The Effect of Product Variants, Service Levels and Price Bundling on Customer Loyalty

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Abstract

The development of the business world is currently experiencing a very rapid increase, one of which is the food and beverage business. It is proven by the increasing number of new businessmen who have entered the market with various strategies used to attract as many consumers as possible. Companies are not only trying to attract new and many consumers, therefore companies are trying hard to retain the customers they have got. The business of beverage and food companies is currently booming offering various kinds of food/beverage products that are offered with a variety of new innovations that are able to win the hearts of consumers and are no doubt able to compete in the market, because the Indonesian people themselves are basically the majority of food enthusiasts. and drinks. This study aims to determine whether product variants, service levels and price bundling affect customer loyalty at PT Satria Buana Sakti. The type of research used is quantitative. With a population of 150 and sampling with non-probability sampling technique with a sample of 55 respondents. Data collection includes observation and distributing questionnaires. The analytical methods used are validity test, reliability test, classical assumption test, multiple linear regression analysis and hypothesis testing. From the results of the research, the multiple linear regression equation is $Y = 1.603 + 0.042 X1 + 0.178 X2 + 0.529 X3$. From the analysis of the coefficient of determination, it can be explained that the product variance, service level and price bundling are 67.6%, while the remaining 32.4% is influenced by other variables.

Keywords: Product Variants, Service Levels, Price Bundling, Customer Bundling.

Introduction

The development of the business world is currently experiencing a very rapid increase, one of which is the business in the food and beverage sector. This is evidenced by the increasing number of new business people who have entered the market with various strategies used to attract as many consumers as possible. Companies are not only trying to attract new and many consumers, therefore the company is trying hard to retain the customers they have got. It can be seen from entrepreneurs in the food and beverage sector who have had success in building their business in one area but then fail when trying to expand in other areas. Businesses in the beverage sector such as new companies, although they have good prospects, are also very

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vulnerable, especially to consistency in product variant factors, service quality, store atmosphere, customer satisfaction and the importance of customer loyalty (Widjaya, Suryawan, & Stefani, 2014).

In the world of food and beverages, product variants or product diversity are no longer a new thing, where this strategy is widely carried out by marketing practitioners in their product launch activities. According to Kotler (2009), in a brand or product line, product variants are separate experts that can be distinguished in terms of size, price, appearance, or characteristics (Kotler P., 2009). While another definition explains that an item is a special unit that can be distinguished by size, price, appearance or other attributes within a brand or product line (Tjiptono, 2008). product variants or stock keeping are usually also called product items.

The business of beverage and food companies is currently rife offering a variety of food / beverage products offered with a variety of new innovations that are able to capture the hearts of consumers and are undoubtedly able to compete in the market, because the Indonesian people themselves are basically the majority of food and beverage enthusiasts. Consumers are also faced with a variety of choices of products and from various kinds of products have their own advantages and disadvantages, in determining their choices according to their wants and needs, consumers are very smart, careful, and careful (Kurniawati et al, 2014).

Market segmentation itself is an activity of dividing the market from a large scope to a small scope or having similar characteristics, interests, behaviors, and lifestyles so that they are easily identified. Segmentation can be said to be sensitive to the market, so that the company will not be left behind when an opportunity arises in the market. Companies must be good at reading market conditions so that they can identify in terms of demographic, geographic, and psychographic.

Customer loyalty seems to be one of the most frequently discussed and debated concepts in the marketing world in recent years. The relationship between consumer loyalty and consumer satisfaction as a large part of the debate and ambiguity (Lovelock et al, 2010). According to Lovelock et al (2010), satisfaction is an important ingredient for customer loyalty. Loyalty in the context of company consumers leads to repeated purchases.

For this reason, companies must carry out what is called market segmentation, where companies can determine market segments, namely, a group of people who have one or more characters in common. In targeting the children's market, a business that sells children's products needs the right marketing strategy. Given, there is parental involvement in the sale of these products. Parents have a large share in determining the needs and decision-making related to the good of their children.

This first point indeed refers more to the side of the potential consumers, namely the children themselves. Appearance through color, shape, packaging, and service trinkets are very important to attract children. The next important key is customer loyalty. Kotler & Keller (2012) explain that loyalty is a deeply held commitment to buy or support a preferred product or service again in the future even though the influence of the situation and marketing efforts has the potential to cause customers to switch.

According to Lovelock et al (2010) loyalty is the willingness of customers to always use company products in the long term, use them exclusively, and recommend company

products to friends or colleagues. Marcks powder produced by Kimia Farma must be able to deliver quality products at affordable prices so that consumers will simultaneously feel satisfied and loyal to Marcks powder. Companies that are satisfied and loyal to a company tend to bargain less for each individual purchase because the trust factor has been formed to customers (Tjiptono & Diana 2015).

There are several business strategies that are starting to become the concern of beverage culinary business actors, such as creating product variants, increasing service levels and creating price bunding that is different from its competitors in order to be able to become more competitive and dominate the market. The factors of product variants, service levels and price bunding are certainly very influential in the marketing field of this culinary business. This also triggers competitors between restaurant culinary businesses to do many ways to attract consumers to come to buy food at the restaurant. This business strategy is important to be applied by restaurant business actors to increase customer satisfaction.

The creation of products that have many variants will of course be a special attraction for restaurant customers. customers will have many choices to choose which products are worth consuming when they come to the restaurant. Creating product variants that are not owned by competitors will make it easier for restaurant owners to attract new potential customers and retain old customers (Santoso A., 2016). Customers who find product variants that are different from the products provided by other restaurants will of course choose the restaurant as a place to eat. Especially if the product variant is in accordance with the wants and needs of customers, of course, it will create satisfaction in customers when consuming these products.

The next business strategy is to increase Service level. To be able to increase customer loyalty, it is mandatory for culinary business people to create and improve the quality of their services in order to provide the best service for their customers. Customers who receive good and quality service will of course be loyal and will feel satisfaction.

Another factor is that this bundling program is also quite widely carried out in several industries in Indonesia, such as Retail trade, Fast food restaurants (food with toys), Telecommunications (mobile phones with cellular operators), Accommodation (ticket services with hotels) using pure bundling and mixed bundling in Multimedia trade, PC systems (Software and hardware). Referring to the bundling strategy of several researchers based on the sequence of time is growing starting from : (Guiltinan, 1987) explores the consumer perspective of the advantages of bundling strategies based on price, (Harlam et al, 1995); (Johnson et al, 1999) examines apart from the price offered, consumers also have an interest in the content of the product being bundled.   Other research from (Yang & Lai, 2006) provides an explanation that to get maximum results bundling products must also get special attention just like new products and not just as marketing sweeteners. When viewed from the other side, the bundling strategy does get a positive response from consumers, both in terms of price and product. As research (Mulhern & Leone, 1991); (Lauren Munger & Grewal, 2001) reveals that the determination of price bundling can increase consumer purchase intentions. (Soman & Gourville, 2001) in their findings found that consumers benefit from price bundling in purchases. More deeply, another perspective to maximize the bundling strategy is the product offered, such as research (Johnson et al., 1999) which sees the selection of products in the

bundling program can increase consumer purchase intention. The point of attention that occurs according to (McCardle et al, 2006) is that the results of choosing a bundling strategy always vary based on the format of the retail store, for example (clothing retail stores with food retail stores certainly have different purchase intentions). More specifically (Gürler et al, 2009) found that there is a dependence on price bundling, while Yan & Ruiliang (2014) based on the content of the products offered, and Williams et al (2010) in terms of product bundling can be seen that consumer buying interest can increase. Beladev et al (2016) to maximize the probability of consumer purchase intention can use both variables from price bundling and product bundling. Therefore, in this study combining the variables of price bundling, product bundling and complementarity goods to further explore consumer purchase intentions at retail stores that also carry the theme of promo bundling, namely because in this promo bundling the products provided have a wide variety of products.

Based on the understanding of these experts, it can be concluded that product variants are a strategy carried out by companies through diversifying a product with the aim that customers get the products they want and need. Product variants are something that every company needs to pay attention to in order to improve the performance of a product, the product will certainly lose out on competing with other products if the product is not diverse / varied. The appetite is not always the same for every customer. If the restaurant provides a diverse menu of food and drinks, it will make it easier for the restaurant to attract consumers to dine at its place. Because it makes it easier for them to choose a menu that suits their desires (Faradisa et al, 2016).

Method

This research is included in quantitative research, the data source used in this research is primary data, namely data obtained by means of research coming directly to ask questions in written form (questionnaires) directly with parties involved in a study, with the provisions, namely employees or employees of the warehouse section who work at PT.Top Ice. The data analysis method used in this research is the discriftive analysis method, which is to explain at length in sentence form the relationship of the research data. In addition, the data analysis method used in this research is quantitative analysis. The population in this study were all employees of PT Satria Buana Sakti so that the sampling of this study was by sampling method, which is a sampling technique that does not provide equal opportunities or opportunities for each member of the population to be selected as a sample. The sampling method used is saturated sampling technique with a sample size of 55 respondents. This study is a relatively small and limited population. Where all members of the population are sampled. The analysis technique used is Multiple Linear Regression. This research uses the SPSS application program.

Results and Discussion
Results
Multiple Linear Regression Test

Table 1 Multiple Linear Regression Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.603	2.110		0.760	0.451
	Product_Variant	0.042	0.103	0.043	0.407	0.686
	Level_Service	0.178	0.064	0.303	2.779	0.008
	Price_Bundling	0.529	0.107	0.563	4.963	0.000
a. Dependent Variable:Customer_Loyalty						

Source: Researcher 2021

Based on table 1 , an equation model can be produced as follows:

$$Y = 1.603 + 0{,}042\ X1 + 0{,}178\ X2 + 0{,}529\ X3$$

The constant value (a) = 1.603, this shows that without the Product Variant (X1), Service Level (X2) and Price Bundling (X3) factors all considered 0 (zero), then Customer Loyalty has a constant value of 1.603. The coefficient value (b1) on variable X1 of 0.042 indicates that Product Variants can increase customer loyalty or every time there is an increase of 1 (one) time in customer loyalty, it will increase by 0.042. Conversely, every time there is a decrease of 1 (one) time in Customer Loyalty, it will reduce the Product Variant (X1) by 0.042 with other assumptions being constant. The coefficient value (b2) on the X2 variable of 0.178 indicates that service level can increase customer loyalty or every time there is an increase of 1 (one) time in customer loyalty, it will increase by 0.178 units. Conversely, every time there is a decrease of 1 (one) time in Customer Loyalty, it will decrease Service Level (X2) by 0.178 with other assumptions being constant. The coefficient value (b3) on variable X3 of 0.529 indicates that Price Bundling can increase Customer Loyalty or every time there is an increase of 1 (one) time in Customer Loyalty, it will increase by 0.529 units. Conversely, every time there is a decrease of 1 (one) time in Customer Loyalty, it will reduce Price bundling (X3) by 0.529 with other assumptions being fixed.

Test Coefficient of Determination (R2)

Table 2 Test Results of the Coefficient of Determination (R2)

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics R Square Change
1	.822^a	0.676	0.657	1.148	0.676

a. Predictors: (Constant), PRICE_BUNDLING, PRODUCT_VARIANT, LEVEL_SERVICE

b. Dependent Variable: CUSTOMER_LOYALTI

Source: Researcher 2021

Based on table 2 shows the R-Square value of 0.676, this means that 67.6% of the variation in the value of Customer Loyalty is determined by the role of variations in product variants, service levels and price bundling for the remaining 33.4% affected by other variables outside this study.

T Test

Table 3 T Test Results

Coefficients^a

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
1	(Constant)	1.603	2.110		0.760	0.451		
	Product_Variant	0.042	0.103	0.043	0.407	0.686	0.557	1.796
	Level_Service	0.178	0.064	0.303	2.779	0.008	0.534	1.873
	Price_Bundling	0.529	0.107	0.563	4.963	0.000	0.493	2.029

a. Dependent Variable: Customer_Loyalty

Source: Researcher 2021

Based on table 3 above, it can be seen that the results of data processing for the Product Variant variable (X1) obtained t count of 0.407 < t table of 1.680 based on the criteria if the t count < t table value then it can be concluded that the product variant variable has no significant

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effect on customer loyalty PT. Satria Buana Sakti. The results of data processing for the Service level variable (X2) obtained t count of 2.779> t table of 1.680 based on the criteria that if the value of t count> t table value, it can be concluded that the Service level variable has a positive and significant effect on Customer Loyalty of PT Satria Buana Sakti. The results of data processing for the Price Bundling variable (X3) obtained t count of 4.963> t table of 1.680 based on the criteria if the t value> t table value, it can be concluded that the Price Bundling variable has a positive and significant effect on Customer Loyalty of PT Satria Buana Sakti.

Discussion
The Effect of Product Variants on Customer Loyalty
The results of testing the first hypothesis that product variants have no effect on customer loyalty, and are evidenced by the results of SPSS 22 data processing which states that the X1 variable product variant obtained t count of 0.047 and t table of 1.680 with a significance level of 0.686 with a significance limit of 0.05 which means greater than 0.05 so that HO is accepted and H1 is rejected, thus the first hypothesis can be accepted, meaning that there is no influence. Based on the research results presented by the researcher, it can be concluded that product variants have no positive and significant effect on Customer Loyalty at PT Satria Buana Sakti.

The Effect of Service Level on Customer loyalty
The results of testing the second hypothesis that service level has an effect on customer loyalty, and it is proven by the results of SPSS 22 data processing which states that the X2 Service level variable obtained t count of 2.779 and t table of 1.680 with a significance level of 0.008 with a significance limit of 0.05 which means it is smaller than 0.05 so that HO is accepted and H1 is rejected, thus the second hypothesis can be accepted. Based on the research results presented by the researcher, it can be concluded that service level has a positive and significant effect on customer loyalty at PT Satria Buana Sakti.

The Effect of Price Bundling on Customer Loyalty
The results of testing the third hypothesis that price bundling has an effect on customer loyalty, and it is proven by the results of SPSS 22 data processing which states that the X3 price bundling variable obtained t count of 4.963 and t table of 1.680 with a significance level of 0.000 with a significance limit of 0.05 which means less than 0.05 so that HO is rejected H1 is accepted, thus the third hypothesis can be accepted. Based on the research results presented by the researcher, it can be concluded that price bundling has a positive and significant effect on customer loyalty at PT Satria Buana Sakti.

Conclusion
Based on the results of data analysis that has been carried out on all data obtained, conclusions can be drawn: Product variants have no positive and significant effect on customer loyalty, this suggests that other aspects have a more dominant role in shaping customer loyalty. Therefore, companies need to take a holistic approach in building strong relationships with

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customers and generating satisfying experiences. Service Level has a positive and significant effect on customer loyalty, good service creates positive experiences, builds trust, and strengthens customer relationships. By focusing on quality service, companies can build a strong foundation for long-term growth through solid customer loyalty. Price Bundling has a positive and significant effect on employee performance, By adding value, influencing purchasing decisions, and creating positive experiences, this practice can be used as a strategic tool to build and maintain strong customer loyalty. In the context of intense business competition, price bundling can be an important element in a successful marketing strategy.

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