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Path Analysis of Consumer Loyalty Factors to Viar Products

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Abstract

This study aims to know (1) how loyal consumers are to Viar products, (2) what are the factors of consumer loyalty to Viar products, and (3) which factors have the most dominant loyalty to the purchase of Viar motor. The object of this research is the consumer dealer ViarArtomoro Bandung; using 33 people in the study sample, the method used is descriptive and uses the verification method where the researcher conducted direct observation through interviews and questionnaires to find out company activities and customer responses toward the ViarArtomoro dealer Bandung. The result of research shows that (1) overall, consumer loyalty to Viar products is still classified as normal, and it can be seen from the quality of the product, which is still considered less than good by the consumer as well as the service and promotion that is still considered good enough, while the price needs to be maintained; (2) consumer loyalty factors that significantly affect the purchase of Viar product are price, product quality, and promotion factors, while the service factor does not have any significant impact; (3) loyalty factors that give the most dominant contribution to purchasing Viar Motor is predominantly the price factor with contribution of 33.1%, followed by promotion factor at 26.5% and product quality factor at 19.1%.

Keywords: loyalty factor, path analysis, Viar product

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1. Introduction

In the era of free trade today, companies are required to find and build professional management systems capable of retaining customers. There are two main considerations of the company in customer retention: firstly, because of the increasingly expensive cost of acquiring new customers in such a tight competitive climate, and second is the fact that the level of corporate capability is directly proportional to the permanent growth of relationships between companies and customers. Customer loyalty plays an important role in a company, keeping them meaningful in improving financial performance and sustaining a company's survival. This is the main reason for a company to attract and retain consumers. Attempts to acquire loyal customers

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cannot be done all at once, but through several stages, ranging from finding potential customers to acquiring partners.

As time goes by, the development of an economy will need a transportation increase, especially land transportation such as motorcycles. Companies that produce motors compete to produce them in various ways to seize the market and attract consumers in order to buy the product.

One of the companies that produces transportation equipment is PT Triangle Motorindo. Established in 2000, PT became the sole agent of the Viar brand holder in Indonesia. PT is now competing in the midst of tight competition of motor manufacturers in Indonesia with a determination to becoming one of the largest motorcycle manufacturers in Indonesia. This is evidenced by the commitment of PT. Triangle Motorindo always produces high quality Viar motorcycles at affordable prices for the people of Indonesia, helping Viar to become the leading automotive brand in Indonesia. Now, with an extensive factory located in Semarang, PT Triangle Motorindo continues to expand the plant to an area of 20 hectares. Currently, PT Triangle Motorindo has been able to produce motorcycles in CKD (Completely Knocked-Down) and has a production capacity of up to 1000 units per day making it one of the largest automotive factories in Indonesia. Support of the best automotive parts vendors in Indonesia and overseas as well as strict Quality Control ensures every Viar motorcycle product is a quality product. More than 700 motorcycle dealers across Indonesia have joined the Viar motorcycle sales network. In terms of financing, Viar is also supported by the largest leasing companies such as Adira Dinamika Multi Finance and Bhakti Finance. This has solidified the existence of PT Triangle Motorindo and Viar motorcycles in the automotive world of Indonesia.

One of the most consistent dealers to sell Viar vehicles in Bandung is the Artomoro dealership, where Artomoro dealers provide Viar products. For Viar products sold at Artomoro, dealers themselves currently only target the segment of trail bikes and commercial motorcycles, by installing prices below those of similar products with different brands. The cheaper Viar price does not make the sales increase, thus the field data shows the sales decline over time, whereas to increase sales, the dealer has built a good relationship with loyal consumers, for example the dealer held a free service event for consumers and is willing to sponsor motor events as a form of promotion and reciprocity for consumers who have been using Viar products. But behind the efforts built by dealers in building good relationships with consumers, this has not succeeded in making consumers become loyal to Viar products.

Based on the aforementioned phenomenon, this study is entitled, '**Path Analysis Consumer Loyalty Factors to Viar Products'**.

2. Literature Review

2.1. Customer loyalty

Customer loyalty according to Oliver in Hurriyati (2010: 128) is a deep customer commitment to re-subscribe or re-purchase consistent products / services consistently in the future, even though the influence of the marketing situation and efforts has the potential to cause changes to behavior.

According to Griffin in Hurriyati (2010: 129) "loyalty is defined as non-random purchase expressed over time by some decision-making unit." Based on these definitions, it can be explained that loyalty refers more to the behavior of decision-making units to make a continuous purchase of goods / services from a selected company.

2.2. Customer levels toward loyalty

The level of customer to loyalty according to Chan in Hurriyati (2010: 135) is divided into four stages, namely:

1. Gold: is a group of customers that provide the greatest benefits to the company. Usually an individual from this group is a heavy user who always buys in large quantities with a high purchase frequency. They are not price sensitive, do not hesitate to spend money on something that can only be enjoyed in the future, want to try something new offered by the company, and most importantly have a commitment not to turn to competitors.

2. Silver: this group still gives big advantages even though its position is under the gold tier. They start paying attention to the offer of discounts, they tend to be sensitive to the price, they are not as loyal as gold individuals. Although they are actually heavy users, the fulfillment may also be obtained from various other companies, depending on the best offer.

3. Bronze: this group is the largest. They are a group whose spending levels are relatively low. The strongest drivers for transactions are driven solely by big discounts, so they are also known as discount hunters. Thus the margin received by the company is relatively small. As a result, companies do not think to provide

premium services to them. Despite the low level of spending, this group is still needed by the company to fulfill the annual sales target.

4. Iron is a group of customers that instead of making a profit and instead of burdening the company, this type of customer has a tendency to call for greater attention and tend to be problematic, making companies think better by getting rid of them from the customer list.

2.3. Factors affecting consumer loyalty

According to Dharmmesta in Nurullaili (2013: 91), factors affecting loyalty are price, service, product quality, and promotional factors.

2.3.1. Dimensions of customer loyalty characteristics

A loyal customer is an important asset for the company, this can be seen from the characteristics they have, as Griffin noted in Hurriyati (2010: 130), loyal customers have the following characteristics:

1. Make regular purchases (makes regular repeat purchases)

2. Buying outside the product / service line (purchases across product and service lines)

3. Recommend other products (refers to others)

4. Demonstrates immunity from the attraction of similar products from competitors (demonstrates an immunity to the full competition).

2.4. Product

In developing a program to achieve the desired market, a company must start with a product or service designed to satisfy the consumer's wishes. Therefore, the company must try to appeal to the hearts of consumers to facilitate the course of production. Consumers usually want their products to make consumers satisfied and have quality products.

According to Kotler and Keller (2011: 4) the product is everything that can be offered to the market to be noticed, owned, used or consumed so as to satisfy a desire / all needs.

In this case, giving product restrictions is considered satisfying needs and desires. The product can be an object, taste (service), activity (acting), person, place, organization or idea where a product will have more value in the eyes of consumers, if they have advantages compared with other similar products.

2.5. Product quality

According to Kotler and Armstrong (2012: 283) product quality is the ability of a product when in demonstrating its function, it includes overall durability, reliability, accuracy, ease of operation, and product repairs, as well as other product attributes.

Quality is the overall characteristic and nature of a product or service that affects its ability to satisfy the stated or implied needs. To determine the quality of the product, according to Kotler and Keller (2009: 361) product quality can be incorporated into 9 dimensions, namely: (1) Form, (2) Features, (3) Performance, (4) Conformance, (5) Durability, (6) Reliability, (7) Reparability, (8) Design, and (9) Style.

2.6. Research Method

The method used in this research is descriptive and verifiable. According Sugiyono (2013: 2) in descriptive and verification methods, there are four key elements that need to be considered: the scientific way, data, purpose and usefulness. Scientific means that research activities are based on the activities of scientific traits, namely rational, empirical and systematic.

Operational variables intended to determine the effect of measurement of research variables. Loyalty factors (X) and product (Y).

2.6.1. Independent Variable

The independent variable is the variable that causes or increments the dependent variable (bound). As for the independent variables, in this study they are the factors of loyalty.

2.6.2. Dependent variable

The dependent variable is the variable that is influenced or that becomes the result of the independent variables. In this study the dependent variable is the Product.

The population used in this study is the buyer in 2017 with a total of 199 people. In this study samples were taken from the number of buyers from September to October 2017, which is as many as 33 people. A questionnaire has filled the validity and reliability that is equal to 0,5 and 0,80.

2.7. Path analysis

The most dominant factor of loyalty is analyzed by using path analysis which can finally form the model structure as follows:
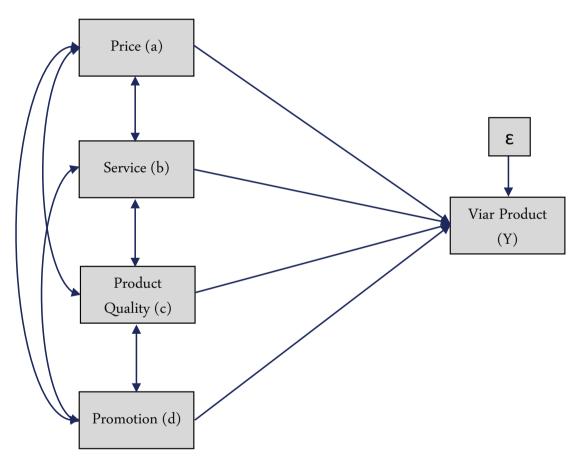

Figure 1: Path analysis structure diagram.

3. Result and Discussion

Table 1 is a recapitulation of respondents' answers on consumer loyalty variables that are measured using 4 dimensions with a 15-item statement. Based on Table 1, it is seen that the highest score is in the variable price of 589 while the lowest score is in product quality dimension of 255. Overall the table obtained a total score of 1676. Total score

is good. If depicted in the continuum line according to the criteria it will look like the following.

TABLE 1: Recapitulation of respondents response consumer loyalty.

No.	Dimension	Item	Alternative Answer					Total Score
			SS	S	KS	TS	STS	
1	Price	4	62	69	1	0	0	589
2	Service	5	10	35	66	54	0	496
3	Product Quality	3	0	11	39	45	4	255
4	Promotion	3	8	34	46	11	0	336
Total Accumulation		**15**	**80**	**149**	**152**	**110**	**4**	**1676**

Table 2 is a recapitulation of respondents' answers on product variables measured using a 5-item statement. Based on Table 2, it appears that the highest score is in the 2nd statement item on 'Viar motor model has become the expected product' of 91 while the lowest score is in the 3rd item statement about 'Viar product has exceeded expectations' which amounted to 78. Overall the table obtained a total score of 427. The number of scores referring to the criteria of peniliaian included less good categories. If depicted in the continuum line according to the criteria it will look like the following.

TABLE 2: Respondents response recapitulation of Viar products.

No.	Item	Alternative Answer					Amount	Total Score
		SS	S	KS	TS	STS		
1	Statement 1	2	3	12	13	3	33	87
2	Statement 2	2	5	11	13	2	33	91
3	Statement 3	1	2	10	15	5	33	78
4	Statement 4	1	6	8	14	4	33	85
5	Statement 5	1	5	11	12	4	33	86
Total Accumulation		**7**	**21**	**52**	**67**	**18**	**165**	**427**

3.1. Path analysis coefficient overall structure 1

The value of determination coefficient (R Square) is interpreted as the amount of influence from price, service, product quality and promotion on Viar products. So loyal customers affect the Viar products at 0.814 or 81.4%, while the rest, 0.186 or 18.6%, is the influence of other factors outside the research.

From the calculation it is known that from the total contribution given from the four dimensions on customer loyalty is equal to 0.814 or 81.4%, price (a) is equal to 0,331 or 33.1%, service (b) is equal to 0.028 or 2.8 %, product quality (c) amounts to 0.191 or 19.1% and promotion (d) equates to 0.265 or 26.5% of influence on Viar products. So it can be seen that the price factor contributed most negatively to Viar products.
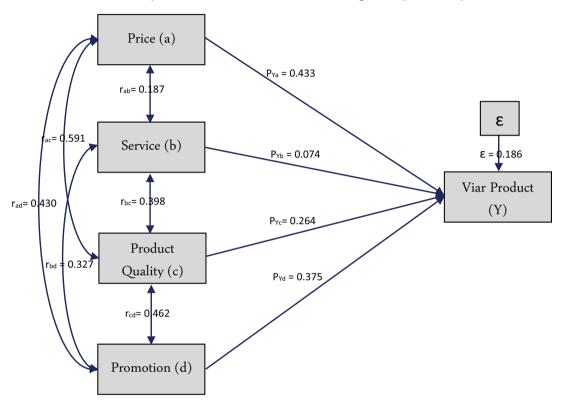

Figure 2: Path analysis overall.

3.2. Path analysis coefficient without variable service structure 2

The value of determination coefficient (R Square) is interpreted as the magnitude of influence of price, product quality and promotion on Viar products. So it can be seen that customer loyalty influences Viar products equal to 0.810 or 81.0%, while the rest is equal to 0.190 or 19.0%, that is, influences from other factors outside of this research.

So visually, the overall path diagram of customer loyalty variables without involving services to Viar products can be seen in the following figure.

4. Conclusions

Based on the results of data analysis and discussion that has been presented in the previous chapter, the authors take some conclusions as follows:
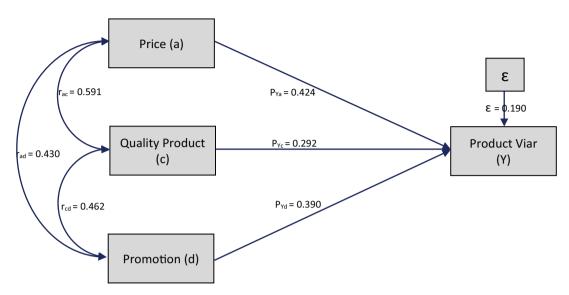
Figure 3: Line diagram without service.

1. Overall consumer loyalty to Viar products is still classified as normal or moderate, seen from the quality of products that are still considered to be less good by consumers as well as services and promotion still being considered as quite good, while the price needs to be maintained. Prices in penjulan motors from Viar Artomoro was the most reinforcing factor of consumer loyalty, as cheap prices makes the consumer satisfied with the price set by the Viar Artomoro dealer.

2. Consumer loyalty factors that significantly affect the purchase of Viar products are from price factor, product quality factor and promotion factor while service factor has no effect.

3. Loyalty factors that give the most dominant contribution to the purchase of Viar motor came from price factor with a contribution of 32.3% followed by promotion factor of 27.6% and from product quality factor of 21.1%.

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