THE INFLUENCE OF PRICE, PRODUCT QUALITY, SERVICE QUALITY ON CUSTOMER SATISFACTION AND CUSTOMER LOYALTY OF DCK SURABAYA

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ABSTRACT

The higher the number of exported furniture from China, the more difficult it is for the furniture SMEs (Small and Medium Enterprises) in Indonesia to compete in global market. The marketing performance is one of the obstacles SME entrepreneurs should deal with in the competition. This study is aimed to examine and analyze some variables that influence marketing performance, such as price, product quality, service quality, customer satisfaction, and customer loyalty.

Each variable is formed by several indicators, on of which is price consisting of flexibility, customization, differentiation, and promotion. Product quality is formed by defect, durability, matchness, and consistency. Service quality is formed by tangible, reliability, assurance, responsiveness, and empathy. Customer satisfaction is formed by complaint, referral, and repurchase likelihood. Customer loyalty, on the other hand, is formed by brand loyalty, customer retention, and demand growth.

This study uses random sampling method. The samples were taken from population consisting of all customers that have been served by DCK. The samples number were taken by Slovin formula. Primary data was collected through direct interview to obtain the respondents' perceptions on every question given in questionnaire.

Instrument validation test of this research uses construct validity; the research is considered valid if the correlation coefficient is positive and higher than 0,50. Reliability test is done using construct reliability; the research is called reliable if it has construct reliability which is higher than 0,70. The analysis technique used to analyze the research data is structural equation modeling with partial least square approach. Statistical program applied in the data analysis is smartPLS.

The main conclusion obtained from this study is that non-significance of relationship from price and product quality to customer loyalty. Other main conclusion is the negative but significance relationship from service quality and customer satisfaction to customer loyalty.

Keywords: Price, Product Quality, Service Quality, Customer Satisfaction, Customer Loyalty

INTRODUCTION

CV. Dharma Citra Kencana, here in after referred to as DCK, standing in Surabaya since 1993. Its service provided at first is a general contractor for the renovation of homes, offices, shops, storefronts, and many other kinds of furnishing work. But in its development, not only the renovation is being done, but also the company has been able to build homes, factories, warehouses and other property types, from zero to finished. Even to this moment, DCK services has also penetrated into the interior design, complete with furniture making.

With the growing demand for increasingly large market, because people have started to realize that home or place of business is an expensive asset to be enhanced existence, DCK was also experiencing growth in the amount of turnover and production from year to year. Central Bureau of Statistics (BPS) published the official report on the growth of the sector production value of furniture belonging to small industry, which in 2012 the total value of 2.59 trillion rupiah, increased to 20.2 trillion rupiah in 2013 (BPS, 2014). Therefore, anticipation DCK to continue to develop the business should be done, to keep the trend of increasingly complex needs of the community with regard to the business field.

Although DCK has high turnover growth, but this does not necessarily lead to the increase in gross margin for the DCK. In the last five years, the average increase in turnover of 25% per year. The ease of access to the internet since last 5 years, has brought a new landscape competition, because consumers can easily and quickly assess, compare prices is a design services company with another company. Intense competition prices and interior design services company increasing prices of raw materials, making the gross margin down.

Every year the price of raw materials has increased significantly, resulting in COGS (cost of goods sold) higher, and consequently the gross profit (gross margin) obtained by DCK also declined. DCK marketing performance over the last 5 years is not too encouraging. On the one hand, the sales turnover increasing from year to year (except for the period 2011-2012), but on the other hand, a decline in gross margin which forms the negative trend from year to year.

With more and more competitors in Surabaya, the price of services offered to the market even today's increasingly competitive, sometimes even DCK got little profit margin in order to compete in the market. With this phenomenon, research is needed to determine whether the price of the services offered to the consumer for this is in accordance with the intended target market segments. With the creation of the right price, will increase the competitiveness of the business compared DCK future competitors. The competitiveness of a firm increases when the price of the product indicated is no longer a major consumer objections before making a purchase decision (Hawkins & Mothersbaugh, 2011).

More than 50% of the number of DCK customers ordering home furnishings, which earned gross margins are much higher than ordering furniture for office furniture. That is, the chances of future market development is still very promising. This research aims to assess the perceptions of consumers who never buy DCK services, whether the price of services purchased are in accordance with the wishes and expectations of consumers.

In addition to price, the success of business services and furniture design is largely determined by the quality of the resulting product. Expected product is a product that is the result of consumers in accordance with the design drawings given at the beginning of the order. In addition, these products do not have disabilities during installation and at the time of delivery. The strength and durability of the product is also a major consideration when consumers want to buy DCK services. Product quality that were produced by DCK is sometimes not so good, so it is still often leads to complaints from consumers, particularly consumers who more than once to make a purchase. DCK is less consistency in providing products for this service can be seen from some of the negative responses of consumers who ever take the services.

This research also aims to determine whether the products are good enough in quality and can consistently increase sales turnover of DCK, or even consumers are actually looking for quality products that mediocre origin in accordance with the budget alone. Important factors in addition to price and quality of products are sought after by DCK consumers maybe is the quality of service. Currently DCK still do not have a standard of service, particularly related to issues of delivery and installation of furniture in the location. This research also aims to determine whether the service quality affects customer satisfaction of DCK or not.

At this time, the factor that also being a problem in the DCK is customer satisfaction, because this factor can be a way to differentiate itself, compared to other companies. Typically consumers in Surabaya have different perceptions of the quality of the product in its interior and furniture compared to other big cities. In general, consumers are looking for a high quality product, but on the one hand, the desired price is very cheap. Therefore, it can no longer DCK only emphasizes the price or quality of the product alone, but rather in terms of service quality and customer satisfaction, in order to reassure consumers and create loyal customers and continue to do repeat buying from time to time.

RESEARCH QUESTION

Based on the background described, the formulation of the problem of this research are:
1. Does the Price have the effect on Customer Satisfaction?
2. Does the Product Quality have the effect on Customer Satisfaction?
3. Does the Quality of Service have the effect on Customer Satisfaction?
4. Does the Customer Satisfaction have the effect on Consumer Loyalty?
5. Does the Price have the effect on Consumer Loyalty?
6. Does the Product Quality have the effect on Consumer Loyalty?
7. Does the Quality of Service have the effect on Consumer Loyalty?

REVIEW OF LITERATURE

Singh (2013) conducted a study which aims to determine the impact of service quality on customer loyalty. The population of this study are all large supermarket consumers in India. The research sample was taken as 600 customer, was obtained from 7 major supermarkets from different districts in India. The variables used in this research is the quality of service, customer satisfaction and loyalty. The analysis uses descriptive statistics and one-way ANOVA. The results showed that if the quality of service with a good note, it shows positive results and significant customer loyalty.

Shi & Smith (2012) conducted a study of furniture manufacturers in China. The purpose of this study is to get a way for the producers to reduce the cost of production but not to sacrifice the quality of furniture products, both domestically and are absorbed requirement for export purposes. The population of this research is the furniture industry and a large middle class who are members of associations Chinese National Furniture Association (CNFA) and are often involved in international exhibitions. 4297 acquired a company that is willing to be responsden research. Data obtained by conducting a survey to each exhibitor who participated in the international exhibition 9 different places in China. The variable used is cost effectiveness and product quality. Statistical analysis is used to determine the average and trend of furniture producers in making production and marketing strategies. The results of the study found that the furniture manufacturers in China can still get high profit margins without sacrificing quality by using raw materials and cheap replacement available in large quantities in the market.

CONSUMER LOYALTY

Consumer loyalty is the degree of the extent to which a consumer show repeated purchasing behavior, and continuously from a service provider or product. The degree to which consumers continue to have a positive attitude towards the tendency of the company. Consumers will always consider the existence of the company first, when the need arises to use the services or specific product before looking for alternatives to other similar companies.

Grewal & Levy (2012: 364) argues that a consumer is said to be loyal when the show regularly purchasing behavior which itself obligated to purchase at least two times within a certain time interval. Measures to repurchase a preferred product or service in the future (repeat buying), is evidence of the creation of customer loyalty.

Consumer loyalty dimensions used in this study are the dimensions developed by Tetu, et al. (2013), namely Brand Loyalty, Consumer Retention and Sales Growth. Here is an explanation for each of these dimensions:

1. Brand Loyalty

Is the degree to which the relation of a consumer to a product brand or company name. This reflects that a consumer who is loyal to a brand will not easily move their purchases to other brands, no matter what happens with the brand. Loyal consumers in general will continue to purchase the brand, although faced with various alternative brands of competitors' products that offer superior product characteristics is viewed from different angles attributes.

2. Consumer Retention

Is a state where the consumer wants to remain on good terms with the company on an ongoing basis. Some sizes are used in consumer retention is a positive feedback to companies such as always giving suggestions for improvement of the quality of products and services. In addition, customer retention can be measured from the contact continuity of the company so far to consumers.

3. Sales Growth

Is the degree to which consumers will make repeat purchases are more numerous in the future. If consumers only buy products with a nominal amount or the same volume in the future, then surely the company has not experienced an increase in performance marketing. A consumer can not necessarily be said to have contributed positively to the performance of the new marketing if only buy once, because do not necessarily repeat buying in the future, or if the conduct of repeat buying once, not necessarily or nominal volume purchases more than ever before. Therefore, the dimensions of consumer loyalty indicators need to be measured from the increase in demand or also called sales growth.

CONSUMER SATISFACTION

Satisfaction is a person's level of feeling both pleased and disappointed after comparing the perceived performance or results when compared with the expectations. Grewal & Levy (2012: 361) defines customer satisfaction as an emotional response to the evaluation of the consumption experience of a product or service. In addition, customer satisfaction is formulated as purnabeli evaluation, the degree of consumer perceptions of the performance of the products or services that are chosen to meet the expectations prior to purchase.

Customer satisfaction is very important to note because the consumer can provide long-term benefits to the company, among which are the following: 1) Consumers want to buy products with greater amounts; 2) Consumers want to buy a new product or enhanced products from companies in the future; 3) Consumers are willing to share praise for the company and its products to others; 4) Consumers are becoming less attention to the brand and advertising competitor, and less sensitive to the price of a competitor; 6) Consumers are willing to give new ideas for the development of the goods or services of the company, because consumers have a greater sense of belonging.

Dimensions of customer satisfaction were used in this study are the dimensions developed by Jayasankar & Kumar (2012), the Complaint, Referral, and Repurchase Likelihood. Here is an explanation for each of these dimensions:

1. Complaint

Is the degree to which consumers are not satisfied with the quality of the products or services provided by the company. Indicator contradiction with consumer satisfaction is deliberately used to direct the company to understand what factors actually sought consumer satisfaction. The higher the degree of the complaint, the lower the perceived level of customer satisfaction. Complaints of consumers can be caused by several

factors, among them the promise of a discrepancy with the results of a given company. For a company that made the production process along with the consumer, the possibility of the biggest complaints is caused by the time production and delivery of products turns past the deadline that has been agreed.

2. Referral

Is the degree to which consumers are willing to refer friends or other people to buy a product from the same company, without the promised incentives or benefits over the company. The higher degree of consumer referrals made to indicate the higher the perceived level of satisfaction. Referral or also called Word of mouth (WOM) is positive can be done by means of a proactive and passive. Consumers who do proactively referral can be seen from the behavior that deliberately show off the excess product without first asked by his friend. While passive referral usually occurs if the consumer is asked by his first, then answer questions such as where to buy, at what price, and so on.

3. Repurchase Likelihood

Is the degree to which the consumer has the greatest potential to buy again the same product or different products from the same company at a later date. Consumers who are satisfied may be indicated by his willingness to do repeat buying. Because the products purchased and services company have been enjoyed by consumers, and consumer expectations have been met, then it is likely to buy back (repurchase likelihood) will be created by itself. Dimensions of consumer satisfaction can be measured with other types of products, volume of purchases, and when it re-purchase took place at a later date.

PRICE

Price is the value that appears in the mind of the consumer of the product or service transaction deal value specified by the buyer or the seller (through bargaining) or set by the seller for the same price to all buyers (Ellickson, et al., 2012). Price is the amount of money charged for a product or service, the amount of the exchangeable value of the consumer to the benefits of having or using a product or service. Under normal circumstances, demand and price have an inverse relationship or negative. This means that the higher the price is set, the smaller the demand. But for a product - a prestigious product (prestige) can be unidirectional or prices have a positive relationship.

According to Grewal & Levy (2012: 390), Price has two main roles in the decision making process of the buyer is: 1) The role of the allocation of the price, ie the price function in helping the buyer to decide how to obtain the expected benefits based on the highest purchasing power. Thus, the existence of price can help buyers to decide how to allocate its purchasing power in different types of goods or services. Buyers to compare prices of various alternatives available, then decide the allocation of funds desired. 2) The role of the information of price, ie the price function in "educating" consumers about the product factors, such as quality. This is especially helpful in situations where buyers have difficulties to assess the factors of production or benefits objectively. The common perception is that it applies a high price reflects its high quality.

Dimensions prices used in this study refers to research conducted Alptekinoglu & Corbett (2012), which is the flexibility, customization, differentiation, and price promotions. Here is an explanation for each of these dimensions:

1. Flexibility
Price created from the method of payment that will be made by the consumer. Consumers can choose whether the method of payment in installments or in cash. Companies can apply different prices for different payment methods. Repayment period is longer (longer payment terms), is a price that can be paid off in a shorter period of time, but as a consequence, the price of which is set to be higher than if paid in cash up front. In this case the company stretching out the loan for a longer period.

2. Customization
In addition to the price that can be paid is flexible in terms of repayment, price can also be created through product customization. That is, the pricing on the consumer to other consumers can be different, depending on the type and quality of raw materials required to make the product, thus consumers would think that the product price is relative, depending on the type of need and demand. The application of these rates can be applied to companies directly involving the role of the consumer in the production process. Companies can make the exact same product at different prices when the desired materials and different qualities of each consumer.

3. Differentiation
Price can also be created for all types of consumers being served, the amount of the purchase volume, and when the time of booking. Higher prices can be aimed at the home user who purchases less volume when compared to corporations (corporate user). Likewise, if a company is to have a lot of stock of raw materials, pricing is cheaper than the price of a product can usually be done in order to sell quickly, and the company does not hoard goods in the warehouse. Pricing is suitable for companies that serve multiple segments at once. In this way, consumers will have the perception that the price is relative, depending on market conditions and company policies.

4. Promotion Price
Promotion price is one way of creating price that aims to increase the number of sales turnover in the short term. Promotion price (promotion price) is an effective strategy to influence consumer purchase decisions immediately. This method uses a cross-subsidy approach, in which the loss arises because the price of a type of product promotion has actually been closed by the high profits of other types of products. Concrete shape in the form of discounts, bonuses for pembelajaan with certain nominal, and many others.

PRODUCT QUALITY
The quality of products according to Lovelock & Wirtz (2011: 96) is to consider companies in building consumer trust. Performance (performance) is a basic characteristic of a product, is the most important element of a product that is sought after by consumers. According to Grewal & Levy (2012: 348), the performance is the degree to which a product is able to perform its functions properly according to

standards of the company. Performance (performance) is a principal operating characteristics of the product core (core product) purchased.

Another element is the product quality characteristics of the product or additional features (features), which is a special characteristic that adds differentiation complement the use of the product compared to other products. Reliability (reliability) is the degree to which the product will be damaged or fails, the company should be considered to maintain the quality standards of its products.

Another factor is the quality of the product durability (durability), which is a factor of the length of an acceptable product before the product is to be replaced, due to wear or below the initial standard. Durability (durability) related to how long the product can continue to be used. These dimensions include technical life or the economic life of the product.

In addition to factors inherent in the product itself, there is also a factor which is a complement of the product, but its existence can not be separated, that is aesthetic, is how the product appearance, taste, sound, smell. Aesthetics can also be interpreted with the product appeal to the five senses. External factors are product quality perceived service quality (perceived quality), is taken from the quality reputation of the manufacturer of the product, how the standard of services provided by the company, (Golder, et al. 2012).

Dimensions of quality products used in this study are the dimensions developed by Golder, et al. (2012), ie Defect, Durability, Matchness, and Consistency. Here is an explanation for each of these dimensions:

1. Defect
Is the degree to which the presence or absence of defects when the product is received by the consumer, if there is a product defect, the extent to which the level of consumer acceptance or tolerance of the possibility of such defects. Dimensional quality of this product is suitable for companies that process of production carried out jointly by the consumer, and still involves a labor-intensive process. Production is usually done made by order, meaning that production is done if there are orders from customers. Thus, consistency of manufacture of the product and the quality is very vulnerable to the availability of raw materials, particularly related to the quality of the raw materials that existed at that time. In addition, the labor factor also affects this dimension, which is when there are orders from consumers, labor experts may not be able to handle it alone, so it must be assisted by the new labor and inexperienced.

2. Durability
Is the degree to which a product is resistant to factors that may cause damage in the future. The products are not including consumer goods where there explicitly expire date on the packaging, should have the durability (durabilty) the better, because the use of these types of products are usually for long term and permanent, eg household

appliances, furniture, vehicles , and so on. For products produced from wood in particular, resistance (durabilty) can be seen from the changes in texture, color, strength in the weight-bearing, and the rate of loss.

3. Matchness
Is the degree to which the products produced by the company is in compliance or not with the customer order. Because it is made by order, it is possible that the resulting product does not correspond to the initial consumer tastes and expectations. In contrast to a company that is already finished and ready products purchased by consumers, in this case the consumer still can and have the opportunity to choose. The company that made the production process along with consumers, should pay attention to product quality matchness dimensions, whether the design, choice of colors, choice of finishing processes, are in accordance with the expectations of the consumer or not.

4. Consistency
Is the degree to which companies are able to deliver quality products to maximum and consistent, appropriate consumer expectations. Companies that consistently maintain the product quality to consumers, will have an impact on customer satisfaction itself. Consistency of product quality can be maintained by each staff and employees in the company should be able to keep and do SOP (standard operating procedure) that have been made. This consistency can be reflected in the standard of quality that has always felt the same product by the consumer from time to time.

SERVICE QUALITY
Companies that are able to produce quality products alone will not be able to compete with competitors who in addition to having quality products, are also able to provide better quality of service to consumers. Quality of service is a factor mandatory for companies to do the differentiation. The quality of service can be seen from how far the difference between expectation and reality consumers for services received. Quality of service can be measured by comparing consumer perceptions of service received by the expected actual service (Lovelock & Wirtz, 2011: 52).

In addition, the quality of the actual service consumer assessment will refer to the company as a whole and overall, the assessment of the quality of work the whole team or staff within the organization. If there are consumers disappointed with the services of a waiter in a restaurant, then it implies that negative perceptions will appear also in the minds of consumers, that the quality of the restaurant management will be undermined.

Service quality dimensions used in this study are the dimensions developed by Parasuraman in Chabbra (2013), namely Tangibles, Reliability, Responsiveness, Assurance, and Empathy. Here is an explanation for each of these dimensions:

1. Tangibles

Is the degree of the company's ability to show their existence to external parties. This ability is manifested in the appearance and capabilities of physical infrastructure companies and the state of the surrounding environment.

2. Reliability

Is the degree of the company's ability to deliver as promised services accurately and reliably.

3. Responsiveness

Is the degree of the company's ability to assist and provide services to customers quickly and accurately, with clear information delivery.

4. Assurance

Is the degree of the company's ability to foster a sense of trust of the consumers towards the company.

5. Empathy

Is the degree of the company's ability to deliver genuine concern and personal, given to consumers by trying to understand consumer desires one by one.

RESEARCH MODEL

Proposition that is based on theoretical studies and empirical studies will be explained how many hypotheses are to be compiled, the variables contained in each of these hypotheses and how to influence the relationship between variables. Here is a picture of the conceptual framework of the study.
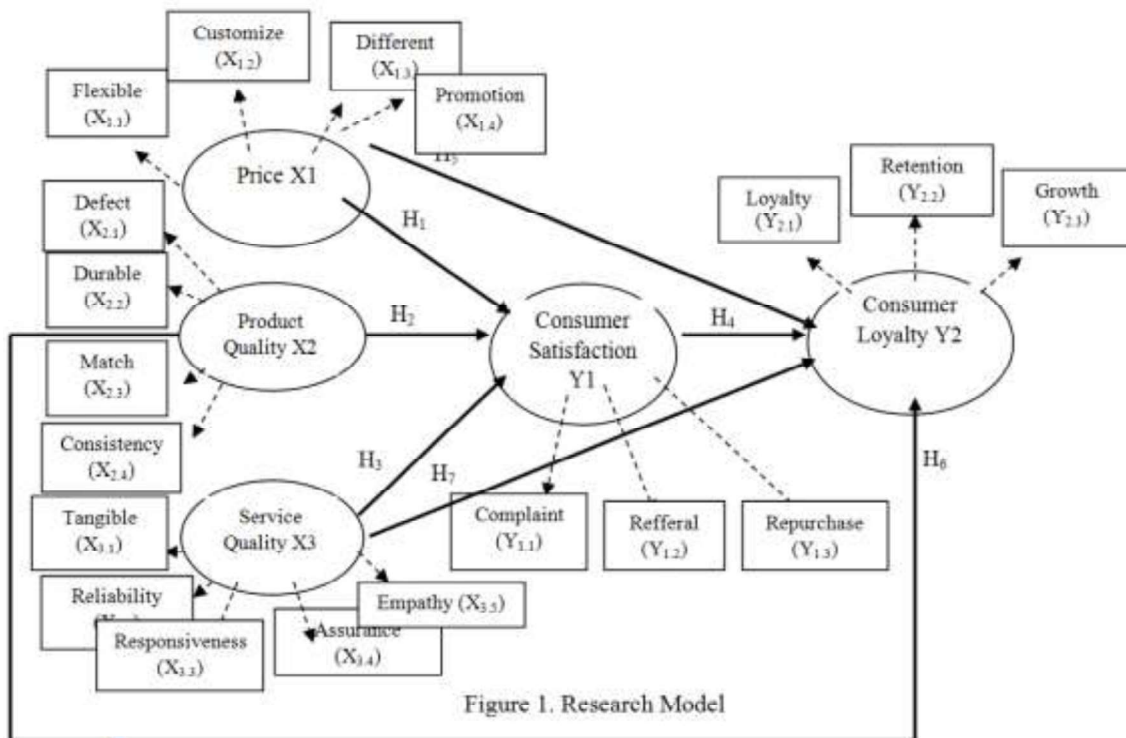
Figure 1. Research Model

HYPOTHESES

Based on literature review, review of the theoretical and conceptual framework, then compiled the following research hypothesis:

1. Price has significant and positive effect on Consumer Satisfaction (H1)
2. Product Quality has significant and positive effect on Consumer Satisfaction (H2)
3. Service Quality has significant and positive effect on Consumer Satisfaction (H3)
4. Consumer Satisfaction has significant and positive effect on Consumer Loyalty (H4)
5. Price has significant and positive effect on Consumer Loyalty (H5)
6. Product Quality has significant and positive effect on Consumer Loyalty (H6)
7. Service Quality has significant and positive effect on Consumer Loyalty (H7)

RESEARCH DESIGN

This study includes quantitative research, so the primary data collected by distributing questionnaires to the respondents who had been set then the data is processed with statistical tools in research laboratories. The unit of analysis refers to the level of aggregation of data to be collected for the study. This study uses individual unit of analysis. Time Horizon of this research is the data collected in a single time, perhaps over a period of days, weeks, or months aims to answer the research questions (Sekaran, 2010: 164).

Research site is in Surabaya and surrounding areas, while the research time is during the months of May-June 2014, respondents were consumers who have purchased services

DCK. This study used a purposive sampling method to draw a sample. The sampling criteria were: (1) Buy DCK services with a nominal minimum of 15 million dollars to the top, and (2) Live in Surabaya; (3) Has a minimum purchase DCK services a year ago (in 2013). The total population currently there are 96 consumers.

The data used in this study are as follows: 1) Nominal data, such as name, sex, purpose of purchase of furniture products; 2) ordinal data, such as the educational background of respondents; 3) Data interval, i.e. all respondents perceptional questions will be variable pricing, product quality, service quality, customer satisfaction and loyalty; 4) ratio data, such as the age of respondents, long been a customer, the nominal purchase of products that have been done.

Sources of data used in this study there are two kinds, namely primary data source, taken from a questionnaire answered by the respondents to be collected in this study. Total respondents 30 consumers who have purchased DCK services with a nominal 15 million dollars to the top. While other data sources are secondary data source that the data from the relevant government agencies such as the BPS furniture sales in the region. This data serves as the reference market development trends that occur.

Techniques of data collection using questionnaires. Once the questionnaire is made, then the respondents who had previously contacted to make an appointment to meet, given the time to answer all the questions in the questionnaire. Researchers waited and provide explanations when filling out the questionnaire conducted by the respondent. The following table is the data which will be the study respondents.

All the indicators that make up the latent variables in this study use traditional scale interval indicator stating something that is abstract. Variable price, product quality, customer satisfaction, and customer loyalty in this study were measured using a Likert scale or Summated ratings method and measurement results are in the form of interval scale data. The size of each of these variables is based on the average of the values of each item were obtained from respondents to these items, by selecting a value in a five-point scale. A value of 1 indicates the respondent strongly disagreed with the statement that there is in the questionnaire, the value of 2 indicates respondents disagreed, a value of 3 indicates respondents are neutral toward the statement, a value of 4 indicates the respondents agreed, and the value of 5 indicates the respondents strongly agreed with the statement that there is.

Data analysis in this study using Partial Least Square (PLS). PLS can be used on any kind of scale of data (nominal, ordinal, interval, ratio) and assuming a more flexible terms. PLS was also used to measure the relationship of each indicator with the construct. In addition, the test can be done PLS bootstrapping to structural models that are outer and inner model. Because in this study using indicators to measure each construct, and also a structural measurement model, it was decided to use PLS.

FINDINGS

An indicator is valid if it has a factor loading above 0.5 on the intended constructs. SmartPLS output loading factor to give results like in the attachment. Testing validity for reflective indicator using the correlation between the scores of items with a score konstruknya. Measurements with a reflective indicator indicates a change in an indicator in a construct if other indicators on the same constructs changed (or removed from the model). Reflective indicators suitable for measuring the perception that this study uses a

reflective indicator. Table loading factors provide the recommended value of 0.5 (Gaston in Yamin, 2011). The smallest value is equal to 0.508496 for Y2.2 indicator (Customer Retention). Meaningful indicators used in this study is valid or has met the convergent validity.

In the initial research model, there are several indicators that are not valid, so it can not be included in the research model. In the X1 variable-price, indicators that should be eliminated is X1.3.2 and X1.3.3. In X2-quality products, all apparently valid indicator, so there is no indicator that should be eliminated. In X3-quality services, the indicators that should be eliminated is X3.1.1 and X3.1.2. In the Y1-variable consumer satisfaction, an indicator that should be eliminated is Y1.2.2. In Y2-variable consumer loyalty, the indicators that should be eliminated is Y2.2.2. After all indicators invalid removed, then the model be perfect. Here is a diagram of the factor loading of each indicator in the research model after an invalid indicator deleted:
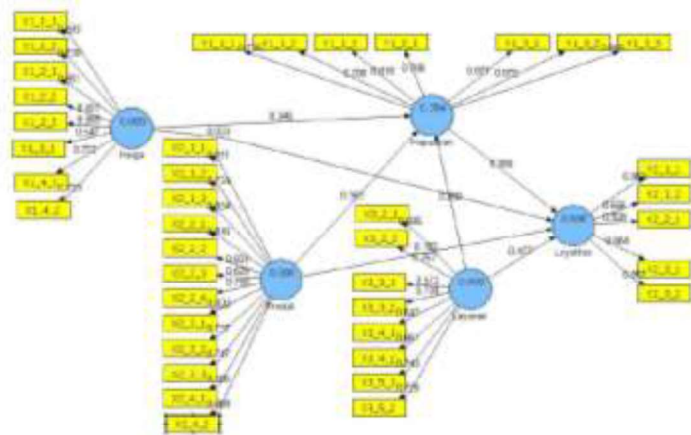

Figure 2. Loading Factor Value after Invalid Indicator Once Removed

The value of AVE recommended minimum is 0.5. If the value obtained AVE greater than 0.5, then the indicators in the developed model proved to actually measure a latent construct that is targeted and does not measure other latent construct. However, if the value of AVE below 0.5, then Fornell and Larker's (1981) explains that a latent construct has discriminant validity were satisfactory when the AVE values greater than the latent construct squared correlation with other latent construct.

Table 1. Average Variance Extracted (AVE)

Variable	AVE	The Sum of Squared Loading Factor	Note
Price	0,439053	$0,346^2+0,03^2=0,1206$	0,43>0,12 (accepted)
Consumer Satisfaction	0,671367	N/A	AVE>0,5 (accepted)
Service Quality	0,483859	$0,477^2+0,25^2=0,29$	0,48>0,29 (accepted)
Consumer Loyalty	0,574951	N/A	AVE>0,5 (accepted)
Product Quality	0,588270	N/A	AVE>0,5 (accepted)

The table above gives the value AVE above 0.5 for the variable Customer Satisfaction, Customer Loyalty, and Product Quality. As for the variable price and Quality of Service

has the lowest AVE value below 0.5. However, the value of the latent construct squared correlation is still below the value of the existing AVE. For the price variable, (0.3462 + 0.032) <0.439. For the variable quality of service, (0.4772 + 0.252) <0.483. Explanation for this may happen due to the purchases that consumers have lasted long enough, so the price and quality of service that consumers perceived that time and time becomes less valid survey.

Table 2. Composite Reliability

Variable	Composite Reliability
Price	0.860570
Consumer Satisfaction	0.934430
Service Quality	0.881582
Consumer Loyalty	0.865515
Product Quality	0.944302

Value of composite reliability for all constructs are above 0.7 which indicates that all constructs in the model were estimated to meet criteria for discriminant validity. Lowest composite reliability value is equal to 0.860570 to construct price.

Table 3. Cronbach's Alpha

Variable	Cronbachs Alpha
Price	0.816173
Consumer Satisfaction	0.917611
Service Quality	0.846921
Consumer Loyalty	0.805184
Product Quality	0.934846

Reliability test can also be strengthened by Cronbach's Alpha. The recommended value is above 0.5 and Cronbach's Alpha value for all constructs be above 0.5. The lowest value is equal to 0.805184 (Customer Loyalty). Once the model is estimated to meet criteria Outer Model, subsequent testing structural models (Inner models). Here is the R-square value in the construct:

Table 4. R-Square Value

Variable	R Square
Price	N/A
Consumer Satisfaction	0.783620
Service Quality	N/A
Consumer Loyalty	0.605550
Product Quality	N/A

The above table gives the value of 0.783620 for Consumer Satisfaction constructs which means that the price (X1), Product Quality (X2) and Quality of Service (X3) is able to explain the variance of Customer Satisfaction (Y1) of 78.3620%. R-square values are also contained in the Consumer Loyalty is influenced by price, Quality Products, Quality Service and Customer Satisfaction is equal to 0.605550. R-square value on customer satisfaction and loyalty is already above the required threshold is the lowest value of 0.19 (Gaston in Yamin, 2011).

To validate the model as a whole, then used a goodness of fit can be measured using a Q-Square predictive relevance formula.

$$Q^2 = 1 - (1 - R_1^2) (1 - R_2^2) ... (1 - R_p^2)$$

Where R_1^2 , R_2^2 ... R_p^2 is R square endogen variable in a model.

Hence, the value of Q^2 is

$Q^2 = 1 - (1 - (R_{square} Kepuasan)^2) . (1 - (R_{square} Loyalitas)^2)$

$Q^2 = 1 - (1 - 0,783620^2).(1 - 0,605550^2)$

$Q^2 = 0.752$; means still higher than the required threshold value is $Q^2 > 0$. Q-square value greater than 0 (zero) value indicates that the model has predictive relevance, whereas Qsquare value is less than 0 (zero) indicates that the model lacks predictive relevance (Gaston in Yamin, 2011).

Testing the hypothesis is as follows:

Table 5. Path Coefficients (Mean, STDEV, T-Values)

	Original Sample	Sample Mean	Standard Deviation	Standard Error	T Statistics
Price → Satisfaction	0,346	0,350	0,003	0,083	4,167
Price → Loyalty	0,033	0,025	0,129	0,229	0,257
Satisfaction → Loyalty	0,986	0,982	0,139	0,139	7,077
Service → Satisfaction	0,290	0,291	0,093	0,003	3,092
Service → Loyalty	-0,476	-0,480	0,128	0,128	3,718
Product → Satisfaction	0,353	0,348	0,083	0,083	4,229
Product → Loyalty	0,160	0,180	0,175	0,175	0,915

DISCUSSION

The new findings in this study supported the hypothesis is not the fifth, sixth, and seventh, ie the relationship between price, product quality, and service quality on consumer loyalty. The fifth and sixth hypotheses are not proven significantly, in other words there is actually no direct relationship between price and customer loyalty, and product quality and customer loyalty. This is probably caused by the price and quality of the products is expected in early expectations by the consumer before the purchase of the product, not the re-purchase or nature reps, because customer loyalty leads to long-term repetition.

This concurs with Chhabra (2013) which examines the consumer loyalty. While the seventh hypothesis proved to be significant but the result is negative, it means improving the quality of service even lower consumer loyalty. This is most likely due to products purchased once its installed, or need long-term nature. So the quality of service is not required, but the other aspects that are more important to consumers, such as the price and quality of products. Agree with Chen (2012) which examines the relationship of price and service quality on loyalty, it is evident that the role of price has more influence on loyalty than quality of service.

The Effect of Price on Consumer Satisfaction
Relationship between the price with satisfaction is statistically significant at the T-4.167955 (> 1.96). Estimate the value of the original sample is positive is equal to 0.346161 which indicates that the direction of the relationship between the price the consumer satisfaction is positive. Thus hypothesis H1 in this study which states that 'price significantly influence consumer satisfaction' is acceptable. The empirical fact is an example of proof of this hypothesis is another study with the title influence the quality of service, product, and price fairness on satisfaction and customer loyalty in Lnc Skin Care Singaraja conducted by Amryyanti & Sukaatmadja (2013).

The Effect of Product Quality on Consumer Satisfaction
Relationship between Product Quality on Consumer Satisfaction is significant with a T-statistic of 4.229643 (> 1.96). Estimate the value of the original sample is positive is equal to 0.353393 which indicates that the relation between Quality Products with Customer Satisfaction is positive. Thus the hypothesis H2 in this study which states that 'The quality of products significantly influence consumer satisfaction' is acceptable. Empirical fact another study conducted Amryyanti & Sukaatmadja (2013) also showed the same thing, ie the quality of the products have a significant effect on customer satisfaction.

The Effect of Service Quality on Consumer Satisfaction
Relationship between Service Quality on Consumer Satisfaction is statistically significant at the T-3.092975 (> 1.96). Estimate the value of the original sample is positive is equal to 0.29041 which indicates that the relation between Quality of Service with Customer Satisfaction is positive. Thus hypothesis H3 in this study which states that 'The quality of services significantly influence customer satisfaction' is acceptable. Empirical fact another study conducted Amryyanti & Sukaatmadja (2013) also showed the same thing, ie the quality of services significantly influence customer satisfaction.

The Effect of Consumer Satisfaction on Consumer Loyalty
Relationship between Consumer Satisfaction with Consumer Loyalty is statistically significant at the T-7.077814 (> 1.96). Estimate the value of the original sample is positive is equal to 0.986457 which indicates that the direction of the relationship between Customer Satisfaction with Customer Loyalty is positive. Thus the hypothesis H4 in this study which states that "consumer satisfaction have a significant effect on consumer loyalty 'is acceptable. Empirical fact another study conducted Amryyanti &

Sukaatmadja (2013) also showed the same thing, namely customer satisfaction significantly influence customer loyalty.

The Effect of Price on Consumer Loyalty
Relationship between the price and the Consumer Loyalty is not significant, because the T-statistic of only 0.257899 (<1.96). Thus hypothesis H5 in this study which states that 'price have a significant effect on consumer loyalty' is unacceptable. Empirical fact another study conducted Amryyanti & Sukaatmadja (2013) also showed the same thing, namely the reasonableness of the price no significant effect on customer loyalty.

The Effect of Product Quality on Consumer Loyalty
Relationship between Product Quality on Consumer Loyalty is not significant, because the T-statistic of only 0.915336 (<1.96). Thus the hypothesis H6 in this study which states that 'The quality of the products have a significant effect on consumer loyalty' is unacceptable. Empirical fact another study conducted Amryyanti & Sukaatmadja (2013) also showed the same thing, ie the quality of the product does not have a significant effect on consumer loyalty.

The Effect of Service on Consumer Loyalty
Relationship between Service Quality on Consumer Loyalty is significant with a T-statistic of 3.718646 (> 1.96). Estimate the value of the original sample was negative in the amount of -0.476597 which indicates that the relation between Quality of Service with Customer Loyalty is negative. Thus the hypothesis H7 in this study which states that 'The quality of services significantly influence customer loyalty' is acceptable, but the relationship is inversely or negatively. Empirical facts Amryyanti & Sukaatmadja (2013) shows the difference, namely that customer satisfaction turns positive and significant effect on customer loyalty.

CONCLUSION
This study includes the effect of price, product quality, and service quality on customer satisfaction and loyalty. From the research conducted, it can be concluded some points as follows:

1. Price has significant and positive effect on consumer satisfaction.
2. Product quality has significant and positive effect on consumer satisfaction.
3. Service quality has significant and positive effect on consumer satisfaction.
4. Consumer satisfaction has significant and positive effect on consumer loyalty.
5. Price has no significant effect on consumer loyalty.
6. Product quality has no significant effect on consumer loyalty.
7. Service quality has significant, but negative effect on consumer loyalty.

The resulting research conclusions about similarities and differences between previous research that studied researchers compared the results obtained. The implications of this research as conclusions can be drawn on the chart comparison with the results of previous research the following research hypothesis.

Based on the research results, advice that can justify the following, among others: 1) Variable Price and product quality can not be directly checked conjunction with consumer loyalty, meaning that these two variables can indeed affect loyalty but not directly, because it must pass through the first stage of customer satisfaction; 2) Variable quality of service may be a more appropriate moderator variable that is located between variables consumer satisfaction and loyalty, not to the independent variables that are causal, but moderation.

Here are some suggestions for the next study authors: 1) The study population was limited to furniture consumers in Surabaya, it is necessary to conduct further research with a broader scope of the industry such as industry or cross the same but regionally and across industries within the same region. Thus would explain the causal relationship between price, product quality, service quality, satisfaction, and customer loyalty in a wider scale; 2) The unit of analysis of this study is a mixture of consumers for household furniture or office, then we need to do further research on each type of consumer. Because consumer households and offices have a preference needs quite different from each other.

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