oriflame Denpasar City. This indicates that the higher the quality of the products offered to consumers, the more satisfaction will appear which can later increase the sense of loyalty or customer loyalty to the company. Loyalty has a very large role in the company, retaining customers means maintaining the company's survival, and can improve financial performance, this is the main reason for a company to retain and attract customers (Aditya & Kusumadewi, 2017). Tjiptono (2014:338) defines customer loyalty as a result of customer satisfaction which can provide feedback for the company in the form of a harmonious relationship between the customer and the company. In simple terms, customer loyalty is the loyalty that customers have to a company. This customer loyalty will arise if the company can provide optimal customer satisfaction, one of which is by paying attention to the quality of the products offered to its customers. A consumer certainly wants a product that has quality, where the quality of the product, both regarding its functions and benefits, is by what is sacrificed by consumers in obtaining the product. The better the quality of the products

offered to consumers, the more optimal customer satisfaction can be, this will affect customer loyalty. In other words, the higher the quality of the products offered, the more likely it is to increase customer loyalty.

3) *The Effect of Customer Satisfaction on Customer Loyalty*

The third hypothesis (H3) adopted in this study states that customer satisfaction has a positive and significant effect on customer loyalty. The results show that the regression coefficient value of the customer satisfaction variable is positive, namely 0.406 with a significance value of $0.000 < 0.05$, so H3 is accepted, which means that customer satisfaction has a positive and significant effect on customer loyalty blush on Oriflame Denpasar City. This indicates that the higher the customer satisfaction, the higher the customer loyalty. The main key that determines the success of a company is customer loyalty (Kotler and Keller, 2016). This is because, with customer loyalty, customers will tend to repurchase at the same company. To be able to create customer loyalty, the company must pay attention to customer satisfaction. The satisfaction felt by the customer will affect his desire to repurchase or not a product. Therefore, a company must be able to maintain or increase customer satisfaction so that later the customer will be loyal.

According to Kotler and Keller (2016), customer satisfaction is a feeling or emotional assessment of customers for the use of a product or service where their expectations and needs are met. Customer satisfaction is an attitude that is based on the experience of a consumer, this experience is a supporter of the development of trust and loyalty to keep buying and using the company's products. When a customer gets optimal customer satisfaction, customer loyalty tends to increase. In other words, the higher the customer satisfaction, the higher the customer loyalty.

4) *The Role of Customer Satisfaction in Mediating the Effect of Product Quality on Customer Loyalty*

The fourth hypothesis (H4) adopted in this study states that customer satisfaction significantly mediates the effect of product quality on customer loyalty. The results of the indirect effect test with the Sobel test show that the z-count value of the product quality variable is 3.846. The value of $z\text{-count} = 3.846 > 1.96$ so that H4 is accepted. This shows that customer satisfaction is a mediating variable of the influence of product quality on customer loyalty of blush on Oriflame Denpasar City. In other words, indirectly product quality has a significant effect on customer loyalty through customer satisfaction.

Customer loyalty is a form of continuation of customer satisfaction in using or consuming goods or services provided by a company. In the competitive world of business, of course, companies are required to be able to pay attention to what factors can help in winning the competition. Product quality is one of the important factors that must be considered. Product quality is the ability of an item to provide results that match or even exceed what is desired by the customer (Kotler and Keller, 2016). In simple terms, product quality is the product's ability to provide functions and benefits to customers. When the product offered by a company is of high quality, this will affect customer satisfaction, where the more quality the product, the more

customer satisfaction will be. With optimal customer satisfaction, it will create customer loyalty. When customers get optimal satisfaction with the quality of products offered by a company, it tends to increase customer loyalty.

D. *Research Implication*

This research can provide additional knowledge and broader insight regarding the effect of product quality on customer loyalty mediated by customer satisfaction. The results of this study found that product quality has a direct positive and significant effect on customer satisfaction and customer loyalty and customer satisfaction directly has a positive and significant effect on customer loyalty, while indirectly product quality has a significant effect on customer loyalty through customer satisfaction. The results of this study indicate that offering quality products to customers, tends to increase customer satisfaction. This will affect customer loyalty, where when customers feel more satisfied, their loyalty tends to increase.

V. CONCLUSION

Product quality has a positive and significant effect on customer satisfaction where the higher the quality of the products offered, the higher the customer satisfaction. Product quality has a positive and significant effect on customer loyalty, the higher the quality of the products offered to customers, the higher customer loyalty. Customer satisfaction has a positive and significant effect on customer loyalty, the higher the satisfaction felt by the customer, the higher the customer loyalty. Customer satisfaction is a variable mediating the effect of product quality on customer loyalty, when customers obtain optimal satisfaction with the quality of products offered by a company, it tends to increase customer loyalty.

Further research is recommended to expand the research area so that the research results can be more generalized. This is because the research results may be different if applied to different research areas. In addition, further researchers are advised to add other variables, especially other factors that can affect customer loyalty, such as location, price, and facilities that are not used in this study.

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