

**“THE INFLUENCE OF PRODUCT KNOWLEDGE,
PRODUCT QUALITY, AND PRICE FOR THE CUSTOMER
SATISFACTION AND LOYALTY”**

The Case Study of PT KLINK INTERNATIONAL

A THESIS

Presented as Partial Fulfilment of the Requirements
To Obtain the Bachelor Degree in Management Department

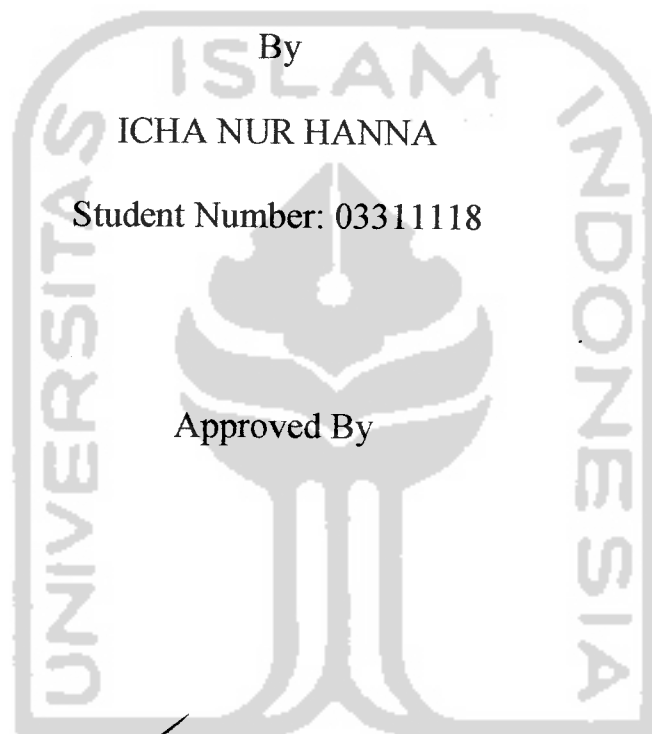


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YOGYAKARTA
2008**

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A BACHELOR DEGREE THESIS

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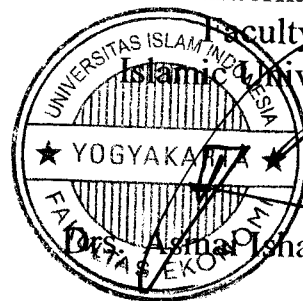
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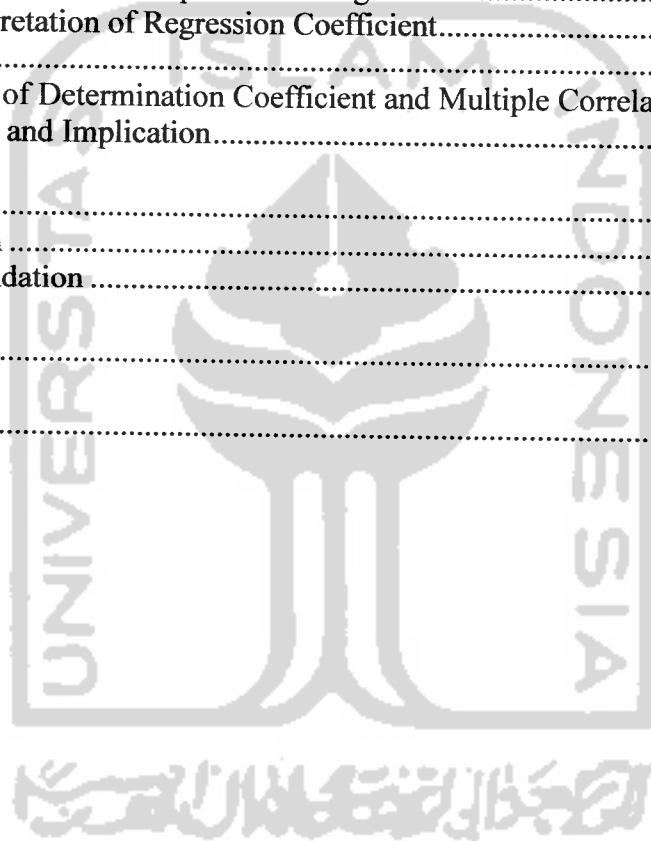
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ABSTRACT

The objectives and assumptions of health care reform have changed repeatedly during the past century. Health informatics has long been peripheral to reform and must now become more central. Nowadays many kinds of health products and multilevel companies are spreading everywhere including different brands. These companies can see the indicators of an unhealthy life style and recognize many people will need their product. Expenditures on health care will likely continue rising because technological innovation makes possible new services and products.

This Study analyse the influence of product knowledge, product quality, and price for the customer satisfaction & loyalty. The focus of the study is to see how positively the responds of the market toward of the products of PT KLINK INTERNATIONAL and significantly the relationship between the variables.

CHAPTER I

1.1 STUDY BACKGROUND

The objectives and assumptions of health care reform have changed repeatedly during the past century. Health informatics has long been peripheral to reform and must now become more central. By the 1930s the focus had shifted to the cost of medical care then by the 1970s however rising costs began to preoccupy health policy. Many people try to get many information's about health care to get advice and information about health problems more quickly and to learn about options that their doctors or health plans might not otherwise provide. Expenditures on health care will likely continue rising because technological innovation makes possible new services and products. The image of the consumer stands at the heart of attempts to reform health systems to meet the demands of the modern world in which citizens are assumed to have greater access to information and improved confidence in challenging clinician authority (Coulter and Magee, 2003; Goode et al., 2004). Shaw and Aldridge (2003) group definitions of consumerism into three categories, tracing the significance in the literature of consumerism as a social movement; as a way of life that involves a transformation of the self; and as an ideology that legitimates capitalist society. In the 1970s it was the microwave trend, in the 1980s it was the video trend, in 1990s it was the computer and internet. And sales market on

video's era was a millionaire thus the sales market on 90's was a billionaire. The next trillion by Paul Zane Pilzer "By the Year 2010, an additional \$1 trillion annually of the US Economy will be devoted to the wellness industry." It is predicted that In 2010 the USA will experience an increase in demand for health care of up to 500%. The total health product sales per year is \$200 Billion which is 50% of the sales of automotive products by 2010 it is estimated that it will become \$ 1 trillion or in sales an increase of 500 %. The increase will be larger than that for automotives and computers. These products are for anti aging, for health, for beauty performance, and for healing illness. The sales of \$200 million per month will become \$1 trillion/month only for healthcare, that is,\$2,7 billion/ day, \$114 million/ hour, \$1.9 million/ minute. Many people will try to consume many health products to avoid many kind of diseases that frequently occur due to the effects of air pollution, dirty water, unhealthy food and drink, stressing, little rest, and no exercise. These factors cause many diseases in humans.

Nowadays many kinds of health products and multilevel companies are spreading everywhere including different brands. These companies can see the indicators of an unhealthy life style and recognize many people will need their product. As long as humans are alive health products will be needed. Many competitors year by year in many countries and companies, difference is in licensing certificate only. However such as the change over time of becoming healthy after consuming the product also give effect for some one who wants to purchase again the product or wants to try other products. But product quality that ensures that

consumers will get a good result is the most important thing. A guarantee like insurance from the company will also support the perceived quality of the product for the consumer if something happens. Positive results the consumers will create stronger belief in the quality of the product for the societies. The unique and good quality products which are promoted by mouth to mouth promotion/ direct selling not TV and electronic media has a benefit for consumers and seller of the products because the electronic promotion budget is eliminated so the product will be cheaper while maintaining a good quality product. For example can show the demonstration of the products for the first impress to the consumer and to make sure the fastest reaction than other products from other multilevel company.

Nowlis (1995) examines how consumers implicitly trade off price with quality when making product choices, they found that consumers in conditions of time constraints were more likely to choose (1) higher quality, high price brands, (2) high quality brands over low quality brands, and (3) top of the line products with many enhanced product features over basic models with fewer features.

Since price reflects the quality and reputation information used by consumers, it is necessary to specify a model of price determination that incorporates and reputation effects. Consumers use reputation and current quality indicators when making purchase decisions. They do this by relating prices to the information that is available to consumers. If consumers have information on current product quality, the price they are willing to pay for a product will depend on this current quality information. When consumers do not know current quality, but can observe

reputation indicators which they use to form perception of current quality, price will reflect the value to consumers of these reputation indicator variables rather than current quality.

The increasing of strict competition, where more producers are involved in fulfilling the customer's needs and willingness has caused each company forced to placed its customer satisfaction as the first priority and main objective. It is more believable that the major key for winning the competitions by giving the score and satisfaction to the customer through providing quality products and services in the competitive price. We have to understand that loyal customers are customers who hold favorable attitudes toward the company, commit to repurchase the product , and recommended the product to others (John T. Bowen and Shiang Lih Chen, 2001). This loyalty can't be taken for granted. It will continue only as long as the customer feels they are receiving better value than they would obtain from another supplier.

Because of that reason, the writer wants to analyze product knowledge, price and product quality toward the customer satisfaction and loyalty of products PT KLINK INTERNATIONAL.

1.2. Problem Identification

As a marketing tool distributors have a purpose to give information about a product, build recognition & consumer loyalty and finally persuade consumers to buy. But from consumers' point of view, they have a different perception caused by some factors one of them is consumers' product knowledge. Therefore the writer would like to do research about the influence of product knowledge, product quality, and price for the customer satisfaction & loyalty toward of products of PT KLINK INTERNATIONAL.

1.3. Problem Formulation

1. Do Product quality, product knowledge, and price have/make a positive effect on customer satisfaction?
2. Do Product quality, product knowledge, and price have/make positive effect on customer loyalty?

1.4. Limitation of Research Area

1. In this case the writer will limit the scope of the sample to the city of Yogyakarta

2. Customer whose consume the products of PT KLINK INTERNATIONAL

1.5. Research Objectives

The objectives of the research are:

1. Prove that Product quality, product knowledge, and price on the independent variables used in this study will have a strong positive effect on customer satisfaction. The objective of this study is to explore the effect of the independent variables. Product quality, product knowledge, and price on consumers who have previously used the products of PT KLINK. A positive response from consumers will strengthen the brand image as a result of customer satisfaction.
2. Prove that Product quality, product knowledge, and price will have a strong positive effect on customer loyalty? The objective of this study is to explore the effect of the independent variables. Product quality, product knowledge, and price on consumers who have previously used the products of PT KLINK. A positive response from consumers will strengthen the brand image as a result of customer loyalty.

1.6. Research contribution

This research makes a contribution:

1. For the writer

This research provides additional value to the learning process by encouraging the writer practicing to study the theoretical frameworks and apply them.

2. For company

This research can be used to determine the strategies used to promote better their products.

3. For marketer

It can be used as a guide in decision making to design an effective sales strategies that can be used as a tool in understanding consumer behavior in Indonesia, so that the decision making process is grounded on solid considerations.

4. For other

This research can be used as a source of information for further research.

CHAPTER II

REVIEW OF RELATED LITERATURE

2.1. Theoretical Review

At this time the outcome of sales of the products to society has a strong relationship with product knowledge, product quality, price, customer satisfaction and loyalty.

If these factors are maximized this will result in significant profits for the company especially in market demand that will increase. And this will indicate the resulting customer satisfaction that has been delivered by the company.

2.2 Product Knowledge

In this time researchers do not only pay attention to objective element or giving information, but also focus on consumers' subjective element, or it is also called cognitive process. This process is a consumer interpretation process that consists of knowledge, meanings, and beliefs. So what is mean by knowledge is something that is used use by people in interpreting information from their environment.

Cognitive process focuses on how external information from an environment is changed to something meaningful (or thinking pattern) and how

something meaningful is used together with judgment. In certain things consumers are not rational in deciding something due to emotion and mood at that time. An effect model from advertising is outline as follows (see figure 2.3)

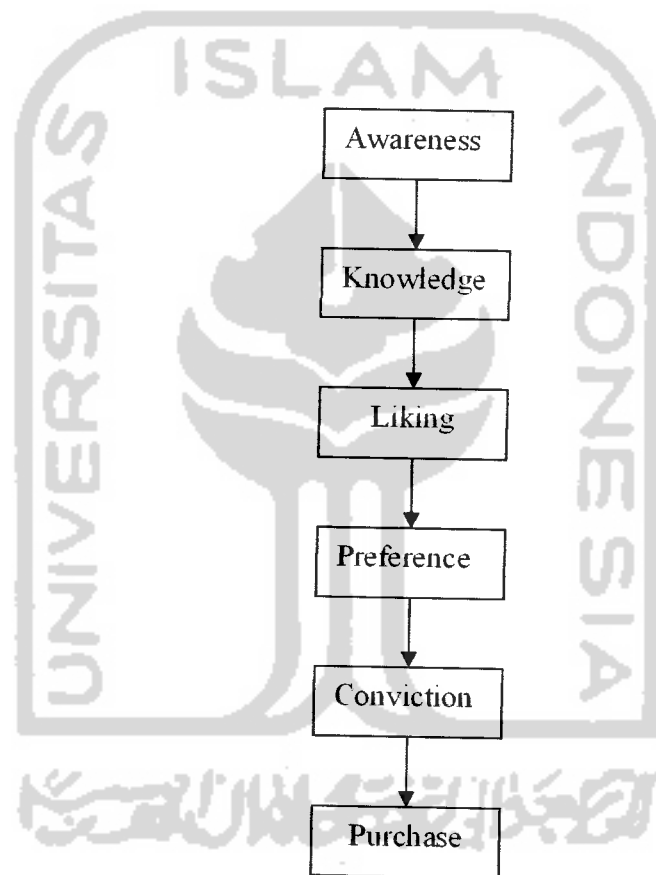


Figure 2.3 Hierarchy Effect Model

Source: Peter J Paul & Jerry Olson 2002. Consumer Behavior & Marketing Strategy. Irwin Mc Graww Hill. International Edition p.200

Consumers have different levels of knowledge. These levels are from really abstract, starting from product class- product form- brand feature/model. Each level is used for a different purpose. Knowledge is something that is kept in people is memory and use in the interpretation process (Peter & Olson, 2002:74)

There are three types of product knowledge, they are:

1. Knowledge about an attribute or product characteristics that consists of an abstract attribute representing more subjective intangible characteristics of a product such as quality, comfort, etc; and concrete attributes representing tangible, physical characteristics of a product such as type, price, shape, and can be in the form of feeling such as I do not like the product, I like the product very much, etc.
2. The positive consequences or benefits of using products. Consequences are the outcomes that occur when the product is purchased and used or consumed. Consumers can have knowledge about two types of product consequences; functional consequences are tangible outcomes of using a product that consumers experience rather directly. For instance, functional consequences include the physical, tangible performance outcomes of consuming the product. Psychosocial consequences refer to the psychological and social outcomes of product use. Psychological consequences of product use are internal, personal outcomes, such as how the products make you feel. Benefits are the desirable consequences consumers seek when buying and using products and brands. Consumers can have both cognitive knowledge about benefits and affective responses to those benefits.

Cognitive knowledge includes propositions linking the product to desired functional and psychosocial consequence. Affective reactions to benefits include positive feelings associated with the desired consequence.

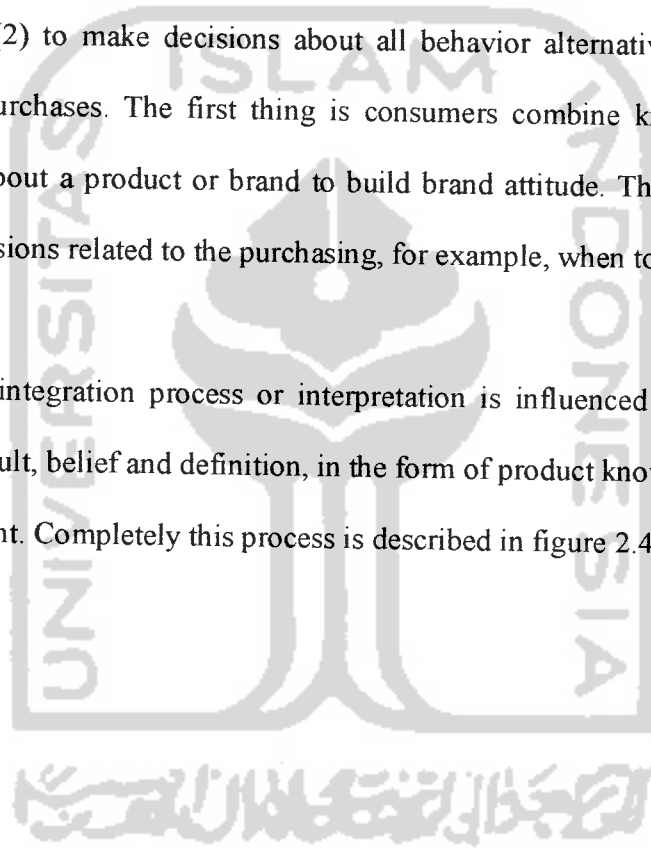
3. The values of the product help consumers satisfy. Values are people's broad life goals. Values often involve the emotional effects associated with such goals and needs (the strong feelings and emotions that accompany success). There are many ways to classify values. One useful scheme identifies two types or levels of values; instrumental values are preferred models of conduct. They are the ways of behaving that have positive values for a person (having a good time, acting independent, showing self reliance). Terminal values, on the other hand, are preferred psychological states (happy, at peace, successful). Both instrumental and terminal values (goals or needs) represent the most personal consequences that people are trying to achieve in their lives.

Figure 2.4 explains this process. This model consists of 2 main processes, which are 2 main functions in human cognitive system. First it is a process how a consumer interprets information that comes from their environment. This process results in a new and involvement of 2 cognitive processes that to which they pay attention and comprehend. Attention is paid by consumers to choose which information needs to be interpreted or avoided. Comprehension is used to know subjective definition and finally create personal knowledge and beliefs. Knowledge, definition and beliefs are kept in long term memory and used in the

integration process. Consumer will process knowledge and beliefs to become structured knowledge.

The integration process shows how consumers combine two types of knowledge: (1) to form whole evaluation about a product, object or certain behavior (2) to make decisions about all behavior alternatives, for example in making purchases. The first thing is consumers combine knowledge and their feelings about a product or brand to build brand attitude. The second is used to make decisions related to the purchasing, for example, when to buy, where to buy, etc.

The integration process or interpretation is influenced by the knowledge storage result, belief and definition, in the form of product knowledge and product involvement. Completely this process is described in figure 2.4



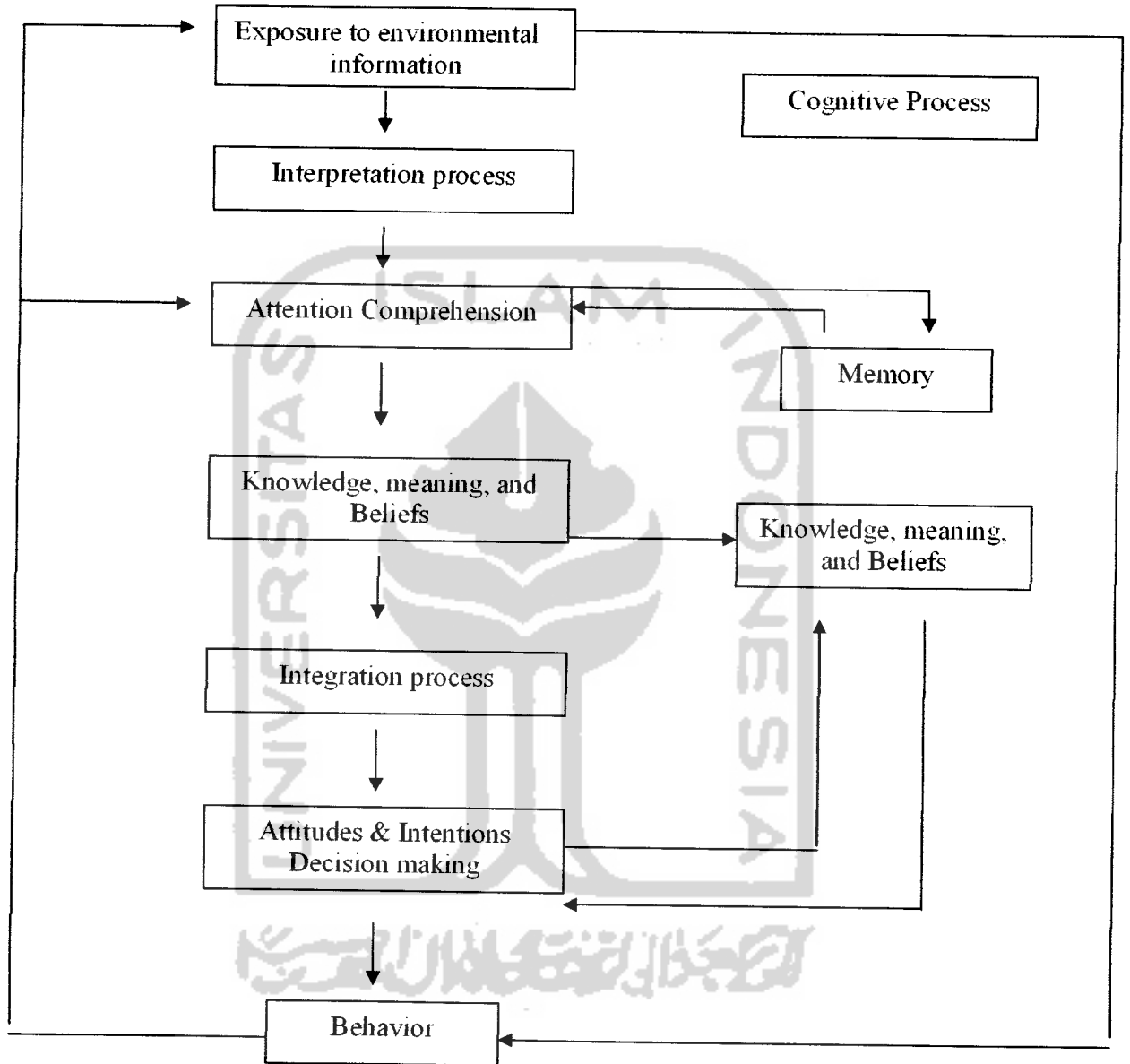


Figure 2.4 Process Cognitive model in Decision making

Source: Peter J Paul & Jerry Olson 2002. Consumer Behavior and marketing strategy. Irwin Mc Graw Hill International Edition p.195

2. Price and Product Quality

The objective price of a product provides meaning to consumers only after it has been encoded as an internal representation. The price of a product is one of the most important decision variables for both the consumer and the seller. Competitive conditions in the marketplace have made price an even more important differentiating factor in formulating marketing and business strategies. As a result, price has increasingly become a focal point in consumers' judgments of offer value as well as their overall assessment of the retailer (Monroe, 2003; Monroe and Lee, 1999; Oliver, 1997). Price serves not only as an indicator of monetary sacrifice but it also an indicator of product quality. When consumers are unable or are not motivated to process product attribute information, they are more likely to use the price quality heuristic when evaluating a product offering (Rao and Monroe 1988). However, consumers are less likely to use price as an indicator of quality when they have the ability and motivation to process other information that might help their evaluations. In such situations it is likely that price will serve more as an indicator of sacrifice than as an indicator of quality. Thus, when contexts allow consumers to process the available information, price likely will be used more to infer sacrifice than quality. But when situations limit information processing, price information likely will be used more to infer quality than sacrifice.

However, price may play a uniquely negative and positive role in this assessment of value because price serves not only as an indicator of quality (Monroe 2003). But how the subjects integrated the information or the relative importance they placed on the negative and positive aspects of the price information is unknown. Nowlis (1995) examining how consumers implicitly trade off price with quality when making product choices, found that consumers in conditions of time constraints were more likely to choose (1) higher quality, high price brands, (2) high quality brands over low quality brands, and (3) top of the line products with many enhanced product features over basic models with fewer features. If perceived value represents a trade off between perceived sacrifice and perceived quality, then we would expect that judgments of value will reflect the relative difference in importance that consumers place on the price and product quality will give strong relationship for the customer satisfaction. Perceived quality has been shown to affect, e.g. perceived value (Chang and Wildt, 1994), satisfaction, and loyalty (Hansen, 2001). The way consumers perceive the quality of the product before a purchase is often different from the way quality is perceived after consumption.

Nowadays time constraints influence consumers' product evaluations over different levels of price information. Using price as the attribute information to be evaluated, the effects of time constraints on the relationship between price and consumers' perceptions of quality and monetary sacrifice are proposed.

3. Customer Satisfaction

Customer satisfaction is a customer's perception that his or her needs, wishes, expectations, or desires with regard to products and service have been fulfilled. According to Jochen Wirtz (2003), satisfaction is matching the needs and wants with the expectation from the chosen product and truly one dimensional response to consumption experience. Stronger emotional response to consumption will influence the customer satisfaction. According to Paolo Genzi and Ottavia Pelloni (2004), overall satisfaction is the customer's dis/satisfaction with the organization based on all encounters and experience with that particular organization.

In the marketing literature based on Anderson, Fornell, and Mazvancheryl 2004; Fornell 1992 said that customer satisfaction is defined as an overall evaluation based on the customer's total purchase and consumption experience with a good or service overtime. Customer satisfaction has been recognized as an important part of corporate strategy (Fornell et al, 2006) and a key driver of firm long term profitability and market value (Gruca and Rego 2005). Basically a goal of a business is for creating the customer's feeling of satisfaction can give some benefits.

John B. Clark and Hojong Hwang divided the concept of satisfaction into four categories. First, satisfaction is viewed as a cognitive concept to be rewarded for the consumer's payment. Second, it is regarded as an evaluation on the accord

of previous expectation with alternatives of the selection. Third, satisfaction is defined as an effective response after purchase. Fourth, consumer satisfaction demonstrates that satisfaction judgments are influenced by both emotional responses and cognitive disconfirmation.

3.1.CUSTOMER SATISFACTION THEORY AND MODEL

Customer satisfaction theory and model is varied, because this topic is still being developed and there is no agreement about the most effective concept and model. It is presented some concepts or models as follows which are met and used (Pawitra, 1993,pp. 138-139), i.e. based on the micro economic theory and psychological perspective from the customer satisfaction.

3.1.1Micro Economic Theory

In the economic theory, the basic factor used by customer in allocating the rare resources is in the condition where the comparison between the marginal utility and the price of each product will become the same. In the differential markets, all customers will pay the same price, and individuals who should be ready to pay a higher price will get the subjective utility called as customer's surplus is in fact, the differential between the satisfaction obtain by a person in consuming a number of goods (Sukimo, 1994,p.160). so, based on this theory,

customer's surplus mirror the customer satisfaction, where the more surplus, the bigger the customer satisfaction, where the more surplus, the bigger the customer satisfaction and vice versa.

There is a basic difference between the concepts of consumer's surplus and the concept of customer satisfaction.

3.1.2 Psychological Perspective from Customer Satisfaction

Based on the Psychological Perspective, there are two models of customer satisfaction, i.e., cognitive and effective model

a. Cognitive Model

The customer assessment based on this differential between a group and combination of attributes is considered ideal for individual and its perception about the combination of real attributes. The customer satisfaction index in the cognitive model measures the difference between what to be actualized by the customers in buying a product or service and what really offered by the companies. Based on this the customer satisfaction can be reached by two mains:

a. Expectation Disconfirmation Model

The customer satisfaction is determined by two cognitive factors, i.e., pre purchase expectation that is the performance that is anticipated from one product and service, and the disconfirmation, i.e., the difference between the pre purchase expectation and post purchase perception. Many experts identify three approaches

in conceptualization of pre purchase expectation (Tse and Wilton, 1998, p.205; Engel, et.al., p. 545) that is:

- Equitable performance (normative performance), that is the normative assessment mirroring the performance that should be expected by a person for the cost and effort having been poured for buying and using a product or service
- Ideal performance, which is the level of optimum performance or ideal expected by a customer
- Expected performance, which is considered the level of optimum performance or the most expected or preferred performance by customers (what the performance probably will be). Their type is mostly used in this research on the customer satisfaction or dissatisfaction.

The assessment on satisfaction or dissatisfaction is based on the model of expectancy. Positive disconfirmation if the performance is worse than expected, simple disconfirmation if both are the same, and negative disconfirmation if the performance is worse than expected. The difficulty from this model is that there is no conceptualization found exactly about the comparison standard and disconfirmation construct (Tse and Wilton, 1998, p. 204)

- Equity Theory

According to this theory, a person will be satisfied if the outcome ratio obtained computed with the input used is considered fair or right. It means

satisfaction happens if customers feel that the ratio of result to the input is proportional to the same ratio (outcome compared with the input) obtained with another (Oliver and De Sarbo, 1998, p. 496).

- Attribution Theory

This theory is developed from the work of (Weiner 1971, in Oliver and De Sarbo, 1998, p. 496; Engel et., al., p. 547). This theory states that there are three dimensions (causes) determining the success or failure of outcome, so it can be determined whether a purchasing activity satisfies or dissatisfies them.

The three dimensions are as follows:

1. Stability or variability whether the causative factor is momentary or permanent
2. Locus of causality whether the cause correlates with the customer (external attribution) or with the marketers (internal attributions). The internal attribution is often correlated with the capability and effort done by many factors such as the level of difficulty of a task and factor of luck'
3. Controllability. Whether the cause exists in their own control or pursued by external factors, which can not be influenced. If the customer feel that the failure of a product to fulfill their expectation because of the stable factors and the marketing, they tend to believe that in the future if they purchased the same product, the failure will

happen again. Hence they tend to decide not to repurchase the products.

b. Affective Model

The affective model states that the individual customer assessment to a product is not only based on the rational calculation, but also based on the subjective needs, aspiration, and experience. The affective model is more focused on the aspiration level, learning behavior, emotion, specific sense (appreciation, satisfaction, reluctance, and other), mood. The meaning of focus is in order to explain and measure the level of satisfaction longitudinally.

3.1.3 Measurement on the customer satisfaction

Monitoring and measuring of the customer satisfaction has become the very essential thing for each company. It is caused by the step of giving feedback and income for needs of development and implementation of strategy to increase customer satisfaction. Principally the customer satisfaction can be measured by many kinds of methods and techniques. These will be discussed in this section.

Method of measuring Customer Satisfaction

Kotler (1994. 41-43) identified four methods for measuring the customer satisfaction

1. System of Complains and Request

Organization centering on the customers (customers centered) gives the extended opportunity to the customers for conveying suggestion and complaint, for

example by repairing request kit, comments cards, customer hotline. This information can give ideas and income for the companies and make them to react readily and quickly for overcoming the problems that occur. This method is focusing more on the problem identification and request collection.

2. Ghost Shopping

One way of obtaining the description of the customer satisfaction is by employing some people (ghost shoppers) for taking a role or participating as the potential buyers of the companies' product and competitors. Then they report their findings on the strength and weaknesses of the companies' products and their experiences in buying the products. Beside this, ghost shoppers can also observe the way of holding each claim, either by the concerned companies or the competitors.

3. Lost Customer Analysis

Companies should contact the customer satisfaction is held by the research survey, either by post, telephone, or personal interview (Mc Neal and Lamb in Peterson and Wilson, 1992, p.61). Through this survey, companies will get responses and feedback directly from the customers and give the positive signal that the companies give special attention to the customers

4. Customer loyalty

Customer loyalty is most commonly defined as patronage behaviors expressed overtime and by pattern of repurchase (Dick & Basu 1994; Olsen 2002). True customer loyalty should encompass a positive attitude and a sense of commitment to the organization (Dick & Basu 1994; Ganesh et al.2000). Shankar

et al (2003) argues that loyalty and commitment fortify overall satisfaction and may make customers more forgiving experiences. Lam and colleagues (2004) argue that loyal customers may derive greater personal, non economic satisfaction, and consequently express higher satisfaction than less loyal customers.

There are three distinctive approaches to measure loyalty:

1. Behavioral measurement
2. Attitudinal measurement
3. Composite measurement

The behavioral measurements consider consistent, repetitious purchase behavior as an indicator of loyalty. But repeat purchase does not always mean commitment. Attitudinal measurements use attitudinal data to reflect the emotional and psychological attachment inherent in loyalty. Loyalty attitudes are a softer measure than behavior because people can feel one way and behave quite differently. The third approach, combines the first two dimensions and measure loyalty by customers' product preferences, propensity of brand switching, frequency of purchase and total amount of purchase (Simon D. Knox and Tim J. Denison, 1999). Loyal customers are customers who hold favorable attitudes toward the company, commit to repurchase the product, and recommended the product to others (John T. Bowen and Shiang Lih Chen, 2001). Paolo Genzi and Ottavia Pelloni (2004) examined loyalty at the interpersonal level. They define loyalty as intention to repurchase and to recommend. Loyalty is vulnerable

because even if customers are satisfied they will continue to defect if they believe they can get better value, convenience or quality elsewhere. Therefore customer satisfaction is not an accurate indicator of customer loyalty. Customer loyalty is frequently operationalised as the product or service that first comes to mind when making a purchase decision (Newman and Werbel, 1973; Bellenger et., al, 1976; Dwyer et al., 1987)

Roger Hallowell (1996) define loyalty behavior as relationship continuance, increased scale or scope of relationship, and recommendation (word of mouth advertising) result from customer's belief that the quantity of value received from one supplier is greater than that available from other supplier. Andrea McIlroy and Shirley Barnett (2000) describe loyalty is a customer's commitment to do business with a particular organization, purchasing their goods and service repeatedly, and recommending the services and products to friends and associates. They also describe that loyalty customer can mean a consistent source of revenue over a period of many years. However, this loyalty can't be taken for granted. It will continue only as long as the customer feels they are receiving better value than they would obtain from another supplier. There is always the risk that a customer will defect when a competitor offers better value or a wider range of value added option. So before a relationship with a customer can develop, loyalty must be present.

Dean, Alison (2001) describe loyalty is interpreted as true loyalty rather than repeat purchasing behavior, which is the actual repurchase of brand,

regardless of commitment. Based on Andrea McIlroy and Shirley Barnett (2000) said that the cost of attracting new customers include advertising and promotion, but loyal customers also act as word of mouth advertisers and will generally spend more.

THEORITICAL FRAMEWORK

For the purpose of this study, it is very important to examine the relationship between customer satisfaction and loyalty with the three prerequisites; product knowledge, price and product quality. It proposes to examine three sets of relationships:

1. How product knowledge will affects customer satisfaction and loyalty.
2. How product quality will affects customer satisfaction and loyalty.
3. How Price will affects customer satisfaction and loyalty.

Based on these three relationships a model is proposed in Figure 1.

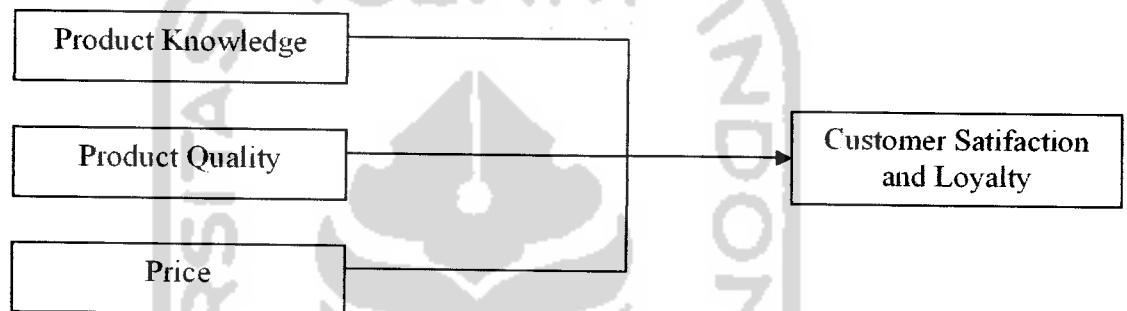
This model predicts that product knowledge, price and product quality will directly influence customer satisfaction and loyalty.

In this model, perceived product knowledge, price and product quality positively affects customer satisfaction. Satisfaction is considered a key antecedent of a whole battery of desired behavioral intentions (Lovelock and Wright, 2002; Zeithaml, Berry and Parasuraman, 1996), such as recommendation of the provider, repurchase behavior and a preference for a particular provider compared to its competitors (Dick and Basu, 1991). In a relationship context,

customer satisfaction results from a comprehensive evaluation of the complete service offer (Liljander and Strandvik, 1995; Bateson, 1991)

Figure 2.

Model of the relationship between product knowledge, price and product quality, customer satisfaction and loyalty



HYPOTHESIS FORMULATION

Hypothesis is an unproven proposition or supposition that tentatively explains certain facts or phenomena that can be a probable answer to a research question (Zikmund, 1991: 99). There are two criteria of a good hypothesis: firstly, hypothesis is statements about the correlation of variables, secondly, hypothesis consists of clear implication of evaluating the real correlation. The hypothesis of this research is as follows:

1. There is a positive influence of the variables of product knowledge on customer satisfaction and loyalty towards the products of PT KLINK INTERNATIONAL

2. There is a positive influence of the variables of price and product quality on the customer satisfaction and loyalty toward the products of PT KLINK INTERNATIONAL



CHAPTER III

RESEARCH METHOD

3.1. Research Method

The type of study in this research is an empirical research with case study and in the form of quantitative and qualitative research. The method used in this research is a survey method using questionnaires for subjects of the research.

3.2 Research Subject

3.2.1. Population

This research was done in the city of Yogyakarta area with the research object being the products of PT KLINK. The subjects of the research were the people of Kodya Yogyakarta that have been consumers of the products of PT KLINK.

3.2.2. Sample and Sampling Method

According to Hair et al in his book 'Multivariate Data Analysis', it is suggested that the minimum number of samples to generate valid data is 50 samples. It means that the ideal for estimation is 100 to 150 member population for a sample. Because of the research limitation, the writer took 100 respondents as the sample population. In this research the sampling method that will be used is convenience, in this case the writer is free to choose people of Kodya Yogyakarta that have been consumers of the products of PT KLINK.

3.3. Research Setting

This research was conducted in Kodya Yogyakarta area.

3.4. Research Instrument

3.4.1. Validity

Instrument validity test is testing the research tools to know how far the measurement tools can measure correctly the symptom or part of symptom that needs to be measured, and how far the measurement tools can give accurate data. Validity tests are done by analyzing whether the sub variable is valid or not that is used as a measurement and next from the sub variable that is valid. Using the SPSS program it will find the correlation between each sub variable value and the total variable value, and the value of each question item with the total value of the question item per variable. In this case Pearson Correlation was used to find the r correlation. The indicator of the validity of the sub variable and questions items is achieved when the calculation result is matched with the critical number of Pearson Correlation.

Characteristics of good measurement can be seen from the validity of the content, criteria, and construct. The validity of this research can be seen from the validity of criteria and construct, which is measuring how far a prediction tool (questionnaires) can consist of relevant aspects and to measure how far a prediction tool can represent the construct used in this research. Validity is measured by finding the values of correlation (using Pearson Method) that are derived from the pretest

result. The correlation test is done to the sub variable that is used in this research, and the question items that are used in this research. The Questions used in this research consisted of 3 types, product knowledge, product price and product quality factors. Product knowledge consisted of 5 Question items, product price consisted of 9 question items, and product quality consisted of 3 question items. The correlation product moment is done to see which one is valid.

All of the sub variable items are valid. This can be seen from the number of product moment correlation that showed more than the Pearson critical number. For example product knowledge r correlation of first sub variable for question number 1 showed the result number was 0.799 for $n=100$ so this sub variable is valid because r calculation is larger than the critical correlation number. For the second sub variable (product quality) for question number 1 the result number was 0.805 The number of the critical correlation was 0.1965 for $n=100$, so this sub variable can also be said to be valid. Table 3.1 shows the result of the validity test.

Table 3.1. The correlation Value of Each Question put to consumer of products
PT KLINK INTERNATIONAL

From data and the explanations above it can be concluded that none of the question is invalid. So all the question will be used in this research.

3.4.2. Reliability

The reliability test is related with the estimation of how far the measurement is free from random or unstable mistakes. A measurement can be said to be reliable if that measurement can give consistent results, so if the reliability of the instrument is strong (Robust), it means the instrument can work well at a different time (Cooper and Emory, 1995:153). This reliability test can be done by using the measurement technique of the alpha coefficient from Cronbach (Sutrisno Hadi, 1991:56). Testing is done with the SPSS Program. If the result of alpha is high enough (near 1) so the measurement tool (questionnaire) is seen as a reliable measurement tool.

All questions list are put in SPSS 10.0 for windows to find the value of alpha. And the value of alpha cronbach for each type of questionnaires shows that the reliability of questionnaires used as a measurement tool in this research are reliable or feasible to use. Table 3.2. will show the result.

3.5. Research Variables

Variables used in this study are product knowledge and consumers' attitude, product knowledge factors and product knowledge, price and product quality factors are used as independent variables, while customer satisfaction and loyalty are used as the dependent variables. And to know which factor of the product knowledge dominantly influence consumers' attitude. Those variables are as follows:

1. Product Knowledge

At this time researchers do not only pay attention to objective elements or giving information, but also focus on consumers' subjective elements, or it is also called cognitive process. This process is a consumer interpretation process that consists of knowledge meanings, and beliefs. So what is meant by knowledge is something that is used by people in interpreting information from their environment. Cognitive process focuses on how external information from an environment is changed to something meaningful or a thinking pattern, and how something meaningful is used together with judgment. In certain things consumers are not rational in deciding something due to emotion and mood at that time.

2. Price and Product Quality

The objective price of a product provides meaning to consumers only after it has been encoded as an internal representation. Price serves not only as an indicator of monetary sacrifice but it is also an indicator of product quality. When consumers are unable or are not motivated to process product attribute information, they are more likely to use the price quality heuristic when evaluating a product offering (Rao and Monroe 1988). However, consumers are less likely to use price as an indicator of quality when they have the ability and motivation to process other information that might help their evaluations. In such situations it is likely that price will serve more as an indicator of sacrifice than as an indicator of quality. Thus, when contexts allow consumers to process the available information, price likely will be used more to infer sacrifice than quality. But when situations limit information processing, price information likely will be used more to infer quality than sacrifice.

However, price may play a uniquely negative and positive role in this assessment of value because price serves not only as an indicator of quality (Monroe 2003). But how the subjects integrated the information or the relative importance they placed on the negative and positive aspects of the price information is unknown. Nowlis (1995) examining how consumers implicitly trade off price with quality when making product choices, found that consumers in conditions of time constraints were more likely to choose (1) higher quality, high price brands, (2) high quality brands over low quality brands, and (3) top of the line products with many enhanced product features over basic models with fewer features.

3. Customer Satisfaction

Customer satisfaction is a customer's perception that his or her needs, wishes, expectations, or desires with regard to products and service have been fulfilled. According to Jochen Wirtz (2003), satisfaction is matching the needs and wants with the expectation from the chosen product and truly one dimensional response to consumption experience. Stronger emotional response to consumption will influence the customer satisfaction. According to Paolo Genzi and Ottavia Pelloni (2004), overall satisfaction is the customer's dis/satisfaction with the organization based on all encounters and experience with that particular organization.

In the marketing literature based on Anderson, Fornell, and Mazvancheryl 2004; Fornell 1992 said that customer satisfaction is defined as an overall evaluation based on the customer;s total purchase and consumption experience with a good or service overtime. Customer satisfaction has been recognized as an important part of

corporate strategy (Fornell et al, 2006) and a key driver of firm long term profitability and market value (Gruca and Rego 2005). Basically a goal of a business is for creating the customer's feeling of satisfaction can give some benefits.

John B. Clark and Hojong Hwang divided the concept of satisfaction into four categories. First, satisfaction is viewed as a cognitive concept to be rewarded for the consumer's payment. Second, it is regarded as an evaluation on the accord of previous expectation with alternatives of the selection. Third, satisfaction is defined as an effective response after purchase. Fourth, consumer satisfaction demonstrates that satisfaction judgments are influenced by both emotional responses and cognitive disconfirmation.

4. Customer loyalty

Customer loyalty is most commonly defined as patronage behaviours expressed overtime and by pattern of repurchase (Dick & Basu 1994; Olsen 2002). True customer loyalty should encompass a positive attitude and a sense of commitment to the organisation (Dick & Basu 1994; Ganesh et al.2000). Shankar et al (2003) argue that loyalty and commitment fortify overall satisfaction and may make customers more forgiving experiences. Lam and colleagues (2004) argue that loyal customers may derive greater personal, non economic satisfaction, and consequently express higher satisfaction than less loyal customers.

There are three distinctive approaches to measure loyalty:

1. Behavioral measurement
2. Attitudinal measurement

3. Composite measurement

The behavioral measurements consider consistent, repetitious purchase behavior as an indicator of loyalty. But repeat purchase does not always mean commitment. Attitudinal measurements use attitudinal data to reflect the emotional and psychological attachment inherent in loyalty. Loyal customers are customers who hold favorable attitudes toward the company, commit to repurchase the product, and recommended the product to others (John T. Bowen and Shiang Lih Chen, 2001).

Roger Hallowell (1996) define loyalty behavior as relationship continuance, increased scale or scope of relationship, and recommendation (word of mouth advertising) result from customer's belief that the quantity of value received from one supplier is greater than that available from other supplier.

Dean, Alison (2001) describe loyalty is interpreted as true loyalty rather than repeat purchasing behavior, which is the actual repurchase of brand, regardless of commitment. Based of Andrea McIlroy and Shirley Barnett (2000) said that the cost of attracting new customers include advertising and promotion, but loyal customers also act as word of mouth advertisers and will generally spend more.

3.6. Research Procedures

The research procedures are:

1. Distributing the questioners

Before completing the questionnaires people of city of Yogyakarta were asked whether they had ever or currently are consumers of the products of PT KLINK. If they have ever consumed the products they can complete the questioners. And before they filled in the questioners they were given a clear explanation bout how to fill it in.

2. Validity and Reliability Test

Validity and reliability test were done on the results of questionnaires from 100 people of Kodya Yogyakarta to find out the validity and reliability of the questionnaires.

3. Data Analysis

The data were analyzed by using Pearson product moment and Alpha Cronbach.

4. Data interpretation

The data was transformed into data interpretation so as to be understandable.

3.7. Source of Data

The source of data used in this research was primary data collected using questionnaires. A questionnaire is a list of questions related to customer satisfaction & loyalty and product knowledge, price and product quality.

3.8. Technique of Data Analysis

3.8.1. Qualitative Analysis

Qualitative analysis is used by tabulating respondents' answers and arranging them in the form of percentage. This analysis is done to see the behavior of the consumer of products PT KLNK INTERNATIONAL.

3.8.2. Quantitative Analysis

Statistics methods applied in this research were:

- Multiple regression method

This general formula can be expressed as follows:

$$Y' = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \beta_n X_n + \text{error}$$

Y' = Customer satisfaction and loyalty

α = constant

$\beta_1, \beta_2, \beta_3, \dots, \beta_n$ regression coefficient associated with the independent variable $X_1, X_2, X_3, \dots, X_n$ and the error.

X_1 = Product knowledge

X_2 = Product quality

X_3 = Price

- F-test

F-test is a test that used to determine whether the regression line shows a statistically significant positive relationship between X (advertisement variable) and Y (consumers' buying decision making) or not. This test is also used to know

whether the coefficients of multiple correlation above significant or not. In other words, this test is to know the influence of independent variables (X) with the dependent variable (Y) by comparing F calculation and F table

$$H_0: R_{yx1x2x3} = 0$$

(There are no positive influences of product knowledge, price and product quality factors to customer satisfaction and loyalty)

$$H_a: R_{yx1x2x3} \neq 0$$

(There are positive influences of product knowledge, price and product quality factors to customer satisfaction and loyalty)

The test criteria : $F_{\text{count}} > F_{\text{table}} = H_0$ is rejected H_a accepted

$F_{\text{count}} < F_{\text{table}} = H_0$ is accepted H_a is rejected

- T-test

The T-test is done to test consumers' decision making received from those samples that represent their parameter consumers' decision making. This value is used in the coefficient test to explain that each independent variable (X) was influenced the change in the dependent variable (Y). By using this test, we expect to know how far statistics degrees are represented by that parameter.

$$H_0: r_{yx2} = 0, r_{yx2} = 0, r_{yx3} = 0$$

(Each independent variables partially has no significant influence on product knowledge, price and product quality)

$H_a: r_{yx1} \neq 0, r_{yx2} \neq 0, r_{yx3} \neq 0$

(Each independent variable partially has significant influences on product knowledge, price and product quality)

The test criteria: $t_{count} > t_{table} = H_0$ is rejected H_a accepted

$t_{count} < t_{table} = H_0$ is accepted H_a is rejected



CHAPTER IV

ANALYSIS AND DISCUSSION

This research was conducted on the consumers using products of PT. KLINK INTERNATIONAL Yogyakarta. The research purpose is to know the influence of variables of product knowledge, product quality and price on the customers' satisfaction and loyalty towards the products of herbal medicines sold in PT. KLINK INTERNATIONAL Yogyakarta. Validity and reliability tests were conducted prior to analysis of data.

4.1. Validity and Reliability Test

4.2.2. Validity Test

The validity test is aimed at measuring the accuracy of a measurement tool in conducting its measurement functions. The technique used for the validity test was the pearson product moment correlation. The instrument of measurement was said to have high validity, if this tool operates the measuring function according to the purpose of the conduction of this measuring. Statistically, the correlation value which is gained should be compared with the critical value of the correlation table of r value. To the significance level of 0.05 by the total of respondent by amount of 100 persons, thus the critical values is 1.984 (r table).

The results of the validity test are shown in the table as follows:

That is bigger than r_{table} ($r_{table} = 1.984$). Thus, it could be concluded that all of the items were stated to be valid. Thus, all of the items in the questions which are in the instrument of research could be stated to be appropriate as instruments to collect measure the data in the research.

4.1.2. Reliability Test

This test was conducted to know to what extent the measurement tool could give the consistent result if it is used to measure the similar object with the similar measuring tools. The technique used to evaluate the reliability is Cronbachis Alpha, by distributing the questionnaires to the consumers which use the products of PT. KLINK INTERNATIONAL in Yogyakarta. A research instruments could be stated as reliable if it has alpha more than 0.60 (Nunally, in Ghozali: 2001).

The results of the reliability test are stated in the table as follows:

Table 4.2
The Result of Reliability Test

Variables	Cronbach Alpha Coefficient	Critical Value	Explanation
Product knowledge	0.8619	0.6	Reliable
Product quality	0.9629	0.6	Reliable
Price	0.7235	0.6	Reliable
Customer satisfaction and loyalty	0.8974	0.6	Reliable

Table 4.1
Validity Test Result

Variable	Indicator	r xy	r table	Explanation
Product Knowledge (X1)	X1.1	0.799	1.984	Valid
	X1.2	0.829	1.984	Valid
	X1.3	0.863	1.984	Valid
	X1.4	0.768	1.984	Valid
	X1.5	0.775	1.984	Valid
Product Quality (X2)	X2.1	0.805	1.984	Valid
	X2.2	0.801	1.984	Valid
	X2.3	0.982	1.984	Valid
	X2.4	0.736	1.984	Valid
	X2.5	0.958	1.984	Valid
	X2.6	0.739	1.984	Valid
	X2.7	0.909	1.984	Valid
	X2.8	0.983	1.984	Valid
	X2.9	0.963	1.984	Valid
Price (X3)	X3.1	0.821	1.984	Valid
	X3.2	0.779	1.984	Valid
	X3.3	0.810	1.984	Valid
Customer Satisfaction and Loyalty (Y)	Y1	0.826	1.984	Valid
	Y2	0.820	1.984	Valid
	Y3	0.805	1.984	Valid
	Y4	0.635	1.984	Valid
	Y5	0.831	1.984	Valid
	Y6	0.863	1.984	Valid
	Y7	0.760	1.984	Valid

From the table 4.1 above it revealed the measuring of correlation coefficient from all of the questions. It consists of: 5 questions for the product knowledge variable, 9 questions for the product quality variable, 3 questions for the price variable, and 7 questions for the customer satisfaction and loyalty variable. From all of the calculation correlation coefficient (r_{xy}) have r calculation.

1. Respondents' Sex

Based on the respondents' sex, there are two groups, i.e. male and female. The result of data analysis is shown in the table below:

Table 4.3
Respondents' Sex

Sex	Total	Percentage
Female	35	35%
Male	65	65%
Total	100	100%

Source: Primary Data, 2007

From the data above, it revealed that the majority of consumers using herbal medicines of PT. KLINK INTERNATIONAL in Yogyakarta are male, i.e. as much as 65 respondents or 65%, the remaining 35 respondents or 35% having female sex.

2. Respondents' Age

The result of distribution of respondents' age is revealed in the table below:

Table 4.4
Respondents' Age

Age	Total	Percentage
< 25 years old	20	20%
25 – 35 years old	54	54%
36 – 46 years old	18	18%
> 46 years old	8	8%
Total	100	100%

Source: Primary Data, 2007

Based on the responses of 100 consumers using or who have used herbal medicine of PT. KLINK INTERNATIONAL Yogyakarta, there are 54 respondents or 54% aged between 25 – 35 years old, and 18% are aged 36 – 49 years old, i.e. 18 respondents. 8% of respondents are aged more than 46 years old 8 respondents. This reveals that the majority of respondents have a relatively young age are productive, i.e. between 25 – 35 years old, thus the necessities of herbal medicine to maintain their health are very necessary.

3. Type of Respondents' Occupation

Respondents' occupation can be grouped into 4 groups, i.e. Civil Servant, Entrepreneur/ Businessmen, Private Employees, Students/ University students, etc. The result of the data analysis gained the distribution value of the data frequency on respondents' occupation as seen in the table below:

Table 4.5
Type of Respondents' Occupation

Occupation	Total	Percentage
Civil Servant	13	13%
Businessmen/ Entrepreneur	18	18%
Student/ University Student	16	16%
Private Employees	32	32%
Others	21	21%
Total	100	100%

Source: Appendix 4

From table 4.5 above, it reveal that the majority type of consumers' occupation is the private employees consisting of 32% of the samples population.

Civil servants made up of the 13% respondents, the businessmen/ entrepreneur as much 18% (18 respondents) and the students/ university students as much as 16% or 16 respondents, the last category others of made up as much as 21% (21 respondents). The majority of respondents are private employees, this is because the consumer has a fixed income and a high level of income compared with other occupations, thus the level of capability/ buying power for herbal medicine products is higher compared with the respondents that have another occupation.

4. Respondents' Education

Someone's behavior and attitude sign on the educational level, because someone's behavior reflects the thinking ability. The result of data analysis gained from the distribution of data frequency of respondents' education is revealed in this table:

Table 4.5
Respondents' Education

Sex	Total	Percentage
Junior School	1	1%
Junior High School	5	5%
Senior High School	30	30%
Diploma	13	13%
S1 Scholar	47	47%
S2 Scholar	3	3%
S3 Scholar	1	1%
Total	100	100%

Source: Appendix 4

From table 4.5 above it is revealed that 47% of consumers are have S1 scholars as much 47% (47 respondents have S1), 3% (3 respondents are S2 scholars), S3 and

Junior School each is 1% (1 respondent are S3) and junior high school graduates respondents are 5% of respondents (5 respondents), Senior High School graduates are 30% (30 respondents), and respondents who hold a diploma are much as 13% (13 respondents) of the sample population. That the majority of the respondents are S1 Scholars reveals that respondents have a high level of education, thus the respondents of this group become more critical in evaluating the attributes owned by PT. KLINK INTERNATIONAL Yogyakarta.

5. Respondents' Income

Income becomes the indicator of purchasing buying power and has an impact on life style. The result of data analysis of respondents income is shown in table below:

Table 4.6
Respondents' Income

Income	Total	Percentage
< = Rp 1.000.000	13	13%
Rp 1.001.000-2.000.000	24	24%
Rp 2.001.000- 3.000.000	51	51%
> Rp 3.000.000	12	12%
Total	100	100%

Source: Primary Data, 2007

From table 4.6 it is seen that the level of respondents' income that is between Rp 2.001.000 up to Rp 3000.000,- i.e. is as much 51% (51 persons) or a majority of respondents. Next, the consumers that have an income of between Rp 1.001.000 – Rp 2.000.000 is 24 respondents or 24%, those that have an income of more than Rp

3.000.000 are many as 12 respondents or 12% and those who have income less than Rp 1000.000 is 13% or 13 respondents.

This reveals that the majority of consumers have a higher level of income, thus the respondents have the ability to buy and consume herbal medicine products that are categorized as expensive.

4.1.2 Perception of University Students toward the Product Attributes and Customer Satisfaction and Consumers' loyalty toward PT. KLINK INTERNATIONAL

a. Variables of Product Knowledge (X1)

Product knowledge consists of five question items. The result of responses to these five question items in the variable of product knowledge is described in the table below:

Table 4.7
The Evaluation of Product Knowledge Variable

Average Responses	Total of Question	Percentage
Absolutely disagree	2	2%
Disagree	7	7%
Neutral	18	18%
Agree	39	39%
Absolutely Agree	34	34%
Total	100	100%

Source: Appendix 4

From table 4.7 above it can be determined that from the evaluation of 100 consumers toward 5 question items in variable of product moment, 2% of

respondents state absolutely disagree. Meanwhile 7% stated that they agree, 18% stated they are neutral, 39% stated that they agree and 34% stated that they absolutely agree.

This result indicates that the majority of consumers agree that PT KLINK INTERNATIONAL should give good product knowledge through media such as product catalog, testimony books, video, etc. through this media they obtain a clear explanation of alternative solutions to a variety of diseases.

b. Variable of Product Quality (X2)

Product quality was measured by 9 question items. The responses of 9 question items regarding the variable of product quality are shown in the table below:

Table 4.8
Evaluation of Variables of Product Quality

Average Responses	Total of Question	Percentage
Absolutely disagree	1	1%
Disagree	6	6%
Neutral	18	18%
Agree	41	41%
Absolutely Agree	34	34%
Total	100	100%

Source: Appendix 4

From the table 4.8 above it shows that from 100 respondents surveyed regard is 9 question items on product quality, 1% stated that they absolutely disagree, 6% stated that they disagree and 18% stated they are neutral. Meanwhile 41% of respondents stated that they agree and 34% stated that they absolutely agree regarding the product quality offered by PT.KLINK INTERNATIONAL.

c. Variable Price (X3)

The price was measured by 3 question items. The result from these 3 items on variable price reveal the following:

**Table 4.9
Evaluation of Variables Price**

Average Responses	Total of Question	Percentage
Absolutely disagree	3	3%
Disagree	7	7%
Neutral	26	26%
Agree	38	38%
Absolutely Agree	26	26%
Total	100	100%

Source: Appendix 4

From table 4.9 above it shows that from 100 respondents surveyed regard is 3 question items on price, 3% stated that they absolutely disagree, 7% stated that they disagree and 26% stated that they are neutral. Meanwhile of the remaining respondents 38% respondents that they agree and 26% of respondents stated that they disagree.

This indicates that the majority of consumers believe that the price is acceptable, particularly because the product is a herbal product which is different from pharmaceutical medicines therefore they do not have a problem paying the price by the company.

4.3. Quantitative Analysis

Quantitative Analysis is the method of data analysis that uses inferential statistics to prove the hypothesis. The quantitative analysis used in this research is simple linear regression and analysis of multiple regressions.

4.3.1. Analysis of Simple Linear Regression

Analysis of simple linear regression is used to examine the impact of each independent variable towards the dependent variables. The hypothesis test used t-test, i.e. examined each independent variables towards the dependent variables. By comparing between the p-value (Sig-t) by a significance level of 0.05. If sig-t < 0.05, thus H_0 is rejected. This means that there are independent variables toward dependent variables. Meanwhile to know to what extent the independent variables partially influence the dependent variables it could be seen the coefficient of determination (R square).

The results of the analysis partially by t-test is described in the table below:

(Appendix 7)

d. Variable of Consumers' Satisfaction and Loyalty (Y)

The evaluation of the variable of consumers' satisfaction and loyalty was measured by 7 question items. The responses to these 7 question items on customers' satisfaction and loyalty are revealed in the table below:

Table 4.10
Evaluation of Variable of Consumers' Satisfaction and Loyalty

Average Responses	Total of Question	Percentage
Absolutely disagree	0	0%
Disagree	4	4%
Neutral	6	6%
Agree	40	40%
Absolutely Agree	50	50%
Total	100	100%

Source: Appendix 4

Table 4.10 shows that from 100 respondents answering questions regarding their evaluation of consumers' satisfaction and loyalty, no one stated that they absolutely disagree, 4% stated that they disagree, 6% stated that they are neutral. Meanwhile 40% of respondents stated that they agree, and 50% of respondents stated that they absolutely agree regarding consumers' satisfaction and loyalty. This means that consumers felt satisfied and loyal towards the products offered by PT KLINK INTERNATIONAL, thus consumers' are prepared to being brave pay whatever this products basic price, because this product immediately give a reaction.

Table 4.11
Result of Simple Linear Regression

Independent Variable	Independent Variable	Coefficient					
		Constant (a)	Regression (b)	R Square	F test	T test	p-value
Consumers' Satisfaction	Product	1.97	0.546	0.375	58.790	7.667	0.000
	Knowledge						
	Product quality	2.708	0.341	0.164	19.220	4.384	0.000
	Price	2.605	0.397	0.213	26.468	5.145	0.000

From the table above, it shows that the product quality and product knowledge regarding the consumers' satisfaction is as follows:

$$Y = 1.976 + 0.546 X_1$$

From the above equation, it can be explained that constant as much 1.976 meant that if there is no product moment in product attribute ($X_1 = 0$), thus consumers' satisfaction and loyalty is only 1.976. However if it is affected by product knowledge as much as 1 unit thus consumers' satisfaction and loyalty will increase by as much 0.546 unit with the assumption that the other variables are in a constant condition.

The result of the significance test reveals that the variable of product knowledge (X_1) gained probability (sig-t) and sig-F each as much $0.000 < 0.05$. This value could prove that H_0 was rejected, which meant that there is any influence of variable of product knowledge significantly positively toward consumers' satisfaction and loyalty to the fashion product of PT KLINK INTERNATIONAL Yogyakarta. Meanwhile the greatness of influences of variables of product moments towards

the higher the product quality, the higher consumers' satisfaction and consumers' loyalty. The attributed to the quality of products in PT. KLINK INTERNATTONAL which have been acknowledged by international society as the herbal product which is very useful to the human health, and as the shape of culture or the way of a true healthy life. This product has a license from POM national institutional, and has had a lot of verification from consumers regarding the relief they obtain after consuming the product of KLINK, moreover the environmental condition in this earth which gradually become worst, And unhealthy, thus the existence of KLINK product is very important to the consumers. In addition this product works faster (fast in reaction), has international insurance and has a lot of users, thus it will strengthen the level of loyalty and consumers' satisfaction.

Partially the attribute of price significantly influences consumers' satisfaction with PT KLINK INTERNATIONAL. If it is assessed from the regression coefficient which has a positive value, it is revealed that the better a consumers' perception of the price of KLINK products thus the consumers' satisfaction and loyalty will increase. This attributed to the functions of KLINK product which are well perceived by consumers', thus the consumers' didn't feel any detriment in paying the price that has been stated, although the price of this product is rather expensive. However it is equal to the functions gained. This is because the price of a product becomes extremely if the quality does not meet expectations. Therefore an appropriate price will also influence consumers' satisfaction.

CHAPTER V

CONCLUSION AND RECOMMENDATION

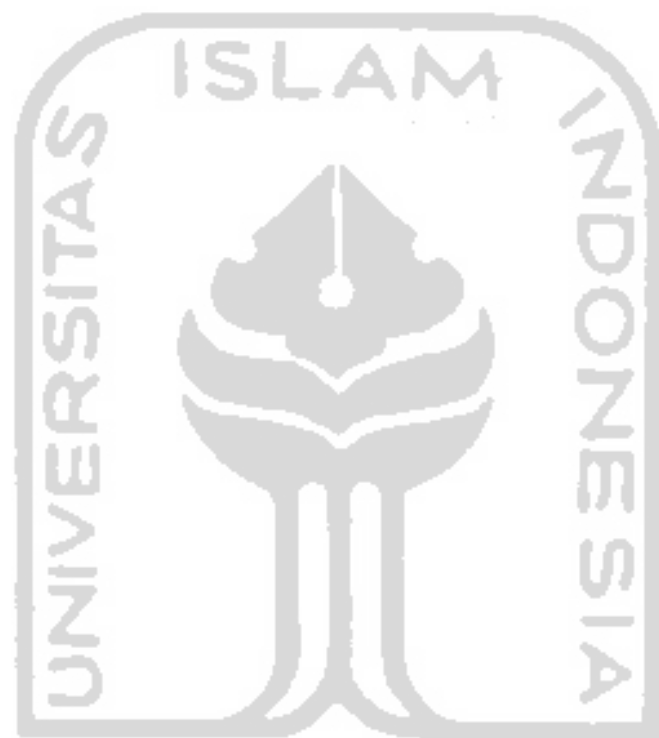
5.1. Conclusion

Based on the Analysis and discussion about the influence of product attributes of customer satisfaction and loyalty toward of PT KLINK INTERNATIONAL, the conclusion are:

1. Product knowledge (X1), Product quality (X2), Price (X3) partially give significant effect for the customer satisfaction and loyalty. The influence is positive, it means if the product attributes are completely better such as Product knowledge, Product quality, and Price so the level of customer satisfaction and loyalty will also increase. The size of contribution those free variables is 51%, and other 49% is effected by other variables which is not include of the research such as: service quality, promotion etc
2. Product knowledge Variable has dominant influent power to the customer satisfaction and customer loyalty who ever been consume and feel the benefit of the product. We can see on the partial determination coefficient of product knowledge variable (X1) which is has the biggest value, it is 0,375. This is the biggest value if we compared it to other variable of the partial determination coefficient, those are Product quality (X₂) is 0,164, and Price (X₃) is 0,213.

5.2. Recommendation

1. The company should prioritize the increasing of the product knowledge variable because it has been proven as the most influential factors toward customers' satisfaction and loyalty. It could be conducted by extending and increasing the events in consumers' filtering, for example through the seminar, etc, thus the potential consumers who do not know about this product will get the satisfactory explanation, thus they become better to consider whether to buy or not.
2. The high price of a product is the main abstacle for consumers from lower classes. However at some point consumers from a variety of segments will become increasingly aware of the influence of product quality on price. The next step is increase the variation in how products are packaged with the result that there will be a variation in price, finally it is hoped that product sales will reach their maximum potential.



جامعة الإسلام في إندونيسيا

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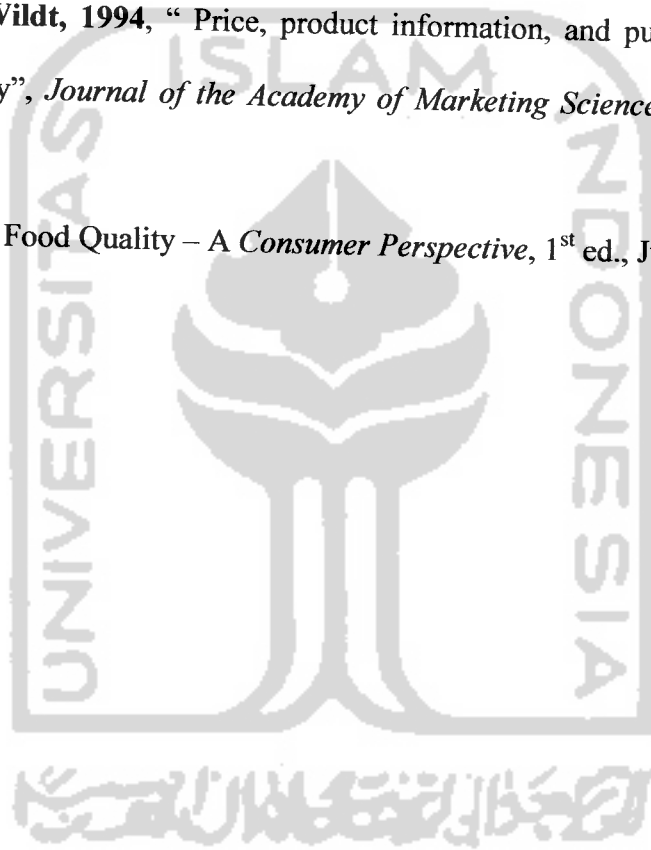
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Kepada Yth. Para Responden

Di tempat

Dengan hormat,

Saya mohon kesediaan saudara/I untuk mengisi kuesioner dalam rangka penulisan skripsi saya yang berjudul: **"Pengaruh Informasi , Harga dan Kualitas Produk terhadap Kepuasan dan Loyalitas Konsumen Produk-Produk PT KLINK INTERNATIONAL"**. Penelitian ini bertujuan mencari pengaruh kepuasan terhadap konsumen yang lebih spesifik dan mana yang paling dominan. Dalam menjawab pertanyaan pada kuesioner ini, saya mohon saudara/i memperhatikan beberapa hal sebagai berikut:

1. Di mohon saudara/i menjawab semua pertanyaan dengan jujur sesuai pendapat sendiri dan pengalaman yang di rasakan setelah mengkonsumsi produk-produk dari **PT KLINK INTERNATIONAL**.
2. Hasil penelitian ini penting bagi pengembangan ilmu pengetahuan, jadi sya mohon saudara/i menjawab pertanyaan dengan **SERIOUS** (sungguh-sungguh).
3. Kuesioner ini tidak akan menyangkut dengan pribadi saudara/i (misalnya nilai, nama baik, dll) jadi saudara/i tidak perlu khawatir akan sesuatu hal di belakang penjawaban kuisisioner, dan saya akan memberikan jaminan kerahasiaan jawaban saudara/i
4. Semua pertanyaan merupakan pendapat pribadi, jadi tidak ada jawaban benar atau salah.
5. Tidak ada ralat mengenai pertanyaan kuesioner sehingga mohon di jawab apa adanya.
6. **Terima kasih atas bantuan saudara/i.**

Icha Nur Hanna
Management International Program
FE UII Yogyakarta
03311118

Identitas Responden

1. Nama :
2. Jenis Kelamin :
3. Umur :
4. Pekerjaan :
5. Pendidikan :
6. Penghasilan :

KUISIONER

Jawaban: Sangat tidak setuju=1 Tidak Setuju=2 Netral=3
Setuju=4 Sangat Setuju=5

Beri Tanda silang (X) pada jawaban yang saudara pilih!

1. Informasi produk yang jelas membuat saya merasa puas telah menggunakan produk-produk PT KLINK	1	2	3	4	5
2. Jawaban distributor mengenai pertanyaan saya tentang keluhan penyakit yang saya miliki (jika ada) untuk mengetahui produk-produk yang tepat membuat saya semakin yakin	1	2	3	4	5
3. Bahasa yang di sampaikan dari distributor yang mudah di pahami mempengaruhi kepuasan saya dalam mengambil keputusan membeli produk-produk PT KLINK	1	2	3	4	5
4. Dialog yang menarik pada saat penawaran pertama mempengaruhi kepuasan saya sebagai calon konsumen dalam mengambil keputusan membeli produk-produk PT KLINK.	1	2	3	4	5
5. Alat bantu dalam bentuk visual gambar & bukti seperti: buku testimoni produk, gambar-gambr di filling system, video testimoni produk sangat berpengaruh terhadap keyakinan dan kepuasan saya untuk mengkonsumsi produk-produk PT KLINK.	1	2	3	4	5
6. Sebagai konsumen saya melihat pentingnya izin POM produk yang akan saya konsumsi	1	2	3	4	5
7. Sebagai konsumen saya melihat pentingnya kehalalan produk yang akan saya konsumsi	1	2	3	4	5
7. Bukti kesembuhan banyak orang dalam menggunakan produk-produk KLINK membuat saya semakin yakin untuk terus menggunakan produk-produk KLINK.	1	2	3	4	5
8. Melihat kondisi lingkungan yang semakin buruk terhadap kesehatan maka sangat penting menjaga kondisi kesehatan tubuh dengan mengkonsumsi produk-produk PT KLINK	1	2	3	4	5

9. Reaksi yang cepat dalam mengkonsumsi produk-produk PT KLINK juga mempengaruhi tingkat kepuasan saya sebagai konsumen	1	2	3	4	5
10. Adanya asuransi international di tiap produk mempengaruhi saya dalam melihat kualitas produk atas jaminan dari perusahaan yang di berikan ke konsumen	1	2	3	4	5
11. Banyaknya pengguna produk kesehatan PT KLINK di sekeliling saya membuat saya puas telah mengkonsumsi produk-produknya	1	2	3	4	5
12. Saya merasa bahwa harga produk-produk PT KLINK sebanding dengan kualitasnya	1	2	3	4	5
13. Bentuk serta warna kemasan mempengaruhi kualitas produk yang akan saya beli	1	2	3	4	5
14. Bentuk serta warna kemasan mempengaruhi harga produk yang akan saya beli	1	2	3	4	5
15. Adanya peningkatan kesehatan dalam tubuh membuat saya tidak rugi membayar harga produk-produk PT KLINK yang telah saya konsumsi	1	2	3	4	5
16. Saya adalah tipe orang yang menyukai produk-produk herbal di bandingkan produk-produk medis	1	2	3	4	5

Tingkat kepuasan saya sebagai konsumen

1. Saya merasa ingin terus mengkonsumsi produk-produk PT KLINK sebagai produk kesehatan bulanan	1	2	3	4	5
2. Saya akan membayar berapapun jika produk yang saya konsumsi cepat memberikan reaksi terhadap perkembangan kesehatan saya	1	2	3	4	5
3. Saya akan membayar berapapun jika produk yang saya konsumsi memang terbukti	1	2	3	4	5
4. Saya akan membayar berapapun jika produk yang saya konsumsi memang terjamin legalitas ijinnya	1	2	3	4	5
5. Saya sering melakukan check up bulanan sebelum mengkonsumsi produk-produk PT KLINK	1	2	3	4	5
6. Saya sering melakukan check up bulanan sesudah mengkonsumsi produk-produk PT KLINK	1	2	3	4	5
7. Saya senang menyarankan orang untuk menggunakan produk-produk KLINK karena memang telah terbukti khasiatnya.	1	2	3	4	5

THE RECAPITULATION DATA OF THE RESEARCH FROM 100 RESPONDENTS

NO	Product Knowledge (X1)					Product Quality (X2)										Price (X3)					Customer Satisfaction and Loyalty								
	X _{1.1}	X _{1.2}	X _{1.3}	X _{1.4}	X _{1.5}	X _{2.1}	X _{2.2}	X _{2.3}	X _{2.4}	X _{2.5}	X _{2.6}	X _{2.7}	X _{2.8}	X _{2.9}	X ₄	X _{3.1}	X _{3.2}	X _{3.3}	X ₂	X ₁	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y	
1	5	5	4	4	5	460	5	4	5	5	5	5	5	5	4.89	5	4	4	4.33	4	4	4	4	5	4	4	4	5	4.25
2	4	4	4	4	1	340	5	5	5	5	5	5	5	5	5.00	5	4	4	4.33	4	4	5	5	4	4	4	5	4.50	
3	4	4	4	3	5	4.00	5	3	5	5	5	5	5	5	4.78	3	4	4	3.67	4	4	4	5	5	4	4	4	5	4.50
4	4	4	4	4	4	4.00	4	4	4	4	4	4	4	4	4.00	3	3	3	3.00	4	4	4	5	5	4	4	4	3	4.50
5	4	4	4	4	4	4.00	4	4	4	4	4	4	4	4	3.89	5	3	4	4.00	4	4	4	4	5	5	4	4	5	4.50
6	2	2	2	2	2	2.00	3	3	3	5	4	4	4	4	3.78	4	4	4	4.00	3	3	3	3	5	4	3	4	3	3.50
7	4	5	5	4	5	4.60	4	3	4	4	3	4	4	4	3.78	4	3	4	3.67	4	5	3	5	5	4	4	4	4	4.25
8	4	3	4	4	3	3.60	2	1	2	1	2	1	1	1	1.33	3	3	3	3.00	3	2	3	3	3	5	4	4	3	2.75
9	4	4	4	4	3	3.80	5	5	4	5	4	5	5	5	4.78	4	5	4	4.33	4	5	3	3	5	4	4	5	4.25	
11	1	2	1	1	1	1.20	3	3	2	3	3	3	3	3	2.89	2	3	2	2.33	2	3	3	3	4	3	3	4	3	3.00
12	4	5	5	4	4	4.40	4	2	3	4	3	3	3	3	3.22	4	4	5	4.33	4	3	5	4	3	4	4	4	4	4.00
13	4	4	4	4	4	3.80	3	3	4	3	4	3	3	3	3.22	5	4	5	4.67	3	3	3	3	5	3	4	4	4	3.50
14	3	4	4	4	4	4.00	5	5	3	5	5	5	5	5	4.78	5	3	5	4.33	4	5	3	5	4	4	4	4	5	4.25
15	4	4	4	5	4	4.20	5	3	4	3	4	4	4	4	4.78	2	2	2	2.00	4	5	3	5	4	4	4	4	5	4.25
16	5	4	4	3	4	4.00	5	5	4	5	4	4	4	4	3.78	1	4	5	3.33	3	4	4	4	5	4	4	4	5	4.00
17	4	5	5	5	5	4.80	5	3	4	4	4	4	4	4	4.00	2	3	3	2.67	5	5	5	5	5	5	5	5	5	5.00
18	4	3	4	5	3	3.80	4	4	4	4	4	4	4	4	4.00	2	3	2	2.33	5	5	5	5	5	5	5	5	5	5.00
19	3	3	4	4	5	4.60	4	3	4	4	4	4	4	4	3.89	5	3	4	4.00	4	4	4	4	4	4	4	4	4	4.00
20	4	5	4	5	4	4.60	4	4	5	5	4	5	5	5	4.67	3	4	3	3.33	4	3	5	4	4	4	4	4	4	4.00
21	4	3	4	3	3	3.40	4	3	4	5	4	4	4	4	4.00	5	3	3	3.67	4	5	3	5	4	4	4	4	4	4.25
22	4	5	3	4	3	3.80	4	3	5	4	4	5	5	5	4.56	4	4	4	4.00	4	4	4	4	5	4	4	4	4	4.25
23	3	4	3	5	3	3.60	4	3	3	3	4	3	3	3	3.22	2	2	4	2.67	3	3	3	3	3	3	3	3	3	3.50
24	4	5	3	3	5	4.00	4	3	4	4	4	4	4	4	3.89	3	4	3	3.33	3	3	3	3	3	3	3	3	3	3.50
25	4	4	4	5	5	4.40	5	5	5	4	4	4	4	4	4.78	4	4	4	4.00	4	4	4	4	4	4	4	4	4	4.00
26	3	3	3	4	3	3.20	4	3	4	4	4	4	4	4	3.89	3	3	4	3.33	3	3	3	3	5	4	4	4	4	4.00
27	5	5	3	4	5	4.40	3	3	2	3	4	3	3	3	3.11	4	2	2	2.67	3	3	3	3	3	3	3	3	3	3.25
28	3	4	3	3	4	3.40	3	2	3	3	3	3	3	3	2.89	4	4	4	3.67	3	4	2	5	4	4	4	4	3	3.50
29	5	4	4	4	4	4.20	3	3	4	3	3	3	3	3	3.11	4	4	4	4.00	3	3	3	3	5	4	4	4	4	3.50
30	2	3	3	3	3	2.80	4	3	4	4	4	4	4	4	3.89	4	3	3	3.00	3	3	3	3	5	4	4	4	4	4.00
31	4	3	4	4	3	3.60	4	5	5	4	4	4	4	4	4.78	3	3	3	3.67	4	5	3	3	5	4	4	4	4	3.50
32	4	4	4	4	3	4.60	5	4	5	5	5	5	5	5	4.89	4	5	4	4.33	4	5	3	4	4	4	4	4	4	4.00
33	5	5	4	4	5	4.60	5	4	5	5	4	5	5	5	4.78	5	4	4	4.33	4	4	4	4	4	4	4	4	4	4.00
34	3	2	3	4	3	3.00	5	3	5	4	5	5	5	5	4.56	4	3	5	4.00	3	3	3	5	4	4	4	4	4	4.00
35	3	2	2	2	3	2.40	4	4	5	5	5	5	5	5	4.56	4	3	5	4.00	3	3	3	5	4	3	4	3	3	3.50
36	3	4	4	3	4	3.60	3	4	4	4	4	4	4	4	4.00	3	3	5	3.67	4	5	3	4	4	4	4	4	4	4.00

Table Frequency

Gender of sex

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Men	35	35.0	35.0	35.0
Women	65	65.0	65.0	100.0
Total	100	100.0	100.0	

Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid < 25 years old	20	20.0	20.0	20.0
25-35 years old	54	54.0	54.0	74.0
36-46 years old	18	18.0	18.0	92.0
> 46 years old	8	8.0	8.0	100.0
Total	100	100.0	100.0	

Occupation

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Civil Servant	13	13.0	13.0	13.0
Businessmen/entrepreneur	18	18.0	18.0	31.0
Student/ College Student	16	16.0	16.0	47.0
Employees/private employees	32	32.0	32.0	79.0
Others	21	21.0	21.0	100.0
Total	100	100.0	100.0	

Education

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Elementary School	1	1.0	1.0	1.0
Junior High School	5	5.0	5.0	6.0
Senior High School	30	30.0	30.0	36.0
Diploma	13	13.0	13.0	49.0
S1 Scholar	47	47.0	47.0	96.0
S2 Scholar	3	3.0	3.0	99.0
S3 Scholar	1	1.0	1.0	100.0
Total	100	100.0	100.0	

Income / Salary

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid <= Rp1.000.000	13	13.0	13.0	13.0
Rp 1.001.000 - 2.000.000	24	24.0	24.0	37.0
Rp 2.001.000 – 3.000.000	51	51.0	51.0	88.0
Rp 3.000.000	12	12.0	12.0	100.0
Total	100	100.0	100.0	

Table Frequency

Product Knowledge (X1)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Absolutely Disagree	2	2.0	2.0	2.0
Disagree	7	7.0	7.0	9.0
Neutral	18	18.0	18.0	27.0
Agree	39	39.0	39.0	66.0
Absolutely Agree	34	34.0	34.0	100.0
Total	100	100.0	100.0	

Product Quality (X2)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Absolutely Disagree	1	1.0	1.0	1.0
Disagree	6	6.0	6.0	7.0
Neutral	18	18.0	18.0	25.0
Agree	41	41.0	41.0	66.0
Absolutely Agree	34	34.0	34.0	100.0
Total	100	100.0	100.0	

Price (X3)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Absolutely Disagree	3	3.0	3.0	3.0
Disagree	7	7.0	7.0	10.0
Neutral	26	26.0	26.0	36.0
Agree	38	38.0	38.0	74.0
Absolutely Agree	26	26.0	26.0	100.0
Total	100	100.0	100.0	

Customer Satisfaction and Loyalty (Y)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Absolutely Disagree	4	4.0	4.0	4.0
Neutral	6	6.0	6.0	10.0
Agree	40	40.0	40.0	50.0
Absolutely Agree	50	50.0	50.0	100.0
Total	100	100.0	100.0	

Correlations

Correlations

		X1.1	X1.2	X1.3	X1.4	X1.5	TOT_X1
X1.1	Pearson Correlation	1	.554**	.706**	.571**	.433**	.799**
	Sig. (2-tailed)	.	.000	.000	.000	.000	.000
	N	100	100	100	100	100	100
X1.2	Pearson Correlation	.554**	1	.636**	.502**	.631**	.829**
	Sig. (2-tailed)	.000	.	.000	.000	.000	.000
	N	100	100	100	100	100	100
X1.3	Pearson Correlation	.706**	.636**	1	.642**	.538**	.863**
	Sig. (2-tailed)	.000	.000	.	.000	.000	.000
	N	100	100	100	100	100	100
X1.4	Pearson Correlation	.571**	.502**	.642**	1	.435**	.768**
	Sig. (2-tailed)	.000	.000	.000	.	.000	.000
	N	100	100	100	100	100	100
X1.5	Pearson Correlation	.433**	.631**	.538**	.435**	1	.775**
	Sig. (2-tailed)	.000	.000	.000	.000	.	.000
	N	100	100	100	100	100	100
TOT_X1	Pearson Correlation	.799**	.829**	.863**	.768**	.775**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.
	N	100	100	100	100	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

Reliability

***** Method 1 (space saver) will be used for this analysis *****

-

RELIABILITY ANALYSIS - SCALE (ALPHA)

Item-total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Alpha if Item Deleted
X1.1	15.1500	9.3409	.6803	.8332
X1.2	15.1000	8.9394	.7179	.8234
X1.3	15.2200	9.1228	.7822	.8099
X1.4	15.1300	9.6698	.6416	.8427
X1.5	15.3600	8.8388	.6108	.8564

Reliability Coefficients

N of Cases = 100.0

N of Items = 5

Alpha = .8619

Correlations

Correlations

		X2.1	X2.2	X2.3	X2.4	X2.5	X2.6	X2.7	X2.8	X2.9	TOT_X2
X2.1	Pearson Correlation	1	.544**	.780**	.510**	.762**	.490**	.728**	.785**	.749**	.805**
	Sig. (2-tailed)	.	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	100	100	100	100	100	100	100	100	100	100
X2.2	Pearson Correlation	.544**	1	.786**	.413**	.816**	.512**	.651**	.771**	.773**	.801**
	Sig. (2-tailed)	.000	.	.000	.000	.000	.000	.000	.000	.000	.000
	N	100	100	100	100	100	100	100	100	100	100
X2.3	Pearson Correlation	.780**	.786**	1	.703**	.930**	.690**	.894**	.980**	.964**	.982**
	Sig. (2-tailed)	.000	.000	.	.000	.000	.000	.000	.000	.000	.000
	N	100	100	100	100	100	100	100	100	100	100
X2.4	Pearson Correlation	.510**	.413**	.703**	1	.692**	.485**	.644**	.718**	.686**	.736**
	Sig. (2-tailed)	.000	.000	.000	.	.000	.000	.000	.000	.000	.000
	N	100	100	100	100	100	100	100	100	100	100
X2.5	Pearson Correlation	.762**	.816**	.930**	.692**	1	.637**	.846**	.932**	.921**	.958**
	Sig. (2-tailed)	.000	.000	.000	.000	.	.000	.000	.000	.000	.000
	N	100	100	100	100	100	100	100	100	100	100
X2.6	Pearson Correlation	.490**	.512**	.690**	.485**	.637**	1	.635**	.730**	.655**	.739**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.	.000	.000	.000	.000
	N	100	100	100	100	100	100	100	100	100	100
X2.7	Pearson Correlation	.728**	.651**	.894**	.644**	.846**	.635**	1	.881**	.884**	.909**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.	.000	.000	.000
	N	100	100	100	100	100	100	100	100	100	100
X2.8	Pearson Correlation	.785**	.771**	.980**	.718**	.932**	.730**	.881**	1	.946**	.983**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.	.000	.000
	N	100	100	100	100	100	100	100	100	100	100
X2.9	Pearson Correlation	.749**	.773**	.964**	.686**	.921**	.655**	.884**	.946**	1	.963**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.	.000
	N	100	100	100	100	100	100	100	100	100	100
TOT_X2	Pearson Correlation	.805**	.801**	.982**	.736**	.958**	.739**	.909**	.983**	.963**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.
	N	100	100	100	100	100	100	100	100	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

Reliability

***** Method 1 (space saver) will be used for this analysis *****

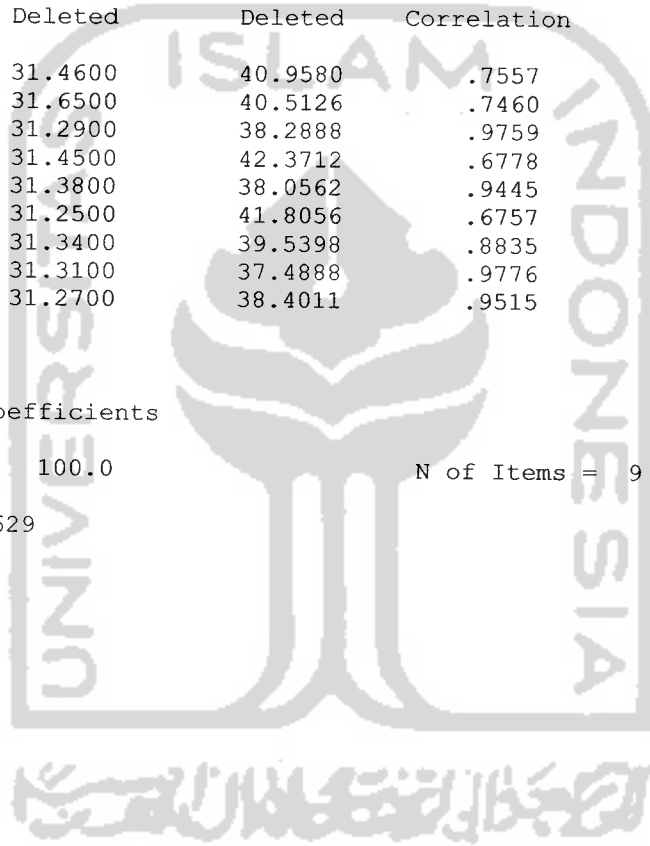
RELIABILITY ANALYSIS - SCALE (ALPHA)

Item-total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Alpha if Item Deleted
X2.1	31.4600	40.9580	.7557	.9624
X2.2	31.6500	40.5126	.7460	.9630
X2.3	31.2900	38.2888	.9759	.9521
X2.4	31.4500	42.3712	.6778	.9655
X2.5	31.3800	38.0562	.9445	.9534
X2.6	31.2500	41.8056	.6757	.9658
X2.7	31.3400	39.5398	.8835	.9566
X2.8	31.3100	37.4888	.9776	.9517
X2.9	31.2700	38.4011	.9515	.9532

Reliability Coefficients

N of Cases = 100.0 N of Items = 9
Alpha = .9629



Correlations

Correlations

		X3.1	X3.2	X3.3	TOT_X3
X3.1	Pearson Correlation	1	.456**	.477**	.821**
	Sig. (2-tailed)	.	.000	.000	.000
	N	100	100	100	100
X3.2	Pearson Correlation	.456**	1	.477**	.779**
	Sig. (2-tailed)	.000	.	.000	.000
	N	100	100	100	100
X3.3	Pearson Correlation	.477**	.477**	1	.810**
	Sig. (2-tailed)	.000	.000	.	.000
	N	100	100	100	100
TOT_X3	Pearson Correlation	.821**	.779**	.810**	1
	Sig. (2-tailed)	.000	.000	.000	.
	N	100	100	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

Reliability

***** Method 1 (space saver) will be used for this analysis *****

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R E L I A B I L I T Y A N A L Y S I S - S C A L E (A L P H A)

Item-total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Alpha if Item Deleted
X3.1	7.2500	2.4722	.5432	.6433
X3.2	7.3500	2.9773	.5421	.6441
X3.3	7.2200	2.6784	.5577	.6191

Reliability Coefficients

N of Cases = 100.0

N of Items = 3

Alpha = .7235

Correlations

Correlations

		Y1	Y2	Y3	Y4	Y5	Y6	Y7	TOT_Y
Y1	Pearson Correlation	1	.723**	.613**	.354**	.680**	.636**	.523**	.826**
	Sig. (2-tailed)	.	.000	.000	.000	.000	.000	.000	.000
	N	100	100	100	100	100	100	100	100
Y2	Pearson Correlation	.723**	1	.437**	.418**	.827**	.652**	.510**	.820**
	Sig. (2-tailed)	.000	.	.000	.000	.000	.000	.000	.000
	N	100	100	100	100	100	100	100	100
Y3	Pearson Correlation	.613**	.437**	1	.322**	.508**	.793**	.630**	.805**
	Sig. (2-tailed)	.000	.000	.	.001	.000	.000	.000	.000
	N	100	100	100	100	100	100	100	100
Y4	Pearson Correlation	.354**	.418**	.322**	1	.599**	.482**	.587**	.635**
	Sig. (2-tailed)	.000	.000	.001	.	.000	.000	.000	.000
	N	100	100	100	100	100	100	100	100
Y5	Pearson Correlation	.680**	.827**	.508**	.599**	1	.601**	.458**	.831**
	Sig. (2-tailed)	.000	.000	.000	.000	.	.000	.000	.000
	N	100	100	100	100	100	100	100	100
Y6	Pearson Correlation	.636**	.652**	.793**	.482**	.601**	1	.558**	.863**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.	.000	.000
	N	100	100	100	100	100	100	100	100
Y7	Pearson Correlation	.523**	.510**	.630**	.587**	.458**	.558**	1	.760**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.	.000
	N	100	100	100	100	100	100	100	100
TOT_Y	Pearson Correlation	.826**	.820**	.805**	.635**	.831**	.863**	.760**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.
	N	100	100	100	100	100	100	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

Reliability

***** Method 1 (space saver) will be used for this analysis *****

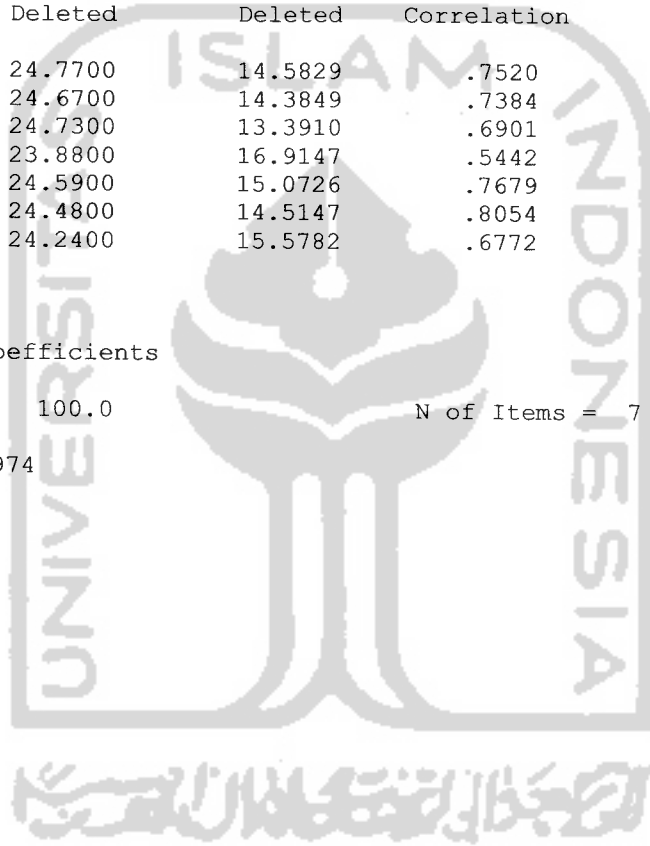
RELIABILITY ANALYSIS - SCALE (ALPHA)

Item-total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Alpha if Item Deleted
Y1	24.7700	14.5829	.7520	.8761
Y2	24.6700	14.3849	.7384	.8777
Y3	24.7300	13.3910	.6901	.8903
Y4	23.8800	16.9147	.5442	.8987
Y5	24.5900	15.0726	.7679	.8756
Y6	24.4800	14.5147	.8054	.8702
Y7	24.2400	15.5782	.6772	.8852

Reliability Coefficients

N of Cases = 100.0 N of Items = 7
Alpha = .8974



Regression

Variables Entered/Removed^b

Model	Variables Entered	Variables Removed	Method
1	Product Knowledge (X1)		Enter

- a. All requested variables entered.
 b. Dependent Variable: Customer Satisfaction and Loyalty (Y)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.612 ^a	.375	.369	.52725

- a. Predictors: (Constant), Product Knowledge (X1)

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.343	1	16.343	58.790	.000 ^a
	Residual	27.243	98	.278		
	Total	43.587	99			

- a. Predictors: (Constant), Product Knowledge (X1)
 b. Dependent Variable: Customer Satisfaction and Loyalty (Y)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.976	.275		7.176	.000
	Product Knowledge (X1)	.546	.071	.612	7.667	.000

- a. Dependent Variable: Customer Satisfaction and Loyalty (Y)

Regression

Variables Entered/Removed^b

Model	Variables Entered	Variables Removed	Method
1	Product Quality (X2)		Enter

- a. All requested variables entered.
 b. Dependent Variable: Customer Satisfaction and Loyalty (Y)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.405 ^a	.164	.155	.60978

- a. Predictors: (Constant), Product Quality (X2)

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.147	1	7.147	19.220	.000 ^a
	Residual	36.440	98	.372		
	Total	43.587	99			

- a. Predictors: (Constant), Product Quality (X2)
 b. Dependent Variable: Customer Satisfaction and Loyalty (Y)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.708	.311		8.696	.000
	Product Quality (X2)	.341	.078	.405	4.384	.000

- a. Dependent Variable: Customer Satisfaction and Loyalty (Y)

Regression

Variables Entered/Removed^d

Model	Variables Entered	Variables Removed	Method
1	Price (X3) ^e	.	Enter

- a. All requested variables entered.
 b. Dependent Variable: Customer Satisfaction and Loyalty (Y)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.461 ^a	.213	.205	.59176

- a. Predictors: (Constant), Price (X3)

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.269	1	9.269	26.468	.000 ^a
	Residual	34.318	98	.350		
	Total	43.587	99			

- a. Predictors: (Constant), Price (X3)
 b. Dependent Variable: Customer Satisfaction and Loyalty (Y)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.605	.287		9.087	.000
	Price (X3)	.397	.077	.461	5.145	.000

- a. Dependent Variable: Customer Satisfaction and Loyalty (Y)

Regression

Descriptive Statistics

	Mean	Std. Deviation	N
Customer Satisfaction and Loyalty (Y)	4.0475	.66353	100
Product Knowledge (X1)	3.7980	.74481	100
Product Quality (X2)	3.9230	.78717	100
Price (X3)	3.6367	.77118	100

Correlations

		Customer Satisfaction and Loyalty (Y)	Product Knowledge (X1)	Product Quality (X2)	Price (X3)
Pearson Correlation	Customer Satisfaction and Loyalty (Y)	1.000	.612	.405	.461
	Product Knowledge (X1)	.612	1.000	.269	.336
	Product Quality (X2)	.405	.269	1.000	.096
	Price (X3)	.461	.336	.096	1.000
Sig. (1-tailed)	Customer Satisfaction and Loyalty (Y)	.	.000	.000	.000
	Product Knowledge (X1)	.000	.	.003	.000
	Product Quality (X2)	.000	.003	.	.172
	Price (X3)	.000	.000	.172	.
N	Customer Satisfaction and Loyalty (Y)	100	100	100	100
	Product Knowledge (X1)	100	100	100	100
	Product Quality (X2)	100	100	100	100
	Price (X3)	100	100	100	100

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Price (X3), Product Quality (X2), Product Knowledge (X1)		Enter

a. All requested variables entered.

b. Dependent Variable: Customer Satisfaction and Loyalty (Y)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.714 ^a	.510	.495	.47168

a. Predictors: (Constant), Price (X3), Product Quality (X2), Product Knowledge (X1)

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.229	3	7.410	33.305	.000 ^a
	Residual	21.358	96	.222		
	Total	43.587	99			

a. Predictors: (Constant), Price (X3), Product Quality (X2), Product Knowledge (X1)

b. Dependent Variable: Customer Satisfaction and Loyalty (Y)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	.788	.339		2.325	.022			
	Product Knowledge (X1)	.398	.070	.447	5.701	.000	.612	.503	.407
	Product Quality (X2)	.217	.063	.258	3.472	.001	.405	.334	.248
	Price (X3)	.246	.065	.286	3.774	.000	.461	.359	.270

a. Dependent Variable: Customer Satisfaction and Loyalty (Y)