

**PATHWAY ANALYSIS OF THE INFLUENCE OF ISLAMIC QUALITY OF SERVICE, LOCATION, PRICE, AND QUALITY OF PRODUCTS LABELED HALAL ON CUSTOMER LOYALTY THROUGH CUSTOMER SATISFACTION OF WARDAH COSMETICS ON CUSTOMERS IN NORTH SUMATRA**



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**Abstract**

The halal industry continues to show positive development and growth every year. Indonesian people's consumption of halal products continues to increase, even among the largest in the world. Marketing a product or modifying a product for a company is intended to satisfy consumers or customers. Customer satisfaction is always a top priority for every company. The purpose of this study was to determine the direct and indirect effect of Islamic service quality, location, price, and product quality on the totality of Wardah cosmetic customers in North Sumatra through customer satisfaction. This research method uses a quantitative approach with pathways and uses the help of the SPSS version 20.0 program. This study used a questionnaire with a sample of 100 respondents. The results showed that partial service quality had an effect on customer loyalty, location had a partial effect, religiosity had a partial effect and self-concept had no partial effect on customer loyalty. Prices affect customer loyalty and product quality affects customer loyalty. Customer satisfaction affects customer loyalty. Islamic service quality influences customer satisfaction. The location has no effect on customer satisfaction, price partially has an effect, and product quality has a significant effect on customer satisfaction. From the results of the significance test, it was obtained that Islamic service quality, location, and product quality had no significant and significant effect on customer loyalty through customer satisfaction for wardah cosmetics in North Sumatra. As for the price variable, it has a significant and significant effect on customer loyalty through customer satisfaction for Wardah cosmetics in North Sumatra. with a confidence level of 95% or an error rate of 5%.

**Keywords:** Islamic Service Quality, Pathway Analysis Location, Labeled Halal

## INTRODUCTION

Indonesia's population currently amounts to 260 million people (www.bps.go.id, 2021) and almost the majority of the population is Muslim. With this situation, it can be used as a promising business field for entrepreneurs in Indonesia. With the entry of foreign products into Indonesia, the competition with local products is getting tougher and making many choices for consumers. This also forces the company to innovate products and improve the quality of its products so that it can survive in the market share. Increasingly complex business competition creates various challenges for companies to continue to be able to maintain their market share. Every company carries out various kinds of businesses and carries out many kinds of product innovations and carries out various kinds of marketing strategies so that they can compete with other company products and so that they can also attract potential customers or still be able to retain their customers without exception companies engaged in beauty, namely cosmetics. The Ministry of Industry noted, in 2017, the cosmetic industry in the country reached more than 760 companies. Of this total, 95% of the national cosmetics industry originates from the small and medium industry (IKM) sector. In 2017, the export value of national cosmetic products reached US\$ 516.99 million, an increase of up to 16% compared to the previous year which amounted to US\$ 470.30 million (Ekarina, 2021). To boost growth, he stated that the Ministry of Industry is focusing on making various efforts to increase the competitiveness of the cosmetic industry through various strategic programs and policies that strengthen the structure of the sector. For example, by transforming using digital technology to create high-added value in the country in line with the industrial era.

This can be indicated that there has been an increase in the number of consumers who use cosmetics, and this has created intense competition between cosmetic companies in Indonesia, not to mention the entry of foreign products has added to the tight competition between foreign products and domestic products. And also makes every company innovate, develop products and improve the quality of their products. The importance of analyzing brand performance is a priority for companies. By analyzing performance, companies are able to evaluate and determine strategies to develop their brands. For this reason, frontier research developed a research-based concept of Top Brand to understand brand

performance. The brand performance is then measured in Mind Share, Market Share and Commitment Share.

Starting from 2002, Wardah's cosmetic products began to develop quite rapidly and began to enter the retail industry. Wardah cosmetic products have also begun to use advertising media as a medium in marketing their products so that their products can be recognized by the wider community, especially women who are the main target of this wardah product. PT Pustaka Tradition Mother, which changed its name to PT Paragon Technology and Innovation (PTI). This company engaged in cosmetics was founded on February 28<sup>th</sup>, 1985. The first time this company produced hair care products was under the Ega brand, its market share was only in salons, but along with the development of other products under the Puteri brand, its main product was shampoo. With the ups and downs of the ups and downs of this company in 1995, wardah products were born which carried the theme of halal and labeled halal. Halal here is halal in terms of the ingredients used in this cosmetic. The product also has a halal certificate from LPPOM MUI. Especially in the Universitas Islam Negeri Sumatera Utara (UIN SU) environment where all female students or academics are Muslim, more or less they definitely prefer cosmetic products that are labeled halal and already have halal certificates from the MUI. This is in accordance with research conducted by Ismunanadar, et al which stated that Halal labeling and product quality have an influence on purchasing decisions for MSME products in Bima City (Ismunandar, 2021).

Halal information is usually in the form of a halal label certified by the Food, Drug, and Food Assessment Institute of the Indonesian Ulema Council (LPPOM-MUI). According to this Institute, the elements in cosmetics must consist of substances that are lawful, not unclean or disgusting, and not harmful to the wearer. The halal label is not just a logo that is on the cosmetic product in order to maintain the trust of its consumers. Cosmetic products with this halal label can provide a sense of security and not worry while using these cosmetic products, especially for women who use these cosmetic products and will influence attitudes in purchasing decisions. A brand is an important part of a product, a brand can be interpreted as a name, term, sign, symbol or design or a combination of all that shows the identity of the company that makes the product and is expected to be a differentiator from competing products (Budianto, 2015).

The halal industry has now become a world trend. This can be seen from the eighth edition of the State of the Global Islamic Economy Report which was first published in 2013. The report covers sectors such as Islamic finance, halal food and beverages, halal cosmetics, halal medicines, and so on. The 2019/2020 report estimates that Muslims spend USD 2.02 trillion in the food, pharmaceutical, cosmetic, fashion, and travel sectors. The purchasing power of the Indonesian people in the cosmetics industry as a whole in 2017 experienced a gradual shift, the main factor in this shift was consumer behavior. Consumers tend to prioritize the buying experience over the product. This can be proven by the research that has been conducted by Rika Sapriadi, who said that the research results show that the halal label has a significant effect on purchasing decisions (Saprianti, 2021).

The halal industry continues to show positive development and growth every year. Indonesian people's consumption of halal products continues to increase, even among the largest in the world. In 2017, the consumption of halal products in Indonesia was recorded at USD 200 billion or more than 36% of total household consumption (Ministry of Finance Indonesia, 2019). It is estimated that the consumption of these halal products will continue to increase with an average growth of 5.3%. In 2025 it is estimated that the level of consumption of these halal products will reach USD 330.5% billion.

Every consumer has a need which is a state of feeling deprived of certain basic satisfactions (Kotler, 2003). Everyone has different needs, especially women who really want to look beautiful and attractive with makeup on their faces. It is undeniable that cosmetics have become a primary need for women, even men who use these cosmetics. Regardless of age, cosmetics are a necessity, especially for women, starting from teenagers, and adults to the elderly, even nowadays children also use cosmetics to support all their daily activities.

A consumer's purchasing decision occurs for a certain reason, especially for consumers who are in conditions that are having the freedom to choose and buy and are not dominated by their economic aspects when making a purchasing decision-making process. Consumer behavior can be accurately predicted from attitudes and subjective norms through interest variables. Interest or repurchase is based on one's past experience. Consumer behavior is an action taken by consumers to provide purchasing decisions that aim to satisfy needs. According to consumer behavior, namely the study of how

individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants (Keller K. A., 2009). The more diverse, both similar and different categories of competitors, the economy which is still fewer stable causes less people's consumption power, changing patterns of consumer behavior. It is the company's task to analyze the market and consumers and continue to promote innovation and optimize product quality, so that they have mutual implications to increase sales intensity. In the marketing concept, one way to achieve company goals is to find out what the needs and wants of consumers are so that the product can be absorbed by the market (Amstrong, 2001).

Customer loyalty is defined as a concept that emphasizes purchase sequences, purchase proportions, and purchase probabilities. Loyalty can be understood by two approaches, namely the behavioral approach and the attitudinal approach. Meanwhile, customer loyalty tends to be closer to behavior than to attitude. Thus, if a customer has purchased the same product two or three times, he will automatically be included as a behaviorally loyal customer. Customer loyalty can also occur due to the services provided. This is in accordance with research conducted by Ryan Wahyu Perdana, which states that Islamic service quality has an effect on customer satisfaction (Perdana, 2020).

## **REVIEW OF LITERATURE**

### **Theory of Planned Behaviour (TPB)**

The theory of planned behavior is considered an extension of the theory of reasoned action. The theory of reasoned action was formulated in 1967 in an attempt to provide consistency in the study of the relationship between behavior and attitudes. The main assumption of the theory of reasoned action and the theory of planned behavior is that individuals are rational in considering their actions and the implications of their actions (decision-making). Rational decision-making implies that optimal results are expected or the decision-making unit is aware of all impacts and consequences.

### **Customer Satisfaction**

Customer satisfaction is very important to maintain customer loyalty so that customers remain loyal to buy the products and services offered. According to the Big Indonesian Dictionary, satisfaction is defined as a feeling of pleasure obtained through

sacrifice (Indonesia, 2008). Quality is a dynamic condition associated with products, services, people, processes and the environment that meet or exceed expectations (FandyTjiptono, 2007). According to Fandi Tjiptono, service quality can be interpreted as an effort to fulfill consumer needs and desires as well as the accuracy of their delivery in balancing consumer expectations. Service quality can be identified by comparing consumers' perceptions of the service they actually receive or obtain with the service they actually expect or want for the service attributes of a company. (FandyTjiptono, 2007).

According to Engel, customer satisfaction is a post-consumption evaluation to choose several alternatives in order to meet expectations (F, 1994). Kotler stated that a person's feeling of pleasure or disappointment arises after comparing his perceptions or impressions of the performance or results of a product and his expectations. (Philip, 2002). According to Supranto, the term customer satisfaction is used to summarize a set of visible actions or actions related to products or services. For example, if a customer smiles when he sees a product or service being promoted, then that person has felt satisfaction with the product or service being seen (Supranto, 2001).

### **Customer Loyalty**

According to Freddy Rangkuti, consumer loyalty is consumer loyalty to companies, brands, and products (Rangkuti, 2002). Sutisna defines loyalty as an attitude of liking a brand that is presented in consistent purchases of that brand over time (Sutisna, 2001). According to Tjiptono, consumer loyalty is a customer's commitment to a brand, store, or supplier based on very positive traits in long-term purchases (FandyTjiptono, 2007). From this understanding it can be interpreted that loyalty to a brand is obtained because of a combination of satisfaction and complaints. Meanwhile, customer satisfaction comes from how much the company's performance is to generate satisfaction by minimizing complaints so that long-term purchases are obtained by consumers.

Customer loyalty is a customer commitment to the company which is reflected in a positive attitude by making repeat purchases and the desire to recommend to others. According to Kotler, customer loyalty will increase when customers feel satisfied after making a purchase. Customer satisfaction is one of the important indicators in determining customer loyalty. Customer satisfaction will occur if the selected product exceeds customer

expectations or at least according to customer wishes. Meanwhile, dissatisfaction will occur if the selected product does not meet the expectations of the customer (Keller P. K., 2009).

According to Wahyu Nugroho, consumer loyalty is defined as a measure of loyalty from customers in using a product brand or service brand at a certain time in a situation where there are many choices of products or services that can meet their needs and customers have the ability to get them. (Sudaryanto., 2013). According to Durianto, loyal consumers will generally buy the brand even though they are faced with many alternative brands of competing products that offer superior product characteristics from various angles. (Durianto, 2001). Viewed from various angles of its attributes. If many consumers of a brand fall into this category, it means they have strong brand equity. Brand equity is a set of brand assets and debt associated with a brand, name, or symbol, which can increase or decrease the value provided by a product or service to both the company and customers.

Customer loyalty in Islam occurs when *muamalah* activities can provide mutually beneficial benefits for both parties, due to the fulfillment of the obligations and rights of each through the application of Islamic values. (Zulfa 2010). Syaikhul Islam Ibnu Taymiyah defines *Al-Wala'* and *Al-Baro'* with the expression, '*Al-Walayah* is the opposite of *Al-'adawah*'. The origin of the meaning of *Al-Walayah* is love and closeness. While the origin of the meaning of *Al-'adawah* is hatred and distance. *Wali* means someone who is close. In Arabic '*hadza yali hadza*' means this is close to this. As in the words of the Prophet Muhammad SAW, 'Leave the knowledge of inheritance to the experts. If there is anything left of the inheritance, then it belongs to the person closest to the person who died. Being '*wala'* in Islam is implemented by giving *wala'* to Allah, the Messenger, and people who believe in one unit, as stated in the Qur'an, verily your Guardian is only Allah, His Messenger, and those who believe, who establish prayers and pay zakat, while they submit (to Allah).

### **Service Quality in Islam**

According to the Islamic encyclopedia, service is a must whose operation is in accordance with the principles of shari'ah. In order for a service in a service company to be more focused, all parties must have guidelines and principles set forth in Islamic teachings. Where Islam emphasizes the legitimacy of a service that is in accordance with the expectations of consumers who feel maximum satisfaction (Muhammad, 2013). Both the

Qur'an and hadith provide certain guidelines in matters of karma for good behavior in business matters. A Muslim business person is required to conduct their business according to what is recommended by the Qur'an and Sunnah. Polite is the basic foundation and essence of good behavior, and also the basics of serving in business. The attitude of serving is one of the principles of Islamic business, the Prophet said '*saidul kaunkhalimuhum*' (a manager/entrepreneur is a servant to his customers). Therefore, generosity, friendliness, and service attitude must be part of the personality of all working employees (Fadla, 2016). The quality of services provided is directly proportional to the level of satisfaction. A customer, for example, will feel satisfied even beyond their expectations if the quality of service provided by related employees is of high quality. If the perceived performance is below expectations, then the quality is poor, while if the perceived performance is commensurate or above expectations then the quality is good and satisfying.

The gloomy, Zeithml and Berry define service quality (Service Quality) is an attitude, related but not the same as satisfaction as a result of comparing expectations with performance (A.Parasuraman, 1996). Meanwhile, the American Society for Quality in Ratnasari, service quality is the overall characteristics and characteristics of a product/service in terms of the ability to meet predetermined or latent needs, and in other words, the quality of a product/service is the extent to which the product/service meets its specifications (Aksa, 2011). From some of the definitions above, it can be said that Islamic service quality is the overall features and characteristics of a product or service that depend on its ability to satisfy stated or implied needs in accordance with Islamic values.

### **Location**

The definition of location places more emphasis on the place where a type of business or line of business will be carried out. Location selection has a strategic function because it can determine the achievement of business entity goals. The location of a place where a type of business or line of business will be carried out to make it easier for customers to feel comfortable (FandyTjiptono, 2007). Apart from service quality, what can affect customer satisfaction is the location problem which is the place where a business is operated or run. Location is so important because it influences strategic marketing dimensions such as competitive positioning, flexibility, strategic focus, and demand management.

## **Price**

Price is one of the factors that consumers consider in making a purchase decision, which is related to prices that consumers can afford. Price is the amount billed for a product or service. More broadly, price is the sum of all the values that customers provide for the benefits of having or using a product or service. Price is one of the most important attributes evaluated by consumers, and managers need to be fully aware of its role in shaping consumer attitudes. Prices are set with the goal of maintaining customer loyalty, supporting resale, and keeping competitors out (Muhammad, 2014).

## **Product Quality**

The definition of a product according to Kotler and Armstrong is anything that can be offered to a market to attract attention, acquisition, use or consumption that can satisfy a want or need. Products include more than just tangible goods. In a broad sense, products include physical objects, services, events, people, places, organizations, ideas, or mixes of these entities. (Amstrong, 2001). The product being marketed is a very good weapon in winning the competition if it has high quality. Conversely, low quality products will find it difficult to obtain an image from consumers. Therefore, the resulting product must be endeavored to remain of good quality (Gitosudarmo, 2014 ).

Product quality is the ability of the product to carry out its duties which include durability, reliability or progress, strength, ease of packaging and product repair, and other characteristics (Sugiarto, 2014). Product quality is the totality of features and characteristics of a product or service that affect its ability to satisfy stated or implied needs (Kotler, 2004). Product quality is the ability of a product to carry out its functions, including reliability, durability, stability, ease of operation, and product repair, as well as other valuable attributes (Sawitri, 2013).

## **RESEARCH METHOD**

The research uses quantitative methods. The quantitative research method is a type of research whose specifications are systematic, planned and clearly structured from the outset to the research design (Salim, 2012). According to Sugiyono, quantitative research methods can be interpreted as research methods based on the philosophy of positivism, used to examine certain populations or samples. The sampling technique is generally done

randomly. Data collection uses research instruments, data analysis is quantitative or statistical with the aim of testing predetermined hypotheses, proven through questionnaires or questionnaires given to respondents or samples from several populations selected through random. The results of research from quantitative methods in general will be in the form of data or numbers. In this method, data analysis will be carried out after all the data has been collected (Sugiyono, 2010).

## RESULTS AND DISCUSSION

### Description Analysis

The data used in this study is primary data obtained by distributing questionnaires to Wardah North Sumatra customers.

### Characteristics Based on Age

Data regarding the age of respondents to wardah cosmetic customers in North Sumatra, namely:

**Table 1**  
**Characteristics Based on Age**

Age	Amount (People)	Percentage
20-25 years old	56	56%
26-30 years old	18	18%
31-35 years old	13	13%
36-40 years old	13	13%
Total	100	100%

Based on the table above, it can be seen that there were 56 respondents aged 20-25 years (56%), aged 26-30 years were 18 persons (18%), aged 31-35 years were 13 persons (13%), and aged 36-40 were 13 persons (13%).

### Characteristics Based on Religion

Data regarding the religion of respondents to Wardah cosmetic customers in North Sumatra, namely:

**Table 2**  
**Characteristics Based on Religion**

Religion	Amount (People)	Percentage
Islam	72	72%
Christian	21	21%
Catholic	7	7%
Total	100	100%

Source: research results (data processed by SPSS version 20.0)

Based on the table above, it can be seen that the number of respondents who are Muslim is 72 (72%), Christian is 21 (21%), and Catholic is 7 (7%).

### **Characteristics Based on Old Usage**

Data regarding the length of work of wardah cosmetics customer respondents in North Sumatra, namely:

**Table 3**  
**Characteristics Based on Old Usage**

Length of Work	Amount (People)	Percentage %
1-6 Months	21	21%
7-12 Months	33	33%
1-3 Years	46	46%
4-6 Years	10	10%
Total	100	100%

Source: research results (data processed by SPSS version 20.0)

Based on the table above, it can be seen that 21 people (21%) used 1-6 months, 33 people (33%) 7-12 months, 46 people (46%) 1-3 years, and 10 people (10%) 4-6 years.

### **Reliability Test**

This test was carried out to explain the extent to which respondents were consistent in answering given. To find out if the questionnaire is reliable, a reliability test is used with a mode limit of Cronbach's Alpha > 0.60 with a significant value of 5%. The results of the reliability test are:

**Table 4**  
**Reliability Test Results**

Variabel	Cronbach's Alpha	Coefficient Alpha	Information
Service Quality (X <sub>1</sub> )	0.903	0.60	Reliabel
Location (X <sub>2</sub> )	0.611	0.60	Reliabel
Price (X <sub>3</sub> )	0.824	0.60	Reliabel
Product Quality (X <sub>4</sub> )	0.829	0.60	Reliabel
Customer Loyalty (Y)	0.723	0.60	Reliabel
Customer Satisfaction (Z)	0.884	0.60	Reliabel

Source: research results (Data processed by SPSS version 20.0)

The table uses Cronbach's alpha test which shows that all tables are greater than 0.60.

**Regression Test**

The regression model is said to be good if there is no correlation between the independent variables. Multicollinearity can be seen from the tolerance value and variance inflation factor (VIF), if the tolerance value is > 10% and the VIF value is <10. The results are:

**Table 5**  
**Multicollinearity Test**

Coefficients <sup>a</sup>							
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-8.207	3.243		-2.531	.013		
Customer Satisfaction	.159	.068	.140	2.347	.021	.902	1.108
1 Service quality	.109	.061	.119	1.774	.079	.719	1.391
Location	.177	.110	.131	1.611	.111	.486	2.057
Price	.274	.140	.321	1.955	.053	.120	8.346
Product quality	.287	.133	.351	2.162	.033	.122	8.172

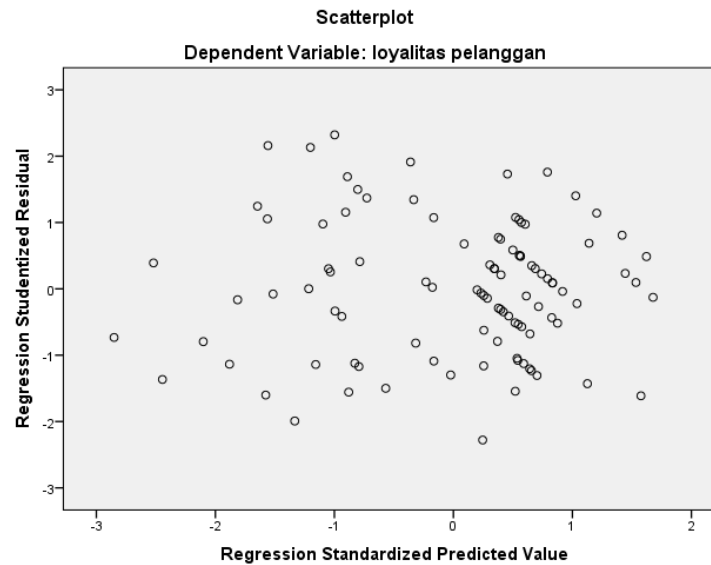
a. Dependent Variable: customer loyalty

Source: research results (Data processed by SPSS version 20.0)

From these results, there is a tolerance value for each variable, namely: customer satisfaction of 0.902, service quality of 0.719, location of 0.486, price of 0.120, and self-product quality of 0.122, and customer satisfaction VIF value of 1.108, service quality of 1.391, location of 2.057, price of 8.346, and self-product quality of 8.172, less than 10. That way, it can be concluded that between variables there is no multicollinearity.

### Heteroscedasticity Test

This test is carried out using the scatterplot graph or the predicted value of the dependent variable. Heteroscedasticity can be seen from the scatterplot by showing the distribution of the data plots. If there is a certain pattern on the graph or the dots form a wavy pattern, spread and then narrow, then there is heteroscedasticity. The heteroscedasticity test is shown in the image below:



**Figure 1**  
**Heteroscedasticity Test Results**

The figure explains that the dots are scattered randomly, do not form a specific pattern and are scattered above and below the zero point on the Y axis. In conclusion, there is no heteroscedasticity in the study.

### Hypothesis Testing

The regression test performed is a multiple linear regression test, which is a test conducted to predict and determine the magnitude of the influence of service quality,

location, price, product quality and customer satisfaction on customer loyalty Wardah Cosmetics in North Sumatra.

**Significance Test (t test)**

**Structural Test I**

Partial tests were conducted to determine the effect of each variable which is service quality (X1), location (X2), price (X3), product quality (X4) on customer satisfaction (Z). based on a significant tcount of 0.05, the decision is obtained for degrees of freedom  $df = n - k = 100 - 5 = 95$ , ( $n$  = number of respondents,  $k$  = number of variables) then the value of ttable is 1,661. Here are the results

**Table 6**  
**Partial Test (t) I**

Coefficients <sup>a</sup>							
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-5.810	3.150		-1.845	.068		
1 Service quality	.151	.060	.165	2.514	.014	.786	1.272
Location	.165	.112	.123	1.472	.144	.487	2.053
Price	.295	.143	.346	2.063	.042	.120	8.312
Product quality	.254	.135	.310	1.876	.064	.124	8.076

a. Dependent Variable: Customer Satisfaction

Source: research results (data processed by SPSS version 20.0)

The test criteria used is to look at the comparison between tcount and ttable with a significance of 0.05, and freedom  $df = n - k = 100 - 5 = 94$ , where the ttable value is 1,661. When  $tcount < ttable$  means  $H_0$  is accepted and when  $tcount > ttable$  means  $H_0$  is rejected. The conclusion of the influence on each of these variables can be explained as follows:

**Service Quality (X1)**

From the results of the coefficient, it can be seen that the tcount for service quality (X1) t shows a sig value of 0.014, meaning that the sig value is smaller than the probability value of 0.05, and the tcount value of 2.514 is greater than

ttable 1.6610 ( $2.514 > 1.6610$ ). Conclusion  $H_0$  is rejected and  $H_a$  is accepted, which means service quality affects customer satisfaction.

### **Location (X2)**

The results of the t test show that for location (X2) the sig value of 0.144 is greater than the probability value of 0.05 and the tcount = 1.472 is smaller than the ttable 1.661 ( $1.472 < 1.661$ ). Conclusion  $H_0$  is accepted and  $H_a$  is rejected, which means that location has an effect on customer satisfaction.

### **Price (X3)**

The results of the t test show that for price (X1) it shows a sig value of 0.42  $< 0.05$  and the value of tcount = 2.063 is greater than ttable 1.661 ( $2.063 > 1.661$ ). Conclusion  $H_0$  is rejected and  $H_a$  is accepted, meaning that price has an effect on customer satisfaction.

### **Product Quality (X4)**

The results of the t test show that for product quality (X4) it shows a sig value of 0.064 greater than 0.05 and tcount = 1.876 greater than ttable 1.661 ( $1.876 > 1.661$ ). Conclusion  $H_0$  is rejected and  $H_a$  is accepted, which means that price affects customer satisfaction.

This test was conducted to see whether independent (service quality, location, price, product quality, and customer satisfaction) has a dependent effect on (customer loyalty). You can determine the degrees of freedom using the formula  $df = n - k = 100 - 6 = 94$ , so the ttable value is 1.661. The results of the partial test are:

## **Structural Test II**

The use of this analysis was carried out to determine the strength of the relationship between the independent (free) variable and the dependent (bound) variable. The structural equation in the regression model II analysis is:

**Table 7**  
**Partial Test Results (t) II**

Coefficients <sup>a</sup>							
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-8.207	3.243		-2.531	.013		
Customer Satisfaction	.159	.068	.140	2.347	.021	.902	1.108
1 Services Quality	.109	.061	.119	1.774	.079	.719	1.391
Location	.177	.110	.131	1.611	.111	.486	2.057
Price	.274	.140	.321	1.955	.053	.120	8.346
Product Quality	.287	.133	.351	2.162	.033	.122	8.172

a. Dependent Variable: Customer Loyalty

Source: research results (data processed by SPSS version 20.0)

The test criteria used is to look at the comparison between tcount and ttable with a probability of 0.05, and freedom  $df = n - k = 100 - 6 = 94$ , where the ttable value is 1,661. When  $tcount < ttable$  means  $H_0$  is accepted and when  $tcount > ttable$  means  $H_0$  is rejected. The conclusion of the influence on each of these variables can be explained namely:

**Service Quality (X1)**

The results of the t test for service quality (X1) on customer loyalty (Y) show a sig value of 0.079, meaning that the sig value is greater than the probability value of 0.05 and the tcount value of 1.774 is greater than the ttable 1.6610 ( $1.774 > 1.661$ ). conclusion  $H_0$  is rejected and  $H_a$  is accepted, which means service quality affects customer loyalty.

**Location (X2)**

The results of the t test for location (X2) on customer loyalty (Y) show a sig value of 0.111, meaning that the sig value is greater than the probability value of 0.05. And the value of tcount ( $1.611 > 1.661$ ). conclusion  $H_0$  is accepted and  $H_a$  is rejected, which means that location partially or individually does not affect customer loyalty.

**Price (X3)**

The results of the t test for price (X3) on customer loyalty (Y) show a sig value of 0.053, meaning that the significance value is greater than the probability value of 0.05. And the value of tcount (1.955 > 1.661). conclusion Ha is accepted and H0 is rejected, which means that price partially or individually affects customer loyalty.

**Product Quality (X4)**

The results of the t test for product quality (X4) on customer loyalty (Y) show a sig value of 0.033, meaning that the significance value is smaller than the probability value of 0.05 and the tcount value (2.162 > 1.661). conclusion H0 is rejected and Ha is accepted, which means that product quality partially or individually affects customer loyalty.

**Customer Loyalty (Z)**

The results of the t test for customer satisfaction (Z) on customer loyalty (Y) show a sig value of 0.021, meaning that the significance value is smaller than the probability value of 0.05 and the tcount value (2.347 > 1.661). conclusion H0 is rejected and Ha is accepted, which means that customer satisfaction partially or individually affects customer loyalty.

**Table 8**  
**Indirect Influence**  
**Immediate Influence Results**

Total Impact	Path Coefficient $p_{X_1Y}$	Path Coefficient ( $p_{X_1Z}$ ) ( $p_{ZY}$ )	Coefficient Results
$X_1$ to Y $p_{X_1Y}$	0,109	(0,151) (0,159)	0,133
Total Impact	Path coefficient $p_{X_1Y}$	Path coefficient ( $p_{X_1Z}$ ) ( $p_{ZY}$ )	Coefficient results
$X_2$ to Y $p_{X_2Y}$	0,177	(0,165) (0,159)	0,203
Total Impact	Path coefficient $p_{X_1Y}$	Path coefficient ( $p_{X_1Z}$ ) ( $p_{ZY}$ )	Coefficient results
$X_3$ to Y $p_{X_3Y}$	0,274	(0,295) (0,159)	0,032
Total Impact	Path coefficient $p_{X_1Y}$	Path coefficient ( $p_{X_1Z}$ ) ( $p_{ZY}$ )	Coefficient results
$X_4$ to Y $p_{X_4Y}$	0,287	(0,254) (0,159)	0,327

As for the indirect effect, it can be concluded that Islamic service quality, location and product quality do not have a direct effect on customer loyalty through customer satisfaction, while for variable prices it has a direct effect on customer loyalty through customer satisfaction for wardah cosmetics in North Sumatra..

### **Effect of Service Quality on Customer Satisfaction**

The results showed that service quality had a significant effect on customer satisfaction ( $0.014 < 0.05$ ) and tcount was greater than ttable ( $2,514 > 1,661$ ), so the conclusion was that  $H_0$  was accepted,  $H_a$  was rejected. This research is in line with research conducted by Albertus Ferry which states that service quality affects customer satisfaction. The quality of services provided is directly proportional to the level of satisfaction. A customer, for example, will feel satisfied even beyond their expectations if the quality of service provided by related employees is of high quality. If the perceived performance is below expectations, then the quality is poor, while if the perceived performance is commensurate or above expectations then the quality is good and satisfying.

Service quality is built on a comparison of two main factors, namely members' perceptions of the actual service they receive (perceived service) with the actual service expected/desired (expected service). If the reality is more than expected, then the service can be said to be of high quality, whereas if the reality is less than expected, then the service is said to be of poor quality, and if the reality is the same as expectations, then the service is satisfactory. Service quality plays a very important role for a consumer. It is necessary to be careful in providing good service.

### **Effect of Location on Customer Satisfaction**

The results showed that location had no significant effect on customer satisfaction ( $0.144 > 0.05$ ) and tcount was greater than ttable ( $1.472 < 1.661$ ), so the conclusion was that  $H_0$  was accepted,  $H_a$  was rejected. Location selection has a strategic function because it can determine the achievement of business entity goals. The location of a place where a type of business or line of business will be carried out to make it easier for customers to feel comfortable. A location is called strategic if it is in the city center, population density, ease of reaching it regarding the ease of public transportation, and smooth regional traffic does not confuse consumers. Currently, many customers of wardah cosmetics buy wardah cosmetics online with the strategic location selection that will increasingly make consumers

more interested in buying in person. Providing waiters such as parking lots for customers, will make customers more comfortable to make purchases at the specified location.

### **Effect of Price on Customer Satisfaction**

The results showed that price had a significant effect on lifestyle ( $0.04 < 0.05$ ) and tcount was greater than ttable ( $2.063 > 1.661$ ), so the conclusion was that  $H_0$  was rejected,  $H_a$  was accepted. The results of this study are in line with research conducted by Rika Safriandi which states that price has a significant effect on customer satisfaction. Price is a measure of the size of the value of one's satisfaction with the product purchased.

Someone will dare to pay for a product at a high price if he assesses the expected satisfaction with the product, he will buy is high. Conversely, if a person assesses his satisfaction with a product as low, then he will not be willing to pay or buy the product at a high price. Economic value is created by activities that occur in market mechanisms between buyers and sellers.

### **Effect of Product Quality on Customer Satisfaction**

The results showed that product quality had a significant effect on customer satisfaction ( $0.000 < 0.05$ ) and tcount was greater than ttable ( $1,876 > 1,661$ ), so the conclusion was that  $H_0$  was rejected,  $H_a$  was accepted. The results of this study are in line with the research conducted by Dita Putri, who stated that there is an effect of product quality on customer satisfaction. Whereas in theoretical findings according to Gitosudarmo, products marketed are very good weapons in winning the competition if they have high quality. Conversely, low quality products will find it difficult to obtain an image from consumers. Therefore, the resulting product must be endeavored to remain of good quality.

Product quality is the characteristic of a product or service that bears on its ability to satisfy stated and implied customer needs. Product quality is something that must get the main attention of the company or producer, considering that product quality is closely related to the problem of consumer satisfaction, which is the goal of the company's marketing activities. Product quality shows a measure of the durability of the product, reliability of the product, precision of the product, and ease of operation and maintenance.

### **The Effect of Customer Satisfaction on Product Loyalty**

The results showed that customer satisfaction has a significant effect on customer loyalty ( $0.021 < 0.05$ ) and tcount is greater than ttable ( $2.347 > 1.661$ ), so the conclusion is

H<sub>0</sub> is rejected H<sub>a</sub> is accepted. The results of this research are in line with the research conducted by Ratna Dewi who stated that customer satisfaction has a significant effect on customer loyalty. Meanwhile, according to Kotler's theoretical findings, lifestyle can be defined as a person's pattern of life which is expressed in his activities, interests, and opinions. Lifestyle also describes a person's entire self in acting and interacting with his environment.

Consumer loyalty can be built through customer satisfaction. Meanwhile, customer satisfaction itself is built through good service quality. This can indicate that by increasing the quality of good service, you will be able to gain customer loyalty, by giving personal attention and understanding consumer needs. Increasing tangibility in the form of physical improvement of the company in the form of buildings, parking areas, waiting rooms, and others, well-maintained cleanliness, and the appearance of employees who are polite and attractive. In addition, setting prices according to the products and services received by consumers will create consumer loyalty intentions.

### **The Effect of Service Quality on Customer Loyalty**

The results of this study indicate that service quality has an effect but significantly does not affect customer loyalty. A significance value was obtained ( $0.079 > 0.05$ ) and tcount was greater than ttable ( $1.774 < 1.661$ ), so the conclusion was H<sub>0</sub> was rejected H<sub>a</sub> was accepted. This research is in line with research conducted by Syariful Mahsyar, which states that service quality has an effect on customer loyalty and service quality

These results indicate that the values contained in service quality are well perceived and have a real impact on customer loyalty for Wardah North Sumatra cosmetics. Attractive employee appearance, reservation process provided is easy to do, employees are willing to provide the information needed by customers, able to explain information properly and clearly, and able to communicate well with customers, has the effect of increasing customer loyalty, so that customers will reuse wardah cosmetics in the future. This finding can be interpreted that if the intensity of service quality to wardah cosmetic customers is increased, it will be able to make a significant contribution to increasing customer loyalty. The main goal of service quality is to build a committed customer that is profitable for consumers, to achieve this goal, companies will focus on attracting, maintaining, and improving relationships with consumers. Consumers are interested in

being bound in a relationship with a company, consumers still want to be in a relationship as long as consumers are given consistent quality services and the best value at every opportunity.

### **Effect of Location on Customer Loyalty**

The results showed that location did not significantly influence customer loyalty ( $0.006 > 0.05$ ) and  $t_{count}$  was smaller than  $t_{table}$  ( $1.611 < 1.661$ ), so the conclusion was that  $H_0$  was accepted,  $H_a$  was rejected. Product quality provides an impetus to consumers to establish a strong relationship with the company. Thus, the company can increase customer satisfaction where the company can provide the best for consumers. An important step to position a cosmetic company to be superior is to be able to provide quality products. The company is required to continue to make improvements, especially in the quality of its products. According to Sangadji and Sopiah (2013) after consuming a product or service, consumers will have feelings of satisfaction or dissatisfaction with the product or service they consume, this is where the level of customer satisfaction is created.

### **Effect of Price on Customer Loyalty**

The results showed that price had an effect but had no significant effect on customer loyalty ( $0.053 > 0.05$ ) and  $t_{count}$  was greater than  $t_{table}$  ( $1.955 > 1.661$ ), so the conclusion was  $H_0$  was rejected  $H_a$  was accepted. Price is an important factor for consumers as a material consideration for consumers in consuming a product or service (Kotler, 1994) because for customers price is often used as an indicator of value when the price is associated with the perceived benefits of the goods/services consumed. The results of the study can be concluded that the prices for wardah cosmetics according to customers in North Sumatra are relatively cheap so that it has an impact on customer satisfaction. These results are in accordance with the opinion of Private (2002) that price is often used as an indicator of quality for customers where people often choose lower prices. In this case, what is meant by cheap is conformity with the quality of the product at the price that must be paid. Besides that, it can also mean the lowest price for the best quality product. Thus, the low price has an association with the quality obtained is good with good customer satisfaction for the service.

### **Effect of Product Quality on Customer Loyalty**

The results show that product quality has a significant effect on customer loyalty ( $0.033 < 0.05$ ) and  $t_{count}$  is greater than  $t_{table}$  ( $2.162 > 1.661$ ), so the conclusion is  $H_0$  is rejected  $H_a$  is accepted. that increases and decreases in customer loyalty are influenced by increases and decreases in the quality of the products offered, consumers will be satisfied if the products offered are of high quality. Product quality is a characteristic of a product or service that depends on its ability to satisfy stated or implied customer needs. According to Kotler and Armstrong, product quality is one of the main market positioning tools. Product quality has a direct impact on product or service performance; therefore, quality is closely related to customer value. If the quality of the product offered is of the best quality, then the customer will also feel satisfied with the product and tend to buy it again. Product quality is an important thing for customers to stick with a product so that customers will continue to make repeat purchases. The products offered must be truly quality and tested products because customers place great importance on the quality of the product itself.

### **The Effect of Service Quality on Customer Loyalty Through Customer Satisfaction**

The results of the study found that service quality has no significant effect on customer loyalty through customer satisfaction. Theoretically, the higher the quality of wardah cosmetic services, the higher customer satisfaction so that customer loyalty will also be high, conversely the lower the quality of wardah cosmetic services affects customers in North Sumatra, the lower customer satisfaction so that customer loyalty also decreases.

### **The Effect of Location on Customer Loyalty Through Customer Satisfaction**

The results of the study found that location has no significant effect on customer loyalty through customer satisfaction. The results of this study indicate that location ( $X_2$ ) has no significant effect on customer loyalty ( $Y$ ) through customer satisfaction ( $Z$ ). Theoretically, the higher the location of wardah cosmetics, the higher the customer satisfaction so customer loyalty will also be high, conversely the lower the location affects customers in North Sumatra, the lower customer satisfaction so that customer loyalty also decreases.

### **Effect of Price on Customer Loyalty Through Customer Satisfaction**

The results of this study indicate that price (X3) has a significant effect on customer loyalty (Y) through customer satisfaction (Z). Theoretically, the price of a cosmetic item greatly influences consumers to become loyal to the brand. the higher the price of wardah cosmetics, the higher the customer satisfaction so that customer loyalty will also be high, conversely the lower the price affects customers in North Sumatra, the lower customer satisfaction so customer loyalty also decreases.

### **Effect of Product Quality on Customer Loyalty Through Customer Satisfaction**

The results of this study indicate that product quality (X4) has no significant effect on customer loyalty (Y) through customer satisfaction (Z). One of the factors that influence consumer loyalty is product quality. Related to how strong the company is in implementing product quality. Product quality will affect consumer loyalty. Therefore, the application of good product quality at Wardah cosmetic companies for customers in North Sumatra must be increased so that consumer loyalty increases. Product quality is one of the main market positioning tools.

### **CONCLUSION**

Based on the results of the analysis and discussion, it can be concluded that Islamic service quality, product quality, and price have an effect on customer satisfaction, partially. Meanwhile, location does not affect customer satisfaction partially. As for customer satisfaction, Islamic service quality, price and product quality have a partial effect on customer loyalty, while location does not have a partial effect on customer loyalty.

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