EFFECTS OF PRICE AND QUALITY ON CUSTOMER SATISFACTION
(STUDY ON SME PRODUCT RECYCLED HANDBAGS THAT SUPPORTS THE SDGS)

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Abstract

Small and Medium Enterprises (SMEs) play a role in development and economic growth such as high employment absorption, contribution to the formation or growth of gross domestic product. There are SMEs that produce and produce handbag products made from recycled output whose sales fluctuate. The purpose of this study was to determine and analyze the effect of price and product quality on customer satisfaction simultaneously and partially. The population and sample are 216 consumers taken by nonprobability sampling technique. The analytical method used in this research is descriptive and verification. The instrument test was carried out with validity and reliability. Research data analysis includes multiple linear regression analysis, multiple correlation analysis, and hypothesis testing.

Keywords: price, product quality, consumer satisfaction

INTRODUCTION

Small and Medium Enterprises (SMEs) are the foundation of people's economic development in Indonesia. This is indicated by the large role of SMEs in development and economic growth such as high employment absorption, contribution to the formation or growth of gross domestic product compared to large businesses. There are SMEs that produce and output handbag products that are knitted with recycled coffee sachets made from metalize and aluminum foil. Bag products are a priority because they are in great demand by consumers. The type of bag product being produced today is a handbag.

Waste management can be called the entry point to achieving sustainable development targets, because this is a multi-sector issue that has an impact on various aspects of society and the economy. Waste management is linked to health issues, climate change, poverty reduction, food and resource security, as well as sustainable production and consumption (UNEP, 2015). However, waste management can also be considered a system bottleneck. Several factors that influence this are population distribution and density, socio-economic and physical environmental characteristics, attitudes, behavior and culture in society (Sahil, 2016).

Figure 1. Recycling Waste into Products Supports SDGs (Sharma et.al, 2021)

Development of waste handling capacities and infrastructure will equip handling the increased waste. Policies on material recovery and energy recovery, extended producer responsibility and integration of the informal sector improve the economic activity and equip in employment creation. An overview of the key drivers for integrating the pillars of sustainability and governance to circular economy approaches in plastic waste management to achieve sustainable development goals is presented in Fig. 2 (Sharma et al., 2021).
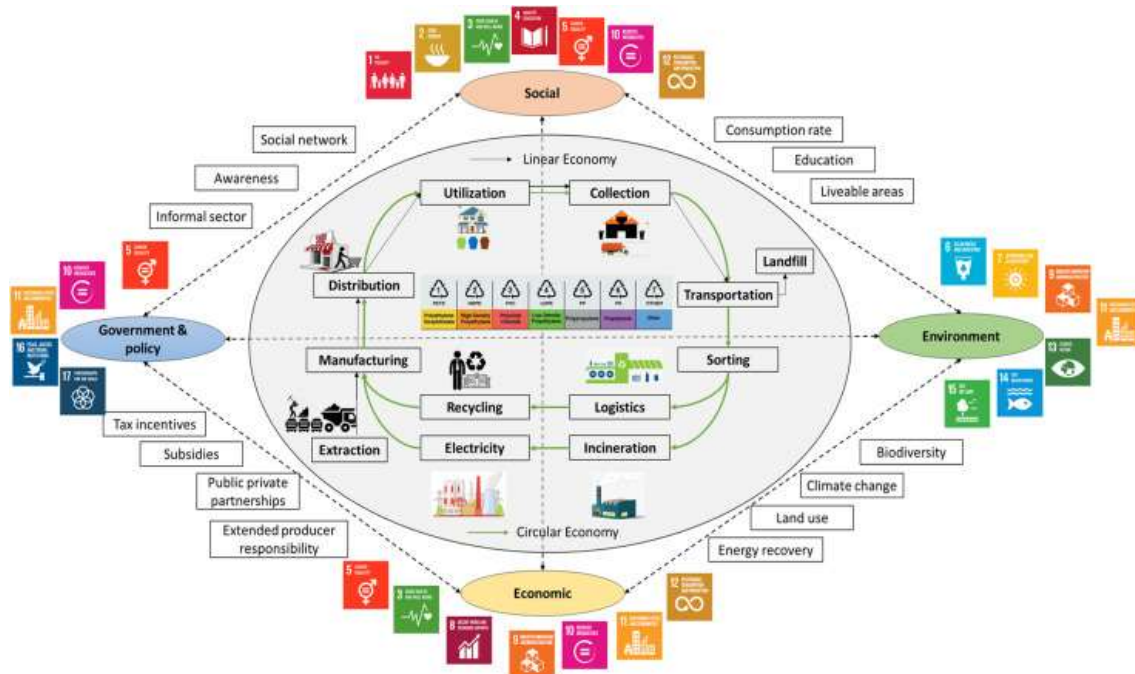
Figure 2. Circular Economy Approaches in Plastic Waste Management (Sharma et al., 2021)

To meet the needs and desires of its consumers, SMEs are required to always understand the changes that occur in the market and must be able to create creative ideas so that the products offered can be attractive to consumers, so that what consumers want can be fulfilled properly and the company can survive. SMEs must be able to understand consumer behavior in their target market, because the survival of the business as an organization that tries to fulfill the desires of consumers is very dependent on customer satisfaction. In this way, the production results become attractive and marketable, and can even become an iconic fashion feature (Marques et al., 2019). Thus a study is needed that can reveal the relationship between price and product quality with consumer satisfaction.

Preliminary surveys that have been conducted show that there are fluctuations in revenue, so that actual sales often do not reach the target. This is strongly suspected due to the tendency of changes in purchasing decisions, which are predicted to be caused by dissatisfaction due to changes in price and product quality.

Price is one of the most flexible elements of the marketing mix, and under certain conditions consumers are very sensitive to price, so that a product that is relatively higher than its competitors can eliminate products from consumer considerations by setting competitive prices and according to the wishes or wishes of consumers. then consumer behavior will change (Koklic et al., 2017; Konuk, 2019; Nguyen et al., 2020).

In economic theory, the term price is often associated with value or utility, both of which are considered interrelated concepts. Price is perceived as an attribute attached to an item, which

allows the item to fulfill wants and satisfy needs (Dapkevičius & Melnikas, 2009; Angelova & Zekiri, 2011; Koklic et al., 2017). Its size is often characterized by affordability, compatibility with capabilities or price competitiveness, and price compatibility with benefits (Liao et al., 2017; Romdonny & Rosmadi, 2019; Otto et al., 2020).

Product quality is one of the consumer considerations in deciding on the purchasing process, because it is considered the ability of a product to provide results or performance that match or exceed what consumers expect (Dapkevičius & Melnikas, 2009; Jahanshahi et al., 2011; Koklic et al., 2017; Konuk, 2019). In this case there are several considerations for measuring product quality, namely form, features, customization, performance, conformance, durability, reliability, repairability, style, and design (Angelova & Zekiri, 2011; Liao et al., 2017; Romdonny & Rosmadi, 2019). Currently, these consumers are increasingly critical and demanding a product that exceeds their expectations, thus creating consumer satisfaction (Jahanshahi et al., 2011; Fernandes, 2018; Vasić et al., 2019; Zhong & Moon, 2020).

Consumer satisfaction is perceived as the level of feelings of pleasure or disappointment resulting from comparing perceived product performance with expectations (Vasic et al., 2019; Nguyen et al., 2020; Zhong & Moon, 2020). In general, an indicator of consumer satisfaction is characterized by the condition of creating conformity of expectations, an interest in revisiting, and a willingness to recommend. If the consumer gets a high level of satisfaction then he will be willing to pay a high price, otherwise if the satisfaction felt by the consumer is low then he will only want to pay a low price (Angelova & Zekiri, 2011; Fernandez, 2018; Githiri, 2018; Alketbi et al., 2020).

METHODS
This study was designed using qualitative and quantitative methods, with descriptive and verification approaches. In this study, it was determined that consumers who bought a SME handbag product with certain brands were the population, and the sample in this study used a probability sampling technique with a purposive sampling procedure. The sample size was determined as many as 60 for subjective reasons based on the theory which states that a decent sample size of between 30 and 500 is sufficient for most studies (Roscoe in Echdar, 2017). Questionnaires on the results of validity and reliability tests were used to obtain primary data, which were then analyzed using multiple linear regression analysis, multiple correlation, determination and hypothesis testing.

RESULTS AND DISCUSSION
The SME product in the form of a bag which is the object of this research is a handicraft product with recycled materials from coffee sachet packaging made from metalize and aluminum foil (figure 2).

Figure 2. SME Handbag Products

The consumer's assessment of the dimensions of the quality of SME products in the form of bags is explained in the following table.

Table 1. Consumer Assessment of the Dimensions of SME Bag Product Quality

Indicator	Indicator	Bag Product Standard	Consumer Ratings
Form	Product size, shape or physical structure.	A medium sized bag (medium) is made of neat and sturdy knitted plastic coffee sachets.	The shape and size of the bag is structured and easy to understand because of its uncomplicated shape
Feature .	Complementary characteristics	The bag is covered with cloth and sewn with plastic so that the bag is not stiff, the cloth is not stained with wet and sticky.	The bag feels that it tends to be stiff when exposed to the sun's heat and is easily damaged because the bag layer is thin
Customizatio n	The product is with individual wishes	The bag is made in medium size according to the size for adults with a scale of 1:1.	Consumers feel that the desire for the quality of the product is still not fulfilled
Performance Quality	The main function of the bag	The bottom of the bag is made of: polyester fabric and metalized mixed plastic, aluminum foil (thick texture) which is useful for accommodating heavier loads and does not wrinkle easily	Bags are not strong enough to carry goods, as is the main function of bags in general.

Suitability	According to the standard set	Bag products are manufactured according to predetermined standards	In accordance
Durability	The length of time the product can be used.	Product durability for normal and continuous use is 1.5 years.	Products are considered less durable if used continuously
Reliability	It is unlikely that it will be damaged or fail to wear	Such easy maintenance • Dry the bag using a dry tissue, not by drying it when it gets wet • Not washed using detergent • Storage is not stacked	Easy to maintain
Serviceability	Ease of repair	Replacing the material on the damaged part because plastic raw materials cannot be sewn and attached using glue	Damaged bags are as difficult to repair as they used to be
Style .	Model and product characteristics	The model that was created is quite unique, namely with coffee sachets that are still suitable for use as a product, and consistently only use coffee sachets to provide its own characteristics	The hallmark of the bag product is very easy to remember because the motif used is made of coffee sachets
Design	features that affect the look, feel and function of the product	Create new pattern motifs using additional materials to combine raw materials, both paint and new embroidery motifs	Designs that are considered less stylish, because they are considered relatively the same

Consumer Responses to Prices

Consumer responses to the price of SME products in the form of handbags are explained in the following table.

Table 2. Consumer Responses to Prices

No	Description	Score	Interprestation
1	Bag prices can be reached by all consumers	3.50	The price is relatively expensive for consumers

No	Description	Score	Interpretation
2	Bag prices vary	3.40	The price given depends on the age of the product
3	Bag prices that can compete with other products	3.30	The price is doubtful to be able to compete with products that are not from recycled products
4	The price of the bag is cheaper compared to others	3.14	The price of the bag is quite cheap compared to other products that are not from recycling
5	The price of the bag is in accordance with the existing quality	3.72	The quality of the products provided still has deficiencies
6	The price of the bag is in accordance with the desired result	3.82	The price of the bag is felt to be less commensurate with the results desired by consumers
7	The price of a bag has benefits compared to others	3.80	Recycled products have the benefit of being environmentally friendly and easy to repair compared to non-recycled products, but product prices seem expensive
8	The price of the bag product is in accordance with the benefits that I feel	4.02	The product is environmentally friendly and easy to repair, but the price is considered not in accordance with the high selling price
	Average	**3.59**	Prices are relatively expensive for consumers, the bag products offered are quite expensive, in terms of quality they still have deficiencies and are not commensurate with the existing prices, products are environmentally friendly and provide benefits for companies and users but prices are felt to be inappropriate for consumers.

Based on this table, it can be stated that the average consumer response to the price variable is 3.59 which is included in the high category. This means that it is included in a price category that is perceived as expensive, because it is an environmentally friendly product and easy to maintain.

Consumer Response to Product Quality
Consumer responses to the quality of SME products in the form of handbags are explained in the following table.

Table 3. Consumer Responses to Product Quality Variables

No	Description	Score	Interpretation
1	The resulting product is comfortable to use	3.96	Convenient bag products are used by consumers both for regular/continuous use

2	Products are environmentally friendly	4.30	SME bag products are environmentally friendly
3	Product works well for daily use	3.98	Bag products from SME are suitable for everyday use
4	Design looks attractive	4.02	Design looks attractive in the eyes of consumers
5	The resulting product is easy to repair	3.54	the resulting product is easy to repair because it is made of plastic which is knitted with yarn and does not use glue
6	Receiving consumer complaints	3.96	SMEs accept complaints from consumers openly
7	The products produced comply with the quality standards offered	3.98	the products produced are in accordance with the standard production materials used
8	The quality of the products offered is as desired	3.86	Standard products offered in accordance with the wishes of consumers
9	Holds up well in extreme weather	3.34	Bag products are still in doubt about their resistance to extreme weather
10	Not easily damaged by sharp objects	3.18	The resistance of bag products to sharp objects is still in doubt
11	Products can last up to 3 years	3.48	Products can last up to 3 years
12	The level of damage to the product is low	3.36	The low level of product damage is still doubted by consumer
13	Stylish design	3.64	Stylish product design according to consumers
14	The products offered are very diverse	3.62	The products offered are very diverse
15	The resulting product can provide a good reputation	3.76	The resulting product can provide a good reputation for the company
16	The company provides a guarantee	3.70	SMEs provide guarantees for their products
17	The physical structure of the product is neat	3.82	The physical structure of the product is neat as a whole
18	Many size variations	3.44	There are many product size variants
19	Elegant product appearance	4.00	Product appearance is elegant to use
20	The product matches the picture	4.20	The product corresponds to the image / illustration shown
	Average	3.76	Product quality is said to be appropriate, because it is comfortable to use, environmentally friendly, suitable for

everyday use, looks attractive and stylish, easy to repair, accepts consumer complaints, product materials are according to standards and wishes, and has a warranty.

Based on the table above, it is known that the average consumer response to product quality variables is 3.76, and is included in the appropriate category. That is, consumers perceive the quality of SME bag products in line with their expectations, because they are environmentally friendly products.

Consumer Response to Consumer Satisfaction

Consumer responses to satisfaction after buying SME products in the form of handbags are explained in the following table.

Table 4. Consumer Responses to Satisfaction Variables

No	Description	Score	Interpretation
1	The resulting products are very fashionable	3.80	The appearance of the product is suitable for use by various groups of women at all ages
2	Products are able to compete with products that are not from recycling	3.38	SME products are recycled products so they have limitations
3	The store facilities are very complete	3.74	Facilities for production and repair needs in a complete shop
4	The quality of service provided is very good	3.96	Friendly service and provide recycling education to consumers
5	Invite relatives/family to visit	3.80	Customers are satisfied and will make a return visit
6	Buying products with relatives/family	4.02	Consumers are interested in buying SME recycled products
Average		3.78	Products are suitable for various groups and ages, the existing facilities are very complete, provide friendly service so that consumers want to make repeated visits and buy products.

Based on the table above, it is known that the average recapitulation of consumer responses to the satisfaction variable is 3.78, and is included in the agree category. That is, consumers perceive satisfaction because of conformity with their expectations.

Multiple linear regression analysis is used to determine how much influence the price and product quality variables have on consumer satisfaction, and the equation $Y = 0.510 - 0.202X_1 + 0.245X_2 + \varepsilon$ is obtained. It can be explained that the constant value is 0.510, indicating that if the price and product quality variables do not change, then it is suspected that consumer satisfaction is positive.

Multiple correlation analysis is used to determine the relationship between price and product quality variables on consumer satisfaction. From the calculation, it is known that the R value is 0.824 which indicates a correlation or relationship between the price variable and product quality with consumer satisfaction, including strong and positive, so that it can be stated that when the value of variable X increases, it will be followed by an increase in the value of variable Y. Obtained from R Square of 0.679 or 67.9%, indicating that the percentage contribution of the influence of price and product quality variables on consumer satisfaction is 67.9%, while the remaining 32.1% is influenced by variables not examined, such as service quality, emotions and costs.

To test the statistical hypothesis above, the F test statistic was used to obtain an F-count value of 49.656 and an F-table value for $\alpha = 0.05$ with degrees of freedom V1 = 3 - 1 = 2 and V2 = 50 - 2 - 1 = 47 is 3.20, product quality and price have a positive and significant effect on consumer satisfaction, because F-count is greater than F-table (49.656> 3.20). Thus it can be stated that H_0 is rejected and Ha is accepted. This means that price and product quality have a positive and significant effect on consumer satisfaction in SME handbag products.

Effect of price variable on consumer satisfaction
The results of data processing show that the t-count value is 3.048 and the t-table value is 1.678. Because the t-count value is greater than t-table (3.048 > 1.678), then H_0 is rejected and Ha is accepted, meaning that the price variable has a positive and partially significant effect on consumer satisfaction.

Effect of product quality variables on consumer satisfaction
The results of data processing show that the t-count value is 3.929 and the t-table is 1.678. Because the t-count value is greater than t-table (3.929 > 1.678), then H0 is rejected and Ha is accepted, meaning that the product quality variable has a positive and partially significant effect on consumer satisfaction.

CONCLUSION
Consumer perceptions of product quality variables indicate conformity, and perceptions of prices indicate high price levels, while perceptions of consumer satisfaction indicate good conditions. Product quality and price have a positive and significant effect simultaneously and partially on customer satisfaction. It is recommended that the quality of the bag be improved in terms of product durability, because it is easily damaged by sharp objects. Socialization and education was carried out to consumers that bag products made from recycled plastic waste are unique products so that these products still have limitations in terms of durability. Further research needs to be done using other variables that can affect consumer satisfaction.

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