



Reseller Loyalty as an Asset for MSMEs: An Analysis of Product Quality and Consumer Demand

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Abstract : Loyalty of resellers is very important because it plays a key role in the sustainability and growth of the business. Zaya Food is a micro, small, and medium enterprise (MSMe) located in Purbalingga, Central Java, which specializes in producing dried potatoes. In an effort to understand its business dynamics, a study was conducted involving 53 respondents who are resellers of Zaya Food products. This research aims to analyze the influence of various variables on reseller loyalty. The results show that all independent variables studied have a positive and significant impact on the dependent variable, namely reseller loyalty. This means that product quality, consumer demand, and other factors studied contribute significantly to building loyalty among resellers towards Zaya Food. Thus, improving product quality and gaining a better understanding of market demand can be effective strategies to enhance reseller loyalty. These findings are important for Zaya Food to continue innovating and maintaining product quality to sustain and improve good relationships with resellers, which in turn will support the growth of this MSMe in a competitive market.

Keywords : Quality Product, Consumer Demand, Reseller Loyalty.

INTRODUCTION

Reseller loyalty is an important asset for business actors, as loyal resellers not only assist in product distribution, but also contribute to expanding market reach and enhancing brand reputation. Understanding the factors influencing reseller loyalty, such as product quality and consumer demand, is crucial for ensuring the sustainability of mutually beneficial business relationships. Reseller loyalty is directly influenced by product quality, service quality, and satisfaction and indirectly through satisfaction, acting as a mediator in enhancing loyalty (Arianto, 2023). Reseller loyalty is primarily influenced by product quality and pricing, which significantly contribute to the enhancement of loyalty (Helawati, 2020). Reseller loyalty is significantly influenced by the quality of the implemented distribution channels, with distribution channels having a substantial impact on reseller loyalty (Zakiyah et al., 2016). The efficient use of social media significantly enhances reseller loyalty, with the influence of social media strengthening the relationship between retailers and brands within distribution channels

(Rungsisawat & Chankoson, 2020). Reseller loyalty is influenced by brand preferences shaped by individual characteristics that represent the brand, such as entrepreneurial traits and the ability to provide effective guidance, which strengthens the relationship between resellers and the brand (Gupta et al., 2016). Reseller loyalty is influenced by the type of platform and pricing schemes used, with preferences for platforms depending on how the schemes affect logistics service costs and profits obtained (Ding & Liu, 2022). Reseller loyalty can be influenced by the distribution channel strategies chosen by manufacturers, including the decision to use reseller channels or marketplaces to increase the market share (Alaei et al., 2022). The continuous advancement of information technology can influence the way businesses operate, thereby increasing opportunities to strengthen mutually beneficial business relationships (Muhammad Akbar et al., 2023; Priambodo, 2023; Priambodo et al., 2024).

The Influence of Product Quality on Reseller Loyalty. Kwiatek et al. (2020) state that higher product quality positively affects reseller loyalty by enhancing the overall quality of the relationship between suppliers and resellers, which is reinforced by effective loyalty programs. High product quality significantly increases reseller loyalty through its positive influence on purchasing decisions, creating ongoing satisfaction and trust in distributed products (Shah et al., 2020). The perception of product quality directly enhances reseller loyalty by strengthening brand loyalty, which in turn increases the likelihood of repurchase intentions (Chinomona et al., 2017). High product quality can reinforce reseller loyalty through increased repurchase intentions, where resellers who are satisfied with product quality are more likely to remain loyal and recommend products to other consumers (Girsang et al., 2020). Suppliers' product quality significantly enhances reseller loyalty by ensuring consistent customer satisfaction, thereby strengthening sustainable business relationships between suppliers and resellers (Omar et al., 2016). $H_1 = \text{Product Quality influence Reseller Loyalty}$.

The Influence of Consumer Demand on Reseller Loyalty. According to Herziger & Shmueli (2024), consumer demand can increase if the identity of the reseller aligns with the values and preferences of consumers, which, in turn, can strengthen reseller loyalty to the brand. Strong consumer demand can enhance reseller loyalty when resellers identify themselves with the brands desired by consumers (Reitsamer et al., 2024). High consumer demand can improve reseller loyalty through effective customer experience management, where consistent positive experiences encourage resellers to remain loyal to meeting customer needs (Makudza, 2020). Managing relationships with highly loyal customers can strengthen consumer demand, which in turn enhances reseller loyalty through trust and dependence formed from consistent

interactions (Larson et al., 2021). Consumer satisfaction positively contributes to reseller loyalty, as increased consumer satisfaction with loyalty programs fosters trust and dependence among resellers, and can enhance their commitment to remain loyal in selling products from vendors (Dorotic et al., 2021). High consumer satisfaction with programs influences reseller loyalty because satisfied consumers are more likely to purchase from resellers offering such programs, thereby increasing reseller retention and profitability (Gopalakrishnan et al., 2021). $H_2 =$ Consumer Demand influence Reseller Loyalty.

This research focuses on efforts to address reseller loyalty issues faced by SMEs, such as Zaya Food. Utilizing theories on product quality and consumer demand, this study emphasizes the urgency of maintaining reseller loyalty as a key factor in business sustainability. A literature review was conducted by referring to articles from reputable journals as primary sources, which aided in formulating problem-solving plans. The novelty of this study lies in the state-of-the-art approach applied to understand the interaction between product quality and consumer demand in relation to reseller loyalty. The objective of this research is to analyze the impact of product quality and consumer demand on reseller loyalty by developing hypotheses based on references from national and international journals. The clarity of the state-of-the-art is demonstrated through the innovative methods used, which are expected to have a positive impact on the development of knowledge in the fields of marketing and business strategy.

RESEARCH METHODS

This study adopts a quantitative approach with a focus on identifying the relationships and influences between the independent and dependent variables. Thus, this study is categorized as explanatory research, which aims to describe and analyze the interconnections and effects between these variables through hypothesis testing. This research was conducted on Micro, Small, and Medium Enterprises (MSMEs) in Zaya Food, which operates in the food sector, specifically dried potato products, in Purbalingga, Central Java. The population in this study consisted of all Zaya Food resellers distributed across Purbalingga Regency and its surroundings, totaling 53 individuals. This study employed a survey method with statement instruments using a 5-point Likert scale. The independent variables in this study were product quality and consumer demand, while the dependent variable was reseller loyalty to Zaya Food. This study aims to analyze the influence of product quality and consumer demand on the loyalty of Zaya Food resellers. Therefore, the results of the study are expected to provide deeper

insights into the factors influencing reseller loyalty, which can be utilized by Zaya Food to enhance its marketing strategies. Thus, the regression equation is as follows:

$$RL = \beta_1PQ + \beta_2CD + \varepsilon$$

Where:

- LR* = Reseller Loyalty
- PQ* = Product Quality
- CD* = Consumer Demand
- ε = Standar error

RESULT AND DISCUSSION

Before performing the regression analysis, tests were conducted on classical assumptions, which included normality tests, multicollinearity tests, and heteroscedasticity tests. These tests aim to ensure that the data meet the fundamental requirements for regression analysis, allowing the results to be interpreted accurately.

Normality test. The results of the normality test in Table 1, using the Kolmogorov-Smirnov and Shapiro-Wilk methods, indicate that variable y is normally distributed, with significance values of 0.666 and 0.915, both of which are greater than 0.05. This suggests that there is not enough evidence to reject the null hypothesis, allowing the data to be considered normally distributed.

Tabel 1. Normality test

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
RL	.096	53	.666	.989	53	.915

Multicollinearity test. The results of the multicollinearity test in Table 2 indicate that KP has a VIF of 1.167 and PK has a VIF of 1.261, with tolerance values of 0.857 and 0.793, respectively. Because both VIF values are below 10 and the tolerance values are above 0.1, it can be concluded that there are no significant multicollinearity issues between the variables KP and PK concerning the LR.

Table 2. Multicollinearity test

		Tolerance	VIF
1	(Constant)		
	PQ	.857	1.167
	CD	.793	1.261

a. Dependent Variable: LR

Heteroskedasticity test. Table 3 shows that KP has a significance value of 0.855, and PK has a significance value of 0.290. Because both values are greater than 0.05 in this heteroscedasticity test, there is no significant evidence to conclude that there are heteroscedasticity issues in this regression model. Thus, the assumption of homoscedasticity is satisfied, where the residual variance is constant.

Table 3. Heteroskedasticity test

		t	Sig.
1	(Constant)	3.701	.000
	PQ	0.183	.855
	CD	1.069	.290

a. Dependent Variable: abs_res

This research aims to identify the influence of product quality and consumer demand on the reseller loyalty to Zaya Food. To achieve this objective, multiple linear regression analysis was conducted with the dependent variable being RL and the independent variables being PQ and CD. This model was used to test the hypothesis that product quality and consumer demand have a significant impact on reseller loyalty.

Table 4. The result of multiple regression analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.330	2.344		2.274	.027
	PQ	.501	.116	.505	4.318	.000
	CD	.227	.105	.253	2.163	.035

a. Dependent Variable: RL

Table 4 summarizes that both independent variables, namely PQ and CD, have a positive and significant influence on the dependent variable RL. The beta coefficient for the variable PQ is 0.505, indicating a greater impact than CD, which has a beta coefficient of 0.253. This suggests that improvements in product quality contribute significantly to enhancing reseller loyalty. These results underscore the importance of Zaya Food in continuously maintaining and improving product quality while understanding consumer demand to strengthen its reseller loyalty.

Tabel 5. F test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.251	2	14.126	17.735	.000 ^b
	Residual	39.824	50	.796		
	Total	68.075	52			

a. Dependent Variable: RL

b. Predictors: (Constant), CD,PQ

Table 5 presents the F-test results from the ANOVA used to assess the significance of the regression model as a whole. In this table, the F value of 17.735 for Sig. A value of 0.000 indicated that the regression model used was significant at the 95% confidence level ($p < 0.05$). The Sum of Squares value in the regression section is 28.251, which indicates the amount of variation in reseller loyalty (RL), which can be explained by the independent variables in the model, namely, product quality (PQ) and consumer demand (CD). Meanwhile, the Sum of Squares value in the residual section is 39.824, indicating a variation in reseller loyalty that cannot be explained by the model. The Mean Square value was obtained by dividing the Sum of Squares by the degrees of freedom (df). The Regression Mean Square value of 14.126 indicates the average variability explained by the model, whereas the Residual Mean Square value of 0.796 indicates the average variability not explained by the model. With a significant F value, it can be concluded that the regression model as a whole has a good ability to explain the variation in reseller loyalty based on product quality and consumer demand. This means that these two independent variables make a significant contribution to reseller loyalty.

Tabel 6. R Square test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.644 ^a	.415	.392	.892

a. Predictors: (Constant), CD, PQ

Based on Table 6, the R-square calculation results show that the regression model used has an R value of 0.644, indicating a fairly strong relationship between the independent variables (product quality and consumer demand) and the dependent variable (reseller loyalty). The R-squared value of 0.415 indicates that approximately 41.5% of the variability in reseller loyalty can be explained by product quality and consumer demand variables in this model. Meanwhile, the adjusted R-squared value of 0.392 indicates that after adjusting for the number of predictors in the model, approximately 39.2% of the variability in reseller loyalty can be explained. The standard error of the estimated value of 0.892 indicates a greater level of prediction error compared to the previously higher R-Square value, suggesting that there is room for improvement in this model or the possibility of other factors influencing reseller loyalty that have not been included in the model. Thus, although this model can explain approximately 41.5% of the variation in reseller loyalty, about 58.5% of the variability remains unexplained by the independent variables studied. This indicates that factors other than product

quality and consumer demand may play an important role in influencing reseller loyalty, which requires further investigation in subsequent research.

The Influence of Product Quality on Reseller Loyalty. The results indicate that product quality has a positive and significant effect on reseller loyalty. This was consistent with the results reported by Kwiatek et al. (2020), Shah et al. (2020), Chinomona et al. (2017), Girsang et al. (2020) and Omar et al. (2016). Based on the results of this analysis and previous studies, it can be concluded that product quality plays an important role in influencing reseller loyalty. Resellers tend to be more loyal to brands that offer high-quality products because these products not only meet consumer expectations but also enhance their trust in the brand. Consistent and superior product quality enables resellers to retain customers, which strengthens the relationship between resellers and producers. Thus, high product quality is not only important for consumer satisfaction but also a key factor in maintaining reseller loyalty. MSME actors must ensure that product quality is consistently upheld to retain and enhance reseller loyalty, which will ultimately have a positive impact on long-term sales and profits. Additionally, by maintaining product quality, MSMEs can build a strong reputation in the market, which will attract new resellers.

The Influence of Consumer Demand on Reseller Loyalty. The results indicate that consumer demand has a positive and significant impact on reseller loyalty. This is consistent with the research of Herziger and Shmueli (2024) and Reitsamer et al. (2024), Makudza (2020), Larson et al. (2021), Dorotic et al. (2021) and Gopalakrishnan et al. (2021). These findings suggest that consumer demand influences not only purchasing decisions, but also reseller behavior in relation to brand loyalty. High consumer demand encourages resellers to continue selling certain products because of high market interest, which ultimately boosts consumer loyalty to those brands. This study supports the view that reseller loyalty can be strengthened through a deeper understanding of consumer preferences and needs. Resellers who feel they can meet consumer demand with products from a particular brand tend to have a closer and more committed relationship with that brand. This study confirms that consumer demand has a significant influence on reseller loyalty. Therefore, MSME managers must pay attention to factors that influence consumer demand to build and maintain reseller loyalty. In this way, MSMEs can ensure that resellers remain committed to marketing products, which can ultimately enhance the overall performance and profitability of MSMEs.

CONCLUSION

Based on the research findings, it can be concluded that product quality and consumer demand have a positive and significant impact on reseller loyalty within SMEs; in this case, Zaya Food. High and consistent product quality not only meets consumer expectations, but also builds reseller trust in the brand, which ultimately strengthens loyalty. On the other hand, strong consumer demand is also an important factor that drives resellers to remain committed to marketing specific products, as resellers see potential profit from high market interest. Thus, improving product quality and gaining a better understanding of consumer demand are effective strategies for maintaining and enhancing reseller loyalty, which will ultimately contribute positively to the growth and sustainability of SMEs, such as Zaya Food in a competitive market. Based on the findings of this study, it is recommended that Zaya Food continue to focus on improving the quality of its products to ensure consumer satisfaction and to maintain reseller loyalty. It is also important for Zaya Food to actively monitor and understand changes in consumer demand, ensuring that the products offered remain relevant to market needs. Furthermore, MSME managers are advised to build strong communication with resellers to understand the challenges and opportunities faced in the field as well as to provide the necessary support to enhance sales effectiveness. By maintaining product quality and proactively responding to consumer demand, Zaya Food can strengthen its relationship with resellers and ensure more sustainable business continuity.

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