



The Effect of Price Strategy and Product Quality on Customer Loyalty Mediated by Customer Satisfaction Variables in Tiara Convection Tulungagung

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Abstract: This study aims to analyze the effect of price strategy and product quality on customer loyalty, both directly and indirectly through customer satisfaction as a mediating variable. The research was conducted on active customers of Tiara Konveksi Tulungagung, a small and medium-sized enterprise (SME) in the garment industry serving orders for school, organizational, and institutional uniforms in East Java. A quantitative approach with a survey method was used. Data were collected through questionnaires distributed to 350 respondents and analyzed using Structural Equation Modeling (SEM) based on Partial Least Square (PLS) with SmartPLS 3 software. The results show that price strategy and product quality have a positive and significant effect on customer loyalty, both directly and indirectly through customer satisfaction. Price strategy significantly enhances customer satisfaction and loyalty, while product quality also contributes positively to satisfaction and long-term customer retention. Customer satisfaction plays a mediating role in strengthening the relationship between price strategy and loyalty, as well as between product quality and loyalty. This research emphasizes that in the garment industry, customer loyalty is not built solely on price or product quality, but on the overall customer experience, including value perception, service, and satisfaction. Therefore, businesses such as Tiara Konveksi are encouraged to apply competitive pricing strategies, maintain consistent product quality, and enhance customer satisfaction to foster sustainable loyalty.

Keywords: Price Strategy, Product Quality, Customer Satisfaction, Customer Loyalty, Tiara Convection

INTRODUCTION

Customer loyalty plays a crucial role in ensuring the sustainability and competitiveness of businesses, particularly within small and medium-sized industrial sectors such as the convection industry. As Kotler and Keller (2021) emphasize, loyalty is defined as a deeply held commitment to repurchase or consistently support a preferred product or service in the future, despite situational influences or marketing efforts that might entice the customer to switch. This definition highlights that true customer loyalty transcends short-term promotions or

superficial marketing tactics; it reflects a long-term psychological attachment between the consumer and the brand.

In an era marked by increasingly fierce competition, convection companies face significant challenges in retaining their customer base. The prevalence of price wars and the emergence of numerous product alternatives have created a saturated market landscape. The convection industry itself holds a unique position in society, serving various stakeholders such as entrepreneurs, educational institutions, and community organizations that rely on custom-made apparel and printed materials to communicate identity and information. For businesses in particular, the ability to convey their brand image and message effectively through clothing—such as uniforms, promotional merchandise, and event wear—is essential for customer engagement and visibility.

As technology continues to evolve and access to information becomes more widespread, competition among business players has intensified. The digital age has empowered consumers with unprecedented access to data, enabling them to make more informed and deliberate purchasing decisions. With just a few clicks, consumers can now compare prices, quality, designs, and customer service between various brands. Social media platforms, e-commerce sites, and online customer reviews provide immediate and often persuasive insights into a company's reputation and product performance.

This digital empowerment has resulted in consumers who are not only more knowledgeable but also increasingly critical and selective. Their expectations have risen, and their loyalty is now earned through consistent value, transparency, and meaningful engagement rather than traditional advertising alone. For convection businesses, this shift necessitates a strategic transformation—moving beyond mere production efficiency and price competitiveness to delivering superior customer experiences, building trust through transparent communication, and fostering a strong emotional connection with the brand.

Business competition does not only occur on a national and global scale, but also takes place sharply at the local level. Business actors in the small and medium industry sector, including the convection sector, also feel the pressure of this competition. They are faced with the challenge of maintaining the existence of businesses and loyal customers amid new players offering similar products at lower prices, faster turnaround times, or more aggressive marketing strategies. This situation causes the level of competition to be very dense, and it is not uncommon for price wars to suppress the profit margins of business actors. Therefore, the ability to create and maintain customer loyalty is a very important long-term strategy to maintain business continuity, especially in the midst of saturated and highly competitive market conditions.

The convection industry in Tulungagung shows quite fierce competition, as can be seen from the number of convection companies operating in the area. Some of them are Win Convection, Helmi Convection, Nafisya Convection, and Fighter Corporation. They serve a wide range of market segments, from individuals, schools, communities, to corporations. The many alternatives available make consumers have more choices and make it difficult for business actors to maintain customer loyalty. The opportunity for customers to switch brands is huge due to the low switching cost, which makes customer loyalty even more fragile, as Evanschitzky et al. (2022) explain. This is a challenge in itself in building added value that is able to create emotional and rational attachment between customers and companies.

One of the most common phenomena is that many customers switch to other brands due to the low cost of switching brands. Switching behavior is also higher, especially if the product no longer provides the value or satisfaction that meets expectations. According to Evanschitzky et al. (2022) in an increasingly digital market environment, too low moving costs make it easier for customers to explore alternative brands without significant barriers, thereby weakening loyalty. This is a big challenge for business actors to create added value that can increase customer loyalty in a sustainable manner. In this case, a competitive and value-oriented pricing strategy is one of the potential solutions. Previous research by Prasetyani

(2023) found that a well-designed pricing strategy can increase customer satisfaction which ultimately contributes to customer loyalty significantly.

Product quality is a crucial aspect in building customer loyalty. Today's consumers demand not only competitive prices, but also product quality that meets or even exceeds their expectations. Research by Wulansari et al. (2024) shows that product quality has a significant influence on customer loyalty with customer satisfaction as a mediating variable in Yenita Convection customers. In the context of convection, seam quality, material, and design are important elements that are often the main benchmark for consumers.

Customer satisfaction acts as a link between price strategy and product quality with customer loyalty. Customers who are satisfied with the price and quality of the product tend to have higher loyalty. Instead, dissatisfaction will prompt customers to look for other alternatives.

According to research by Yulianti and Pratama (2023), customer satisfaction mediates the relationship between product quality and customer loyalty with a significant influence, especially in the small business sector such as convection. Research conducted by Zakaria and Suwitho (2019), product quality and price have a positive and significant effect on customer satisfaction. And Wijaya's research (2023), product quality and price have a significant positive effect on customer satisfaction. However, there are differences in the results of research conducted by Solihin and Ahyani (2023), product quality does not have a significant effect on customer satisfaction, customer satisfaction only mediates the relationship between price and loyalty but not for product quality. According to Kristianto and Wahyudi (2019) research, product quality does not have a significant effect on customer satisfaction. Research by Hadyar and Kurniawan (2022), price does not have a significant effect on customer satisfaction.

Based on the research gap, the researcher is interested in researching the influence of price strategy and product quality on customer loyalty with customer satisfaction as a mediating variable in Convection Tiara. The focus on the convection industry was chosen because this sector plays an important role in the Indonesian economy and has great potential to continue to grow if supported by the right marketing strategy. Through this research, it is hoped that it can make an academic and practical contribution in understanding how convection companies can increase their customer loyalty in the midst of increasingly complex market competition. The results of this research are also expected to be a reference for convection business actors in designing more effective business strategies.

The researcher is interested in examining the relationship between price strategy and product quality on customer loyalty and satisfaction as a mediating variable in Convection Tiara. The convection industry was chosen because this sector has a great contribution to the Indonesian economy as well as great opportunities to grow through the right marketing strategy. This research aims to provide a deeper understanding of how convection business actors can maintain consumer loyalty in the midst of increasingly complex competition. The results of this research are expected to be used as a reference for convection business actors in designing more effective and customer-oriented business strategies.

METHOD

The method used in this study is a quantitative approach with an explanatory design. This approach is used to explain the cause-effect relationship between variables, namely price strategy, product quality, customer satisfaction, and customer loyalty at Tiara Convection in Tulungagung. The researcher distributed a questionnaire to 350 respondents who were active customers of Tiara Convection. The data collected comes from a primary source, which is the customer's direct response through a structured questionnaire that uses the Likert scale. Each question item represents an indicator of a predetermined research variable based on theory and previous research.

The data analysis technique uses the Structural Equation Modeling (SEM) method based on Partial Least Square (PLS), with the help of SmartPLS 3 software. Hair et al. (2022)

state that PLS is a variance-based multivariate statistical technique and is well suited for analyzing complex cause-and-effect relationship models involving latent variables. This method was chosen because it can estimate structural models and measurements simultaneously, and is able to handle data with non-normal distributions and relatively large sample sizes such as 350 respondents in this study. The main focus of this analysis includes path estimation, coefficient of determination (R^2) testing, and predictive relevance (Q^2) measurement.

Validity tests are performed to ensure that the measurement instrument is actually measuring what it is supposed to be measured. Validity is tested through content validity, convergent validity, average variance extracted (AVE), and discriminant validity. Ghazali & Latan (2021) explained that convergent validity is achieved if the loading factor value is > 0.5 and $AVE > 0.5$. Discriminant validity is seen from higher cross loading on the measured variable compared to other variables. The validity of the content was obtained from the development of indicators based on relevant literature. Reliability was measured using composite reliability and Cronbach's alpha, which is said to be good if the composite reliability ≥ 0.7 and Cronbach's alpha ≥ 0.6 (Hair et al., 2022).

The evaluation of the structural or inner model is carried out through the analysis of the R-square value, the statistical t-test of bootstrapping results, and Q-square. Ghazali & Latan (2021) said that R-square is used to see how much independent variables explain dependent variables, with values of 0.75 (strong), 0.50 (moderate), and 0.25 (weak). The Q-square value measures the model's predictive ability of the observation data. Estimation for path coefficients is used to determine the strength of relationships between latent constructs. All of these processes provide a comprehensive picture of the extent to which pricing and product quality strategies can directly and indirectly affect customer loyalty.

RESULTS AND DISCUSSION

Results

Convergent Validity

The value of the loading factor (outer loading) at this stage is used to evaluate whether there are indicators that are less significant to the measured variable, so that it can be considered for elimination in the follow-up analysis. The indicator is considered to have a strong correlation with the construct if the loading value exceeds 0.7. The following table presents the outer loading values obtained from the test results.

Table 1. Outer Loading Results

<u>Variabel</u>	<u>Indikator</u>	<u>X1</u>	<u>X2</u>	<u>Z</u>	<u>Y</u>
Strategi Harga	X1.1	0,724			
	X1.2	0,786			
	X1.3	0,716			
	X1.4	0,731			
	X1.5	0,748			
	X1.6	0,790			
	X1.7	0,766			
	X1.8	0,774			
Kualitas Produk	X2.1		0,780		
	X2.2		0,735		
	X2.3		0,739		
	X2.4		0,826		
Kepuasan Pelanggan	Z1.1			0,760	
	Z1.2			0,765	
	Z1.3			0,748	
	Z1.4			0,722	
	Z1.5			0,758	
	Z1.6			0,758	
Loyalitas Pelanggan	Y1.1				0,796
	Y1.2				0,733
	Y1.3				0,758
	Y1.4				0,762
	Y1.5				0,797
	Y1.6				0,825

Source: Data Processing with *SmartPLS 3* 2025

The following is a visualization of the outer loading value in the outer model obtained after running the analysis using the SmartPLS 3.0 program. These values demonstrate the contribution of each indicator to the constructed being measured and serve as a basis for assessing whether an indicator can be maintained or needs to be eliminated based on a set correlation threshold (≥ 0.7). The following figure shows the overall outer loading value of each indicator against its variable.

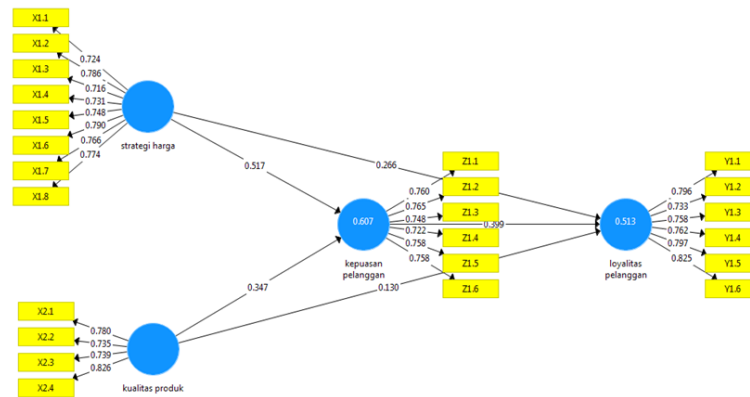


Figure 1. Rated Outer Loading Smart PLS 3
Source: Processed Questionnaire Data, 2025

Table 1 shows the results of outer loading of each indicator in this study which was calculated using the Partial Least Squares (PLS) method. Outer loading measures the contribution of each indicator to the construct or latent variable it represents. In general, the recommended outer loading value is above 0.7. In the Price Strategy variable (X1), there are 8 indicators (X1.1 to X1.8) with an outer loading value that ranges from 0.716 to 0.790. The X1.6 indicator has the highest value (0.790), indicating that it is the most powerful indicator in representing price strategies. Meanwhile, X1.3 has the lowest value (0.716), which is still within acceptable limits. The Product Quality Variable (X2) consists of 4 indicators (X2.1 to X2.4), with an outer loading value between 0.735 to 0.826. The X2.4 indicator has the highest contribution (0.826) in measuring product quality, while the X2.2 has the lowest value (0.735), which is still acceptable. The Customer Satisfaction (Z) variable consists of 6 indicators (Z1.1 to Z1.6), with an outer loading value ranging from 0.722 to 0.765. The Z1.2 indicator has the highest value (0.765), while the Z1.4 has the lowest value (0.722). The Customer Loyalty (Y) variable has 6 indicators (Y1.1 to Y1.6), with an outer loading value between 0.733 to 0.825. The Y1.6 indicator has the highest value (0.825), indicating a strong influence in measuring customer loyalty, while Y1.2 has the lowest value (0.733), which is still within acceptable limits. Overall, the results of this outer loading show that most of the indicators have fairly good validity in representing the measured constructs. This model can be used in further analysis taking into account convergent reliability and validity tests to ensure measurement accuracy.

Discriminant Validity

Discriminant validity is used to ensure that each latent variable is better able to explain its own indicators than indicators of other variables. In a measurement model with reflective indicators, discriminant validity is assessed based on the cross loading value between the indicator and the latent variable. A model is said to have good discriminant validity if the loading value of an indicator against a latent variable is higher than the loading value of the indicator against other latent variables. The following are the results of the discriminant validity test based on the analysis that has been carried out:

Table 2. Discriminant Validity

<u>Indikator</u>	<u>Strategi Harga</u>	<u>Kualitas Produk</u>	<u>Kepuasan Pelanggan</u>	<u>Loyalitas Pelanggan</u>
X1.1	0.724	0.406	0.589	0.552
X1.2	0.786	0.550	0.566	0.467
X1.3	0.716	0.382	0.468	0.375
X1.4	0.731	0.466	0.547	0.506
X1.5	0.748	0.440	0.508	0.412
X1.6	0.790	0.504	0.610	0.492
X1.7	0.766	0.464	0.507	0.489
X1.8	0.774	0.471	0.580	0.517
X2.1	0.427	0.780	0.486	0.436
X2.2	0.505	0.735	0.534	0.383
X2.3	0.419	0.739	0.462	0.413
X2.4	0.489	0.826	0.559	0.483
Z1.1	0.544	0.446	0.760	0.535
Z1.2	0.543	0.493	0.765	0.546
Z1.3	0.535	0.490	0.748	0.482
Z1.4	0.510	0.479	0.722	0.452
Z1.5	0.585	0.550	0.758	0.524
Z1.6	0.568	0.531	0.758	0.519
Y1.1	0.451	0.374	0.517	0.796
Y1.2	0.492	0.504	0.526	0.733
Y1.3	0.513	0.389	0.516	0.758
Y1.4	0.457	0.394	0.459	0.762
Y1.5	0.541	0.486	0.598	0.797
Y1.6	0.509	0.442	0.542	0.825

Source: Data Processing with *SmartPLS 3*, 2025

Based on the cross *loading table* in that the correlation value of the variable is greater than the size of the other variables. So it can be concluded that the latent variable predicts the indicator better than the other variables. In addition, discriminant validity can be measured by looking at the Average Variance Extracted (AVE). The recommended value is above 0.5. The following are the results of the Average Variance Extracted (AVE) in this study which is produced in the following table:

Table 3. AVE Value

<u>Variabel</u>	<u>Average Variance Extracted (AVE)</u>
<u>Strategi Harga</u>	0,570
<u>Kualitas Produk</u>	0,595
<u>Kepuasan Pelanggan</u>	0,565
<u>Loyalitas Pelanggan</u>	0,607

Source: Data Processing with *SmartPLS 3*, 2025

Based on Table 3, it can be seen that the AVE value is above 0.5 for all variables. This shows that all variables have a high variable discriminat.

Composite Reliability

A variable is said to be reliable if the value of the composite reliability is above 0.7. The following are the results of the outer model that show composite reliabilityivarial:

Table 4. Composite Reliability

<u>Variabel</u>	<u>Composite Reliability</u>
<u>Strategi Harga</u>	0,914
<u>Kualitas Produk</u>	0,854
<u>Kepuasan Pelanggan</u>	0,886
<u>Loyalitas Pelanggan</u>	0,902

Source: Data Processing with *SmartPLS 3*, 2025

Based on Table 4, it can be seen that Composite Reliability has good results. judging from the value of Composite Reliability. all variables are more than 0.70. So that the results of

this reliability test can also be strengthened with Cronbach's alpha where the output on Smart PLS 3.0 is as follows:

Table 5. Cronbach' Alpha

Variabel	Cronbach's alpha
Strategi Harga	0,892
Kualitas Produk	0,772
Kepuasan Pelanggan	0,846
Loyalitas Pelanggan	0,892

Source: Data Processing with *SmartPLS 3*, 2025

The recommended value for Cronbach's Alpha is above 0.60. Based on Table 6, all variables show Cronbach's Alpha values that exceed this number, so it can be concluded that each variable in this study has a good and consistent level of reliability in measuring the construct in question.

Descriptive Analysis

The descriptive data analysis aims to present an overview of respondents' responses to each research variable based on data obtained from 350 respondents. This data is then further processed to support the process of drawing research conclusions. Based on the questionnaire that has been distributed to all respondents, to find out the tendency of the answer or the majority of respondents' choices on each question item, it can be presented in the form of a table or description as follows:

- 1) Index values between 1.00 - 1.80 are categorized as very low or very poor.
- 2) Index values between 1.81 - 2.60 are categorized as low or poor.
- 3) Index values between 2.61 - 3.40 are categorized as fair or moderate.
- 4) Index values between 3.41 - 4.20 are categorized as high or good.
- 5) Index values between 4.21 - 5.00 are categorized as very high or very good.

Structural Model Evaluation

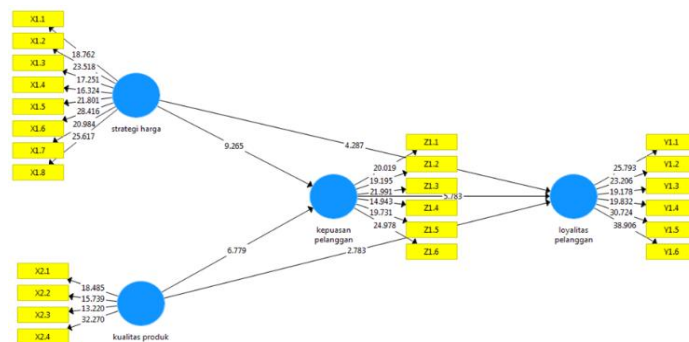


Figure 2. Inner Model

Source: Smart PLS 3 Processed Data, 2025

The preparation of an inner model or structural model aims to analyze the relationship between variables, especially by paying attention to the significance value and R-square value of the developed model. Evaluation of the structural model was carried out through the measurement of the R-square value on the dependent variable, as well as testing the t-value (t-test) and the significance of the parameter coefficient on the formed structural path. This step is important to ensure that the relationships between the variables assumed in the model have adequate and statistically significant predictive power.

Coefficient of Determination (R2)

Testing of structural models is carried out by looking at adjust R-square which is a *goodness-fit test of the model*.

Table 6. Coefficient of Determination

<i>Variabel Laten Endogen</i>	<i>R Square</i>	<i>R Square Adjusted</i>
<u>Kepuasan Pelanggan (Z)</u>	0,607	0,605
<u>Loyalitas Pelanggan (Y)</u>	0,513	0,508

Source: Processed Questionnaire Data, 2025

Table 6 shows that the R-Square value of 0.607 for Customer Satisfaction indicates that 60.7% of the customer satisfaction variable can be explained by the pricing strategy (X1) and product quality (X2). The R-Square value of 0.513 for customer loyalty indicates that 51.3% of the customer loyalty variable can be explained by customer satisfaction (Z) as well as other variables in the model. The criteria for R-Square (R²) according to Hair et al. (2022) are (0.75), (0.50-0.75), (0.25-0.50) as strong, moderate, and weak. The R² value for customer satisfaction (0.607) is in the moderate category, the R² value for customer loyalty (0.513) is also in the moderate category. This shows that the research model has a fairly good predictive power in explaining endogenous variables, especially in the context of the relationship between price strategy and product quality to customer satisfaction and loyalty. The Adjusted R-Square value is used to adjust the number of independent variables in the model. The small difference between the R-Square and the Adjusted R-Square indicates that the model is stable and does not experience overfitting.

Effect Size F2 (F square)

The effect size value (f^2) is used to determine how much influence each exogenous variable has on the endogenous variable in the structural model. The interpretation criteria for the f^2 value according to Hair et al. (2021) are $f^2 < 0.02$ = Insignificant, $0.02 \leq f^2 < 0.15$ = Small, $0.15 \leq f^2 < 0.35$ = Medium, $f^2 \geq 0.35$ = Large. The results of the f^2 test are shown in the Table as follows:

Table 7. F Square Value

	<u>Loyalitas Pelanggan</u>	<u>Kepuasan Pelanggan</u>
Strategi Harga	0,064	0,425
<u>Kualitas Produk</u>	0,018	0,192
<u>Kepuasan Pelanggan</u>	0,129	

Source: Processed Questionnaire Data, 2025

Based on table 7 of the effect size results of f^2 , it is known that:

- 1) The f^2 value of the Price Strategy variable on Customer Loyalty is 0.064 which is greater than 0.02 but still smaller than 0.15, so it falls into the category of minor influence at the structural level.
- 2) The value of f^2 of the Price Strategy variable on Customer Satisfaction is 0.425 which is greater than 0.35, so it falls into the category of major influence on the structural level.
- 3) The value f^2 of the Product Quality variable to Customer Loyalty is 0.018 which is smaller than 0.02, so it falls into the category of insignificant at the structural level.
- 4) The f^2 value of the variable Product Quality to Customer Satisfaction is 0.192 which is greater than 0.15 but smaller than 0.35, so it falls into the category of moderate influence at the structural level.
- 5) The f^2 value of the Customer Satisfaction to Customer Loyalty variable is 0.129 which is greater than 0.02 but still smaller than 0.15, so it falls into the category of minor influence at the structural level.

Research Hypothesis Testing

Hypothesis testing in this study was carried out by utilizing the significance of the estimated parameters, in order to provide a deeper understanding of the relationship between the variables studied. In the analysis using SmartPLS, statistical testing of each hypothetical relationship was carried out through simulation. Therefore, the bootstrapping method is applied to the sample data. This bootstrapping technique is used to overcome the potential problem of data distribution abnormalities, so that the estimation results become more stable and reliable. The results of the hypothesis test using the bootstrapping method through SmartPLS 3.0 are presented as follows:

Table 8. Test Results with Bootstrapping

Hubungan Variable	Original Sample (O)	T-Statistics (O/STDEV)	P Values	Keterangan
strategi harga -> kepuasan pelanggan	0,517	9,265	0,000	Signifikan
kualitas produk -> kepuasan pelanggan	0,347	6,779	0,000	Signifikan
strategi harga -> loyalitas pelanggan	0,266	4,287	0,000	Signifikan
kualitas produk -> loyalitas pelanggan	0,130	2,783	0,000	Signifikan
kepuasan pelanggan -> loyalitas pelanggan	0,399	5,783	0,000	Signifikan
strategi harga -> kepuasan pelanggan -> loyalitas pelanggan	0,206	4,638	0,000	Signifikan
kualitas produk -> kepuasan pelanggan -> loyalitas pelanggan	0,139	3,917	0,000	Signifikan

Source: Processed Questionnaire Data, 2025

Based on the table of 8 P-values in the table above, the hypothesis testing can be known as follows:

1. The pricing strategy has a significant positive effect on customer loyalty.

Based on the results of data processing with SmartPLS 3, a path coefficient value of 0.266 was obtained with a t-statistic value of 4.287 and a p-value of 0.000. Since the value of $p < 0.05$ and $t > 1.96$, this H1 is acceptable. This shows that the pricing strategy has a positive and significant effect on customer loyalty. This means that the more precise and competitive the pricing strategy implemented by the company, the higher the customer loyalty to the products or services offered.

2. Product quality has a significant positive effect on customer loyalty.

The path coefficient value for the effect of product quality on customer loyalty is 0.130 with a t-statistic value of 2.783 and a p-value of 0.000. Thus, H2 was accepted because it met the significance criteria ($p < 0.05$). Although the magnitude of the influence is relatively small, these results show that product quality still makes a real contribution in shaping customer loyalty. Customers who rate quality products will be more likely to remain loyal and make repeat purchases.

3. The pricing strategy has a significant positive effect on customer satisfaction.

The results of the analysis show that the price strategy has a significant positive influence on customer satisfaction, with a coefficient value of 0.517, t-statistic of 9.265, and p-value of 0.000. With a very strong significance value, H3 was accepted. This suggests that pricing that matches the perception of value and benefits that customers receive can directly increase customer satisfaction levels with the product or service.

4. Product quality has a significant positive effect on customer satisfaction.

An influence coefficient value of 0.347 was obtained with a t-statistic of 6.779 and a p-value of 0.000. Since the p value < 0.05 , H4 is accepted. These results indicate that good product quality, such as durability, reliability, and conformity with customer expectations, will

significantly increase customer satisfaction. Product quality is an important factor in meeting or exceeding customer expectations.

5. Customer satisfaction has a significant positive effect on customer loyalty.

The coefficient value of 0.399 with a *t-statistic* of 5.783 and a *p-value* of 0.000 shows that the influence of customer satisfaction on customer loyalty is positive and significant. Therefore, H5 is accepted. High customer satisfaction will strengthen loyalty, where satisfied customers tend to be more loyal, make repeat purchases, and recommend products or services to others.

6. The pricing strategy has a significant positive effect on customer loyalty through customer satisfaction.

The results of the analysis showed a path coefficient value of 0.206 with a *t-statistic* of 4.638 and a *p-value* of 0.000. This means that there is a significant mediating influence of customer satisfaction on the relationship between pricing strategy and customer loyalty. Thus, H6 was accepted. This means that the right pricing strategy not only has a direct effect, but also strengthens customer loyalty through increased perceived satisfaction.

7. Product quality has a significant positive effect on customer loyalty through customer satisfaction.

The coefficient value of 0.139 with a *t-statistic* of 3.917 and a *p-value* of 0.000 indicates that H7 is accepted. This means that customer satisfaction significantly mediates the influence of product quality on customer loyalty. The quality of products that are able to create satisfaction will drive customer loyalty indirectly, showing the important role of satisfaction as an intervening variable in this model.

Discussion

The results of this study show that the price strategy has a positive and significant effect on customer loyalty, with a coefficient value of 0.266 and a significance value of 0.000. These findings are in line with research conducted by Nurjayanti (2021) on the Konco Dewe Convection Small and Medium Industry in Nganjuk, which shows that price has a significant effect on customer loyalty through satisfaction. When the price of the product is considered to be in accordance with the quality and purchasing power of the customer, then the customer feels satisfied and is inclined to make a repeat purchase.

In addition, Saputra (2021) in his research on Tiga Putra Convection MSMEs also found that price strategy is one of the factors that directly or indirectly shape customer loyalty, especially when combined with product design and quality. In the world of convection, the pricing strategy used is not only competitive, but also must be flexible and can be adjusted to customer needs, such as special prices for bulk orders or discount systems for regular customers.

Another study by Sari and Handayani (2022) conducted on home convection shows that customers tend to return to buy convection products that offer transparent, non-volatile, and expectations prices. Price transparency and clarity of additional costs such as shipping or design modifications also influence customer purchasing decisions in the long run.

From some of these studies, it can be concluded that an effective pricing strategy in the convection industry must be able to create a fair and profitable perception of value for customers. With competitive prices and according to expectations, customers feel valued and fulfilled, so loyalty will be formed naturally.

In this study, product quality was proven to have a positive and significant influence on customer loyalty, with a coefficient value of 0.130 and a significance of 0.000. This means that the better the product quality that customers feel, the more likely they are to remain loyal to the convection products offered.

This finding is supported by research by Saputra (2021) who researched Tiga Putra Convection MSMEs. He found that product quality which includes attractive design, neatness of seams, and strength of materials are dominant factors in shaping customer loyalty. When customers are satisfied with the quality of the clothes received, they will repeat orders and even recommend the convection business to others. This shows that product quality is not only a trigger for satisfaction, but also strengthens loyalty through positive experiences.

A similar study was conducted by Ming and Sisilia (2021) on the convection of Negrin Vendor Bandung. The results of their study reveal that product quality directly affects customer satisfaction and loyalty. Quality is judged from functional dimensions such as comfort when used, not easily damaged after washing, and precision of size on demand. They also concluded that convection customers are more loyal to vendors who are able to maintain quality standards consistently.

Furthermore, Suryani and Amalia (2022) examined sportswear convection customers in Yogyakarta and found that the quality of materials (such as dry-fit and cotton combed) and the neatness of embroidery have a significant influence on customer loyalty. Many customers return to order products because the quality is as expected and even exceeds expectations, albeit at a slightly higher price. Based on these findings, it can be concluded that product quality is an important factor that determines whether customers will remain loyal to using certain convection services. Therefore, convection business actors must maintain quality in a sustainable manner, starting from the selection of materials, production processes, to quality control before the product reaches customers.

In this study, the price strategy was proven to have a positive and significant effect on customer satisfaction, with a coefficient value of 0.517 and a significance of 0.000. This shows that the right pricing strategy and according to customer expectations will encourage the formation of a sense of satisfaction with convection services.

Research by Nurjayanti (2021) conducted at Konco Dewe Convection IKM in Nganjuk shows that pricing has a strong effect on customer satisfaction. Customers are satisfied if the prices offered are transparent, unchangeable, and provide discounts or discounts for large orders. In addition, pricing based on the type of fabric and design agreed upon is considered fair and builds trust in convection business actors.

Furthermore, a study by Fitriani and Raharjo (2022) on school and work uniform convection concluded that customers will be satisfied if the price of the product is not only competitive, but also reflects the quality of materials, timeliness of workmanship, and flexibility of negotiation. In the convection industry, customer loyalty is highly dependent on the previous booking experience, including the price and value obtained.

Another study by Hadyar and Kurniawan (2022) found different results, which said that the price strategy does not have a significant effect on customer satisfaction, there are several other factors outside of price that can affect customer satisfaction such as timely delivery, good service. Thus, the price strategy in the convection business is not enough to compete in nominal terms. More than that, the price should be a reflection of value, quality, and attention to customer needs. This strategy will create a sense of satisfaction that leads to repeat purchases and customer loyalty in the long run.

The results of this study show that product quality has a positive and significant influence on customer satisfaction, with a coefficient of 0.347 and a significance value of 0.000. This means that the higher the quality of the product perceived by the customer, the higher their satisfaction rate. This finding is strengthened by Ramadhani and Rofiq (2021) who examined customer satisfaction in convection of Muslim clothing. The results of her research show that the quality of materials and neat seams are the two main factors that affect consumer satisfaction. Customers feel more satisfied when the convection products received are not only as expected but also have good durability in the long term.

In addition, Putra and Yusnita (2022) in their research on sportswear convection consumers in Palembang found that product quality has a direct impact on customer

satisfaction. Aspects such as the comfort of the material when worn, not easily fading when washed, and precision in producing designs to order, are the main determinants of whether customers are satisfied or not. Even in slightly higher price conditions, customers will still choose convection that is able to guarantee quality.

Research by Solihin and Ahyani (2023) concluded a different finding, namely, product quality does not have a significant effect on customer satisfaction and only mediates the relationship between price and loyalty but not product quality. Good convection is able to create a professional impression, build trust, and directly increase satisfaction. Customers will feel safer and more comfortable to repeat orders if product quality is consistently maintained. From these findings, it can be concluded that product quality is not only the key to creating satisfaction, but also the foundation for building customer loyalty. Therefore, it would be good for convection business actors to maintain and improve product quality in order to be able to meet expectations and retain customers in the long term.

In this study, it was found that customer satisfaction had a positive and significant effect on customer loyalty, with a coefficient value of 0.399 and a significance value of 0.000. This finding is strengthened by research by Yuliana and Sasmita (2021) conducted on convection of school uniforms in Pekalongan. They concluded that customers who were satisfied with the stitch results, size fit, and proper turnaround time, had a high tendency to reorder. In fact, high satisfaction encourages customers to recommend the convection to others. Loyalty in the convection industry, according to them, is largely formed from positive customer experiences, not just price promotions.

In addition, Astuti and Hidayah (2022) in their research on community clothing convection consumers found that customer satisfaction creates an emotional connection with business actors. This is shown in the form of tolerance for minor mistakes and loyalty not to move to another vendor despite the price difference. Factors such as friendly service, ease of communication, and speed of response to order revisions also affect satisfaction and loyalty levels.

A study by Maftukhah and Nugroho (2023) on a home convection business in Banyumas also revealed that customer satisfaction is the main predictor of long-term loyalty. They emphasize that satisfied customers not only survive as regular consumers, but also become indirect promotional agents through word of mouth recommendations. In the context of small and medium enterprises (SMEs), this loyalty is very important because it can maintain business continuity without the need for large promotional costs. Based on these findings, it can be concluded that customer satisfaction is the main foundation of loyalty. Therefore, convection business actors must continue to manage the quality of products, services, and communication to create a pleasant and memorable customer experience.

In this study, the results of the pathway test showed that the pricing strategy had a positive and significant effect on customer loyalty through customer satisfaction, with a coefficient value of 0.206 and a significance of 0.000. Research by Fauziah and Utami (2021) on children's clothing convection business in Tasikmalaya revealed that customers feel more loyal when they are satisfied with the price given, especially if the price reflects the quality and service they receive. Discounts, special pricing plans for wholesale orders, as well as cost transparency are important elements that make up satisfaction, which ultimately strengthens loyalty.

A study by Wahyuni and Ramadhan (2022) on work uniform convection concluded that customers are more likely to stick with one convection vendor if they feel that the pricing strategy offered is fair and non-volatile. Price satisfaction is a bridge for customers to continue long-term business relationships. Even when a new competitor with a lower price appears, satisfied customers tend not to turn away because they feel valued and benefited in the price-service relationship that has been established.

Research by Zahra and Fitriyani (2023) also strengthens this in their study on a beginner convection business in Surabaya. They state that loyalty is not only built from low rates, but

from satisfaction with the entire ordering process, including the ease of price negotiation, the flexibility of the payment system, and the compatibility of the price with the product received. Based on these findings, it can be concluded that customer satisfaction is an important mediator in the relationship between pricing strategy and loyalty. Convection business actors should focus on creating a fair and commensurate price perception in order to build long-term loyalty through a satisfying experience.

In this study, it was found that product quality has a positive and significant effect on customer loyalty through customer satisfaction, with a coefficient value of 0.139 and a significance of 0.000. Research by Salma and Arifin (2021) on the sports uniform convection business in Sidoarjo shows that customers who are satisfied with product quality tend to be more loyal than those who are only lured by low prices. They emphasized that loyalty will not be formed without satisfaction, even if the quality of the product is relatively good. The compatibility between the products received and those ordered, especially in large quantities, becomes an important factor in the formation of satisfaction.

Furthermore, Rahmayanti and Subroto (2022) conducted a study on school uniform convection and found that customers who are satisfied with the results of convection work, such as the neatness of the seams, the absence of product defects, and the suitability of the processing time, will be more likely to become regular customers. They state that good product quality will not build loyalty if it does not create a sense of satisfaction overall.

Research by Hanifah and Aditya (2023) in the home convection business also supports this. They found that loyal customers were mostly satisfied with the entire ordering process—from initial service, product results, to after-sales. Product quality is a direct cause of satisfaction, while loyalty grows from the experience. So, satisfaction here acts as a bridge between the perception of quality and customer loyalty. Based on these three studies, it can be concluded that product quality in the convection business must be managed comprehensively, starting from the selection of materials, production processes, to quality control. If it is able to create satisfaction, then loyalty will appear on its own and even develop into free word-of-mouth promotion.

CONCLUSION

The pricing strategy, product quality, satisfaction, and customer loyalty at Tiara Convection are in the high category based on the customer's positive response to price clarity, material and stitch quality, and intention to reorder. The price and product quality strategy has been proven to have a positive and significant effect on customer loyalty and satisfaction. Prices that are considered fair, transparent, and according to the benefits as well as quality products that are to order encourage customers to feel satisfied and show loyal behavior. Customer satisfaction has also been proven to have an effect on loyalty, shown through repeat orders, recommendations, and loyalty to Tiara Convection despite other competitors. Price and product quality strategies also influence loyalty indirectly through satisfaction as a mediating variable, making satisfaction a bridge between value perception and customer loyalty.

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