

## TABLE OF CONTENT

<b>COVER .....</b>	<b>i</b>
<b>DECLARATION OF AUTHENTICITY OF FINAL PAPER AND UPLOAD AGREEMENT.....</b>	<b>ii</b>
<b>APPROVAL PAGE BY FINAL PAPER ADVISOR.....</b>	<b>iii</b>
<b>APPROVAL PAGE BY FINAL PAPER DEFENSE COMMITTEE .....</b>	<b>iv</b>
<b>ABSTRACT .....</b>	<b>v</b>
<b>ABSTRAK .....</b>	<b>vii</b>
<b>PREFACE.....</b>	<b>ix</b>
<b>TABLE OF CONTENT .....</b>	<b>xi</b>
<b>LIST OF FIGURES .....</b>	<b>xvii</b>
<b>LIST OF TABLES .....</b>	<b>xviii</b>
<b>LIST OF APPENDICES .....</b>	<b>xx</b>
 <b>CHAPTER I INTRODUCTION</b>	
1.1 Background of Research .....	1
1.2 Problem Limitation .....	18
1.3 Problem Formulation .....	19
1.4 Objectives of The Research .....	20
1.5 Benefit of The Research.....	20
 <b>CHAPTER II LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT</b>	
2.1 Theoretical Background .....	22
2.1.1 Marketing .....	22
2.1.1.1 Marketing Strategy.....	23
2.1.1.2 Marketing Value .....	24
2.1.1.3 Contemporary Marketing.....	24

2.1.2 Product Quality .....	25
2.1.2.1 Definition of Product Quality.....	25
2.1.2.2 Product Quality Level .....	27
2.1.2.3 Product Quality Indicators .....	28
2.1.3 Promotion.....	30
2.1.3.1 Definition of Promotion.....	30
2.1.3.2 The Objective of Promotion.....	31
2.1.3.3 Type of Promotion .....	32
2.1.3.4 Promotion Indicators.....	34
2.1.4 Location .....	34
2.1.4.1 Definition of Location.....	34
2.1.4.2 Location Selection.....	35
2.1.4.3 Type of Location .....	35
2.1.4.4 Location Indicators .....	36
2.1.5 Customer Satisfaction .....	36
2.1.5.1 Definition of Customer Satisfaction .....	36
2.1.5.2 The Measurement of Customer Satisfaction .....	38
2.1.5.3 The Benefit of Customer Satisfaction .....	39
2.1.5.4 The Program of Customer Satisfaction.....	39
2.1.5.5 Customer Satisfaction Indicators .....	40
2.1.6 Customer Loyalty.....	41
2.1.6.1 Definition of Customer Loyalty .....	41
2.1.6.2 The Stages of Customer Loyalty.....	42
2.1.6.3 The Benefit of Customer Loyalty .....	43
2.1.6.4 Type of Customer Loyalty .....	44

2.1.6.5 Customer Loyalty Indicators.....	45
2.2 Previous Research .....	45
2.3 Hypothesis Development .....	51
2.3.1 Relationship Between Product Quality and Customer Satisfaction.....	52
2.3.1 Relationship Between Promotion and Customer Satisfaction.....	54
2.3.1 Relationship Between Location and Customer Satisfaction.....	56
2.3.1 Relationship Between Customer Satisfaction and Customer Loyalty .....	57
2.4 Research Model.....	60
2.5 Framework of Thinking .....	60
 <b>CHAPTER III RESEARCH METHODOLOGY</b>	
3.1 Research Design.....	62
3.2 Population and Sample.....	63
3.2.1 Population .....	63
3.2.2 Samples .....	64
3.3 Data Collection Methods.....	66
3.4 Operational Variable Definition and Variable Measurement .....	70
3.5 Data Analysis Method.....	71
3.5.1 Reliability Test.....	84

## **CHAPTER IV DATA ANALYSIS AND DISCUSSION**

4.1 Overview of PT Multi Niaga Indotama Medan .....	86
4.2 Data Analysis .....	87
4.2.1 Descriptive Statistic .....	87
4.2.1.1 Characteristic of Respondents.....	87
4.2.1.2 Overview of Respondents by Age .....	88
4.2.1.3 Overview of Respondents by Gender .....	89
4.2.1.4 Overview of Respondents by Education.....	90
4.2.1.5 Respondent's Response.....	90
4.2.2 Descriptive Variable Analysis.....	98
4.2.2.1 Respondent's response toward Product Quality (PQ).....	98
4.2.2.2 Respondent's response toward Promotion (P) .....	101
4.2.2.3 Respondent's response toward Location (L) .....	103
4.2.2.4 Respondent's response toward Customer Satisfaction (CS).....	105
4.2.2.5 Respondent's response toward Customer Loyalty (CL) .....	107
4.2.3 Result of Data Quality Testing.....	109
4.2.3.1 Evaluation of Data Normality .....	110
4.2.3.2 Evaluation of Outliers .....	111
4.2.3.2.1 Univariate Outliers.....	112
4.2.3.2.2 Multivariate Outliers .....	113
4.2.3.3 Evaluation of Muticollinearity and Singularity.....	114
4.2.3.4 Confirmatory Factor Analysis.....	115
4.2.3.4.1 Confirmatory Analysis of Exogenous Variables.....	115
4.2.3.4.2 Confirmatory Analysis of Endogenous Variables .....	116
4.2.3.5 Reliability Test .....	120
4.2.4 Result of Hypothesis Testing .....	121

4.2.4.1 Hypothesis Testing 1 (H1) .....	121
4.2.4.2 Hypothesis Testing 2 (H2) .....	123
4.2.4.3 Hypothesis Testing 3 (H3) .....	124
4.2.4.4 Hypothesis Testing 4 (H4) .....	125
4.3 Discussion .....	127
4.3.1 Analysis of The Overall Model.....	155
 <b>CHAPTER V CONCLUSION</b>	
5.1 Conclusion .....	161
5.1.1 Conclusion for Hypotheses .....	162
5.1.1.1 The Effect of Product Quality on Customer Satisfaction.....	162
5.1.1.2 The Effect of Promotion on Customer Satisfaction .....	164
5.1.1.3 The Effect of Location on Customer Satisfaction.....	165
5.1.1.4 The Effect of Customer Satisfaction on Customer Loyalty .....	167
5.1.2 Conclusion for Research Problem.....	169
5.2 Implication .....	170
5.2.1 Theoretical Implication .....	170
5.2.2 Managerial Implication .....	171
5.3 Recommendation .....	181
<b>REFERENCES.....</b>	<b>183</b>
 <b>APPENDIX A .....</b>	<b>A-1</b>
<b>APPENDIX B .....</b>	<b>B-1</b>
<b>APPENDIX C .....</b>	<b>C-1</b>
<b>APPENDIX D .....</b>	<b>D-1</b>
<b>APPENDIX E .....</b>	<b>E-1</b>



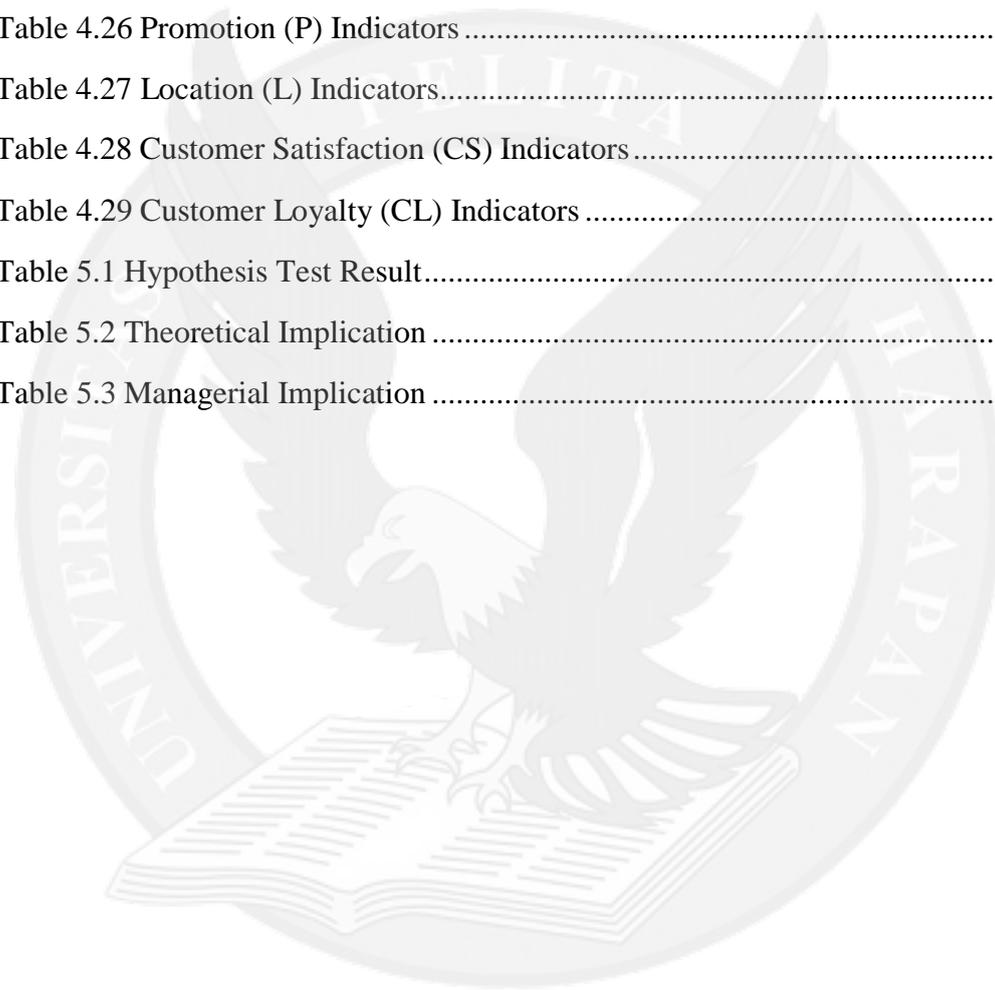
## LIST OF FIGURES

Figure 1.1 Indonesia's population in 2017-2027 .....	2
Figure 1.2 Indonesia's GDP in 2017-2027 .....	3
Figure 1.3 Real Estate Growth in 2010-2022 .....	4
Figure 1.4 Wall paint consumption in 2019-2021 .....	5
Figure 1.5 Sales of wall paint product from several brand in 2022 .....	9
Figure 1.6 PT Multi Niaga Indotama Medan Retailer Store .....	10
Figure 1.7 Number of Customers at PT Multi Niaga Indotama Medan (January 2020- December 2021).....	12
Figure 1.8 Stock of Wall Paint Sales (Yearly).....	14
Figure 1.9 Type of Wall Paint that available at PT Multi Niaga Indotama Medan .....	14
Figure 1.10 Competitor's Information .....	15
Figure 2.1 Research Model .....	59
Figure 2.2 Framework of Thinking.....	60
Figure 3.1 Flow Diagram of Theoretical Framework.....	76
Figure 4.1 Diagram of Respondents by Age.....	88
Figure 4.2 Diagram of Respondents by Gender.....	89
Figure 4.3 Diagram of Respondents by Education .....	90
Figure 4.4 Confirmatory Analysis of Exogenous Variables .....	115
Figure 4.5 Confirmatory Analysis of Endogenous Variables .....	116
Figure 4.6 Full Structural Model.....	118
Figure 4.7 Full Structural Model.....	155

## LIST OF TABLES

Table 3.1 Core Design of the Questionnaire .....	69
Table 3.2 Definition of Operational Variable.....	71
Table 3.3 Description of Constructor Indicator.....	75
Table 3.4 Relationship of Construct.....	76
Table 3.5 The Conversion Results into the Equations of the Construct Measurement Model.....	77
Table 3.6 Feasibility index of a model (Goodness of Fit Index).....	83
Table 4.1 Respondents by Age.....	88
Table 4.2 Respondents by Gender.....	89
Table 4.3 Respondents by Education .....	90
Table 4.4 Degree of Assessment of Each Variable .....	91
Table 4.5 Respondent's Response toward Product Quality .....	91
Table 4.6 Respondent's Response toward Promotion.....	93
Table 4.7 Respondent's Response toward Location.....	94
Table 4.8 Respondent's Response toward Customer Satisfaction .....	96
Table 4.9 Respondent's Response toward Customer Loyalty.....	97
Table 4.10 Respondent's distribution answer toward Product Quality .....	98
Table 4.11 Respondent's distribution answer toward Promotion .....	101
Table 4.12 Respondent's distribution answer toward Location .....	103
Table 4.13 Respondent's distribution answer toward Customer Satisfaction....	105
Table 4.14 Respondent's distribution answer toward Customer Loyalty .....	107
Table 4.15 Goodness of Fit Index .....	110
Table 4.16 Test Result of Data Normality.....	111
Table 4.17 Descriptive Statistics of Z-Score.....	112
Table 4.18 Mahalanobis Distance .....	114
Table 4.19 Test of Weight Factor and Factor Loading Value of Exogenous Variables.....	116

Table 4.20 Test of Weight Factor and Factor Loading Value of Endogenous Variables.....	117
Table 4.21 Feasibility Testing Index.....	119
Table 4.22 Regression Weights Full Structural Equation Model.....	119
Table 4.23 Reliability Test.....	120
Table 4.24 Hypothesis Test Result.....	121
Table 4.25 Product Quality (PQ) Indicators.....	132
Table 4.26 Promotion (P) Indicators.....	139
Table 4.27 Location (L) Indicators.....	143
Table 4.28 Customer Satisfaction (CS) Indicators.....	147
Table 4.29 Customer Loyalty (CL) Indicators.....	150
Table 5.1 Hypothesis Test Result.....	162
Table 5.2 Theoretical Implication.....	170
Table 5.3 Managerial Implication.....	178



## **LIST OF APPENDICES**

APPENDIX A : QUESTIONNAIRE

APPENDIX B : QUESTIONNAIRE DATA TABULATION

APPENDIX C : DESCRIPTIVE STATISTICAL TEST RESULTS

APPENDIX D : STRUCTURAL EQUATION MODEL TEST RESULTS

APPENDIX E : APPROVEMENT LETTER FROM COMPANY

APPENDIX F : TURNITIN TEST RESULT

