The Impact of Product Quality and Consumers Satisfaction on Costumer Loyalty of Mookies Bakery During Covid-19 Pandemic

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ABSTRACT

This research aims to find out whether product quality and consumers' satisfaction had an effect on Universitas Bandar Lampung students' Costumers Loyalty of Mookies Bakery or not. The samples which are used in this research are 50 students who are customers of Mookies Bakery. The analysis method which is used is multiple linear regression analysis. The result of this research is both Product Quality and Consumers Satisfaction have positive impacts on Costumers Loyalty. The conclusion of this research is that the researchers hope that Mookies Bakery can maintain their good Product Quality and Consumers Satisfaction to maintain and improve the Consumers Loyalty of Mookies Bakery on Universitas Bandar Lampung students.

Keywords: *Product Quality, Consumers Satisfaction, and Costumers Loyalty, Covid-19.*

Introduction

At the end of 2019, the world faced the Covid-19 pandemic. According to Moody's Investor Service (MRI), the economic growth of Indonesia has dropped by 4.8% GDP in 2020 while it is expected to grow by 5,02% this year. Businessperson estimates that this economic recession will continue until 2021 (Naseer *et al.,* 2020). Therefore, the government is expected to give special attention to UMKM (Micro Small and Medium Enterprises), as this sector give a significant contribution to the GDP and function as the cornerstone for opening more employment opportunity for people who lost their job during and after the Covid-19 pandemic (Khairuna *et al.,* 2021). Mookies Bakery is one of the small-medium enterprises which operate on bread production. For the production process, Mookies Bakery own several production machineries such as 2 industrial mixers, 1 evaporation room, 1 baking room, and 100 pack of ingredients. There is various bread to be consumed by children and adult alike in Mookies Bakery. Mookies Bakery is famous for their bread but has not achieved the expected existence target in the market. Moreover, the amount of companies which operate in the same sector is also increasing which resulted in more challenging competition, therefore Mookies Bakery has to innovate to compete. Below is the table of Mookies Bakery sales in 2020.

Table 1. Sales Data of Mookies Bakery in Bandar Lampung in 2020

Month	Sales Turnover (IDR)	Sales Development (IDR)	Sales Development (%)
January	22.300.000	-	-
February	23.550.000	1.250.000	5,61%
March	23.300.000	-250.000	-1,06%
April	24.880.000	1.580.000	6,78%
May	25.950.000	1.070.000	4,30%
Jun	24.650.000	-1.300.000	-5,01%
July	23.650.000	-1.000.000	-4,06%
Agust	22.700.000	-950.000	-4,02%
September	23.790.000	1.090.000	4,80%
October	24.500.000	710.000	2,98%

November	22.450.000	-2.050.000	-8,37%
December	23.750.000	1.300.000	5,79%
Total	285.470.000	1.450.000	8%
Avarage	23.789.167	131.818	1%

Source: Internal file of Mookie Bakery, 2022.
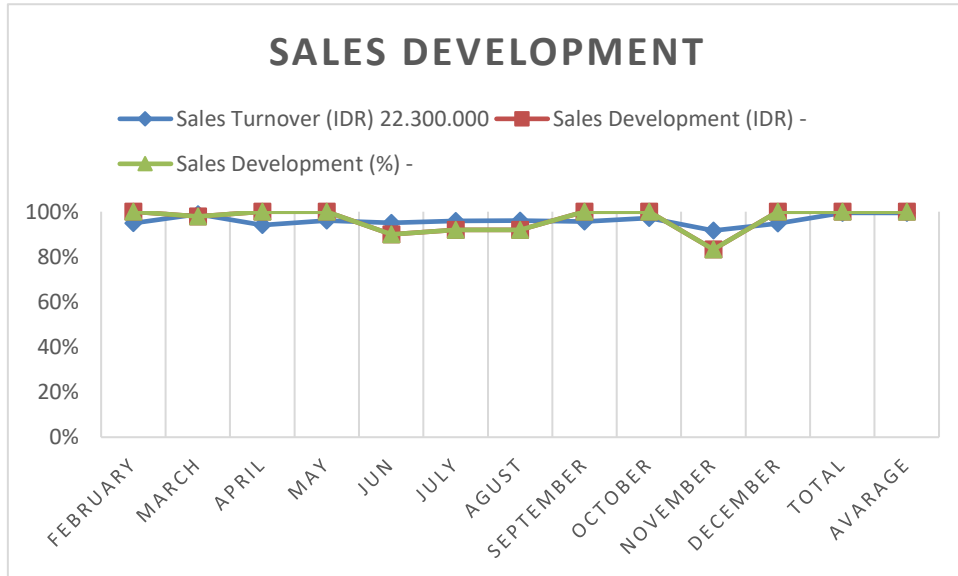
Figure 1. Sales Graph of Mookies Bakery

According to Table 1 and Figure 3, it is known sales in 2020 experienced fluctuation and grew around 1%. From an interview with the PIC of Mookies Bakery in Bandar Lampung, the target sales growth of Mookies Bakery in Bandar Lampung is expected to be around 3% each year. Therefore, researchers have done some pre-research by giving questionnaires to customers of Mookies Bakery in Universitas Bandar Lampung. Below is the pre-research result on the Product Quality of Mookies Bakery.
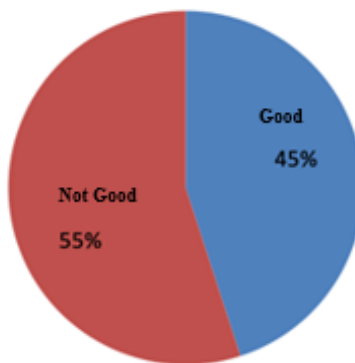
Figure 2. Pre-research on Product Quality of Mookies Bakery in Bandar Lampung

Based on pre-research, it can be assumed that the Product Quality at Moekies Bakery is unsatisfactory.
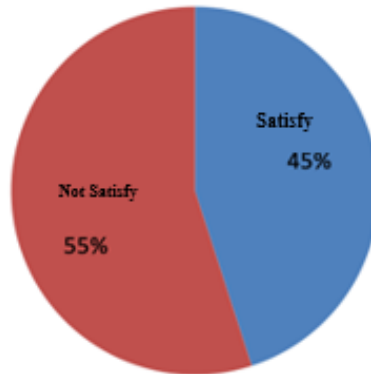
Figure 3. Pre-research on Product Quality of Mookies Bakery in Bandar Lampung

Based on the pre-research above, it can be seen that 55% of customers are dissatisfied, resulting in low customer satisfaction.
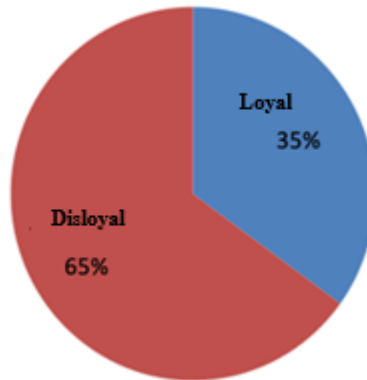
Figure 4. Pre-research on Consumers Quality of Mookies Bakery in Bandar Lampung

According to Figure 4 above, it can be concluded that 65% of customers are not loyal to Mookies Bakery.

Literature Review

a. Product Quality

The qualities and features of a product that define its capacity to fulfill consumer demands and expectations are referred to as its quality (Daga 2019). It takes into account a number of things, including usability, performance, dependability, durability, and design. Building consumer trust, assuring customer contentment, and retaining a competitive edge in the market all depend on high product quality. The most crucial factor for every product, brand, or company is product quality. The client experience and repeat business are influenced by quality. The brand's reputation suffers if the product is of low quality and is unable to perform its function safely and dependably (Sulistiawaty *et al.,* 2021).

The most crucial factor for every product, brand, or company is product quality. The client experience and repeat business are influenced by quality (Afshar *et al.,* 2011). The brand's reputation suffers if the product is of low quality and is unable to perform its function safely and dependably.Ultimately, product quality is critical to customer satisfaction, brand reputation, and long-term success in the marketplace. Companies that prioritize and consistently deliver high-quality products will be more likely to attract and retain loyal customers (Hartono 2022).

b.   Customer Satisfaction

Customer satisfaction (CSAT) is a metric for gauging how well a company's goods, services, and general customer experience live up to expectations. By demonstrating how effectively your product or service connects with customers, it represents the health of your company. A product, service, or overall experience's ability to meet

or exceed a customer's expectations is measured by their level of customer satisfaction. It is a crucial indicator for companies to evaluate the value of their products and comprehend the level of consumer happiness (Barusman and Rulian, 2020). Numerous factors are included in measuring customer happiness, such as: performance, reliability, durability, good design, make sure the safety and the usability. Measuring customer satisfaction regularly through surveys, feedback, and reviews allows businesses to identify areas for improvement and take proactive steps to improve the customer experience. By prioritizing customer satisfaction, businesses can build customer loyalty, increase customer retention, and encourage positive word-of-mouth referrals, which in turn builds customer loyalty (Pakurár *et al.,* 2019).

c.   *Customer Loyalty*

Customer loyalty is the level of connection or dedication that customers feel for a specific brand, item, or business. It gauges the likelihood that buyers will stick with a company or brand over time and make more purchases from it (Gefen and Indrawan, 2002). Positive encounters with a product or service, high levels of customer satisfaction, a solid brand reputation, successful customer interaction, and individualized customer experiences are just a few of the variables that might affect loyalty. Customers who are devoted to a brand are more likely to make more purchases, tell others about it, and resist moving to a rival.According to (Durmaz *et al.,* 2018). Businesses frequently work to increase client loyalty because it has a number of advantages, including:

a) Repeat Purchases: Repeat business from loyal consumers increases the likelihood that the company will have a constant flow of income.
b) Word-of-Mouth Marketing: Customers that are happy and loyal to a brand become brand ambassadors, recommending it favorably to their friends, relatives, and coworkers.
c) Cost Efficiency: Sometimes it costs more to get new consumers than it does to keep the ones you already have. Loyal consumers typically cost less to acquire and demand less marketing effort.
d) Competitive Advantage: Customer loyalty may provide a business an edge in a competitive market by lessening the effects of price wars or by luring clients away from rivals.

Businesses frequently use a variety of techniques to increase client loyalty, including great customer service, the implementation of loyalty programs, customizing encounters, asking for feedback, and ongoing product or service improvement based on consumer requirements and preferences (Izogo and Ogba, 2015).

d.   *Covid-19*

COVID-19 (oronavirus disease) is an infectious illness caused by the SARS-CoV-2 virus. Most patients infected with the virus will have mild to severe respiratory sickness and will recover without needing any specific therapy. Some, though, will get very ill and require medical treatment (Verma and Prakash, 2020). People over the age of 65, as well as those with underlying medical disorders such as cardiovascular disease, diabetes, chronic respiratory disease, or cancer, are at a higher risk of developing serious illness. Anyone of any age can become very ill or die as a result of COVID-19. The effects of COVID-19 on the world's economy, communities, and health have been profound. It has disrupted daily life, led to the closure of businesses and schools, caused job losses, and strained healthcare systems. Governments and health authorities worldwide have been working to mitigate the impact and manage the ongoing challenges posed by the pandemic. It is important to stay informed about COVID-19 by following guidance from reputable sources such as the World Health Organization (WHO) and local health authorities to protect yourself and others from the virus (Singh and Singh, 2020).

Methodology

In this research, the design used is descriptive research with a quantitative approach. Quantitative research is a method for testing certain theories by examining the relationship between one variable and another (Cresweel, 2012). The method used in this research is correlation which aims to detect the extent to which variation in a factor is related to another factor based on the correlation coefficient. The population and sample in this study were 50 respondents, namely students of the University of Bandar Lampung who had bought cakes at Mookies Bakery. The data collection method is by means of interviews and direct observation by distributing questionnaires

(surveys). The analysis test used is multiple linear regression and hypothesis testing, previously it has passed validity and reliability testing and is calculated with an analysis tool, SPSS 2.5.

Result and Discussion

a. *Multiple Linear Regression Result*

Table 1. Multiple Linear Regression Result

Coefficientsᵃ

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.987	3.246		.612	.543
	Quality Product	.654	.100	.683	6.523	.000
	Customer Satisfaction	.239	.098	.255	2.438	.019

a. Dependent Variable: Customer Loyalty

Source: SPSS output, 2022.

With multiple linear regression equation above as the base, the interpretation will be explained below:

a) The result above can be stated with $Y = 1.987 + 0.654X_1 + 0.239X_2$ equation. This can be interpreted that the Customer Satisfaction coefficient (0.239) being lower than the Product Quality coefficient.

b) Product Quality coefficient (X_1) is 0.654 which shows a lot of positive impact between Product Quality (X_1) and Customer Loyalty (Y). Therefore, if X_1 increased by 1% but the Costumers Satisfaction is the same (no change) then the Costumer Satisfaction will increase to 6.54%.

c) Customer Satisfaction coefficient (X_2) is 0.239 which shows that there are positive impacts between Costumers Satisfaction (X_2) and Costumers Loyalty (Y). Therefore, if X_2 increased by 1% but the Product Quality is the same (no change) then Customer Satisfaction will increase to 2.39%.

d) From both of the variables, it can be concluded that Costumers Loyalty is more affected by Costumers Satisfaction than Product Quality.

b. *Coefficient of Determinant*

Table 3. Coefficient Determination Result

Model Summary

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.701ᵃ	.492	.470	1.658

a. Predictors: (Constant), Customer Satisfaction, Quality Product

Source: SPSS output, 2022.

From the result of the calculation above, it can be assumed that the Coefficient of Determination (R Square) is 0.492. Therefore, if 49.2% of customers show their loyalty to Mookies Bakery for Product Quality and Consumers Satisfaction as their factor, then the difference of it is 50.8% as there are more variables that are not included.

c. *Hypothesis Testing*

a) Partial Hypothesis Testing or T-Test

Table 4. Partial Hypothesis Testing or T-Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.987	3.246		.612	.543
	Quality Product	.654	.100	.683	6.523	.000
	Customer Satisfaction	.239	.098	.255	2.438	.019

a. Dependent Variable: Customer Loyalty

Source: SPSS output, 2022

Interpretation:

1. Variable of Product Quality (X_1) and Costumers Loyalty (Y)
   T_{hitung} (6.523) in the variable of loyalty in bigger than T_{tabel} (2.011), or in other words, $T_{hitung} > T_{tabel}$. Meanwhile, the result from *significant* (0.000) is lower than the set α (0.05) and therefore it can be assumed as *significant*. With that, H_o is rejected and H_a is accepted, or in other words, the first hypothesis, Product Quality has a significant impact on consumers' satisfaction with Mookies Bakery, has become the proof and the truth.

2. Variable of Customer Satisfaction (X_2) and Costumers Loyalty (Y)
   T_{hitung} (2.438) in the variable of costumers satisfaction is bigger than T_{tabel} (2.011), or in other words, $T_{hitung} > T_{tabel}$. Meanwhile, the result of *significant* (0.0169) is smaller than the set α (0.05) and therefore it can be assumed as *significant*. With that, H_o is rejected and H_a is accepted, or in other words, the second hypothesis, Consumers Satisfaction has a significant impact on consumers' satisfaction with Mookies Bakery, has become the proof and the truth.

b) ANOVA Hypothesis Testing or F Test

Table 5. ANOVA Hypothesis Testing or F Test

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	124.931	2	62.466	22.715	.000[a]
	Residual	129.249	47	2.750		
	Total	254.180	49			

a. Predictors: (Constant), Customer Satisfaction, Quality Product

b. Dependent Variable: Customer Loyalty

Source: SPSS output, 2022

The test was done simultaneously and resulted in $F_{hitung} = 22.715$ and signification (sig.) $0.000 < α\ 0.05$. Therefore, H_o is rejected and H_a is accepted, or in other words, both Product Quality (X_1) and Consumers Satisfaction (X_2) have a significant impact on costumer satisfaction (Y) of Mookies Bakery. The Third Hypothesis, Product Quality and Customer Satisfaction have a significant impact on consumers' satisfaction with Mookies Bakery, is proven and accepted as truth.

Conclusion and Recommendations

Conclusion

Based on the results of the research and discussion, it can be concluded that:

1. Product Quality creates an impact on Customers Satisfaction of Mookies Bakery and this is proven and accepted as truth.

2. Consumers Satisfaction creates an impact on Customers Loyalty of Mookies Bakery and this is proven and accepted as truth.

3. Together, both Product Quality and a product's feature create an impact on Customers Loyalty of Mookies Bakery and this is proven and accepted as truth.

Recommendations

From the writers' qualitative and quantitative analysis data, there are several recommendations that the writers can recommend to Mookies Bakery to further increase their Costumers Loyalty:

1. Mookies Bakery in Bandar Lampung should increase their Product Quality by increasing the variety of foods and drinks in their menu so the costumers have more options they can choose which in the end increase the customers' loyalty.

2. Mookies Bakery in Bandar Lampung should build a good relationship with their customers by catering to the customers' need which in the end increase the customers' purchase.

3. In improving Costumers Loyalty, the aspect of Product Quality and Consumers Satisfaction should also be improved which in the end will improve the customers' trust and urge them to purchase more products from Mookies Bakery in Bandar Lampung.

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