

## Effect of Marketing Mix on Customer Satisfaction and Loyalty PT.TIKI Padang Branch

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### Abstract

This study aims to analyze the effect the marketing mix on customer satisfaction and loyalty PT.TIKI Padang Branch. This research is included in the causative research with SEM (Structure Equation Model) analysis technique. The population in this study is all consumers of PT. TIKI Padang Branch with a total sample of 200 respondents. The results showed that Products, promotions, employees, and satisfaction had a positive and significant effect on customer satisfaction PT.TIKI Padang Branch. Price, location, process, and physical evidence do not have a positive and significant effect on customer satisfaction PT.TIKI Padang Branch.

**Keywords:** product, price, location, promotion, employee, promotion, process, physical proof, satisfaction, satisfaction, loyalty.

### Introduction

PT.TIKI Padang Branch is a courier service company established since 1970. If consumers are satisfied with a product offered by PT.TIKI Padang Branch, will cause consumer loyalty so that consumers will return to use the service again.

According to Kotler (2009) Marketing mix as a set of technical marketing tools that can be controlled and combined by the company to produce the desired response in the target market. Haruna (2015) argues that the marketing mix can affect customer satisfaction. Marketing mix is the main thing that needs to be maintained and improved so that consumers always feel satisfied so that it will impact consumer loyalty to the company PT.TIKI Padang Branch. So it can be concluded that the 7Ps marketing mix (product, price, location, promotion, employee, process, and physical evidence), customer satisfaction and loyalty are needed to face competition from similar companies and different products.

Prices are the main things that must be considered by PT.TIKI Padang Branch. Kotler (2010) states that what is meant by price is the amount of money set by the product to be paid by the customer in order to cover the costs of production, distribution and sale of the principal including returns which indicate the effort and risk. If a product requires customers to incur costs that are greater than the benefits received, then what happens is that the product has a negative value. If the benefits received are greater, then what will happen is the product has a positive value (Lupiyoadi & Hamdani, 2006).

Another factor that influences customer satisfaction is promotion. According to Boyd (2000) promotional strategies or controlled and integrated programs of communication methods and materials designed to bring companies and their products to prospective customers, convey product characteristics that satisfy the need to drive sales which ultimately contribute to long-term performance. According to Söderlund (2018) states that proactive employees can encourage customer satisfaction. As in serving consumers who come to the office directly, consumers who come are welcomed with friendly and fast service so as not to make consumers queue long. The process of delivering services to consumers is an important factor to create customer satisfaction. According to JieYU, et al (2013) in choosing services in product delivery to ensure timely and efficient delivery to customers has a positive impact on customer satisfaction. Another factor to create consumer satisfaction is physical evidence.

According to Haruna (2015) that physical evidence can affect customer satisfaction. Physical evidence will determine how the products and services will be delivered by the company. Bad physical evidence will illustrate the quality of the product to be delivered.

If consumers are satisfied with product will determine the interest of consumers to buy the product. Then the price set by the company can be a benchmark for the demand for a product. Supported by location, physical evidence, employees, and the process of providing services that then promote existing excellence, it will make consumers feel satisfied with PT.TIKI Padang Branch. From these explanations, the authors are interested in conducting scientific research to analyze the impact of customer satisfaction to customer loyalty.

## Methods

This research is causative research to determine the extent of the influence of the marketing mix towards customer satisfaction and loyalty PT.TIKI Padang Branch. The population in this study is all consumers of PT.TIKI Padang Branch with 200 respondents. Data management of each variable will be processed with Structural Equation Modelling.

## Results and Discussion

The Measurement Model shows how manifest variables (indicators) present latent variables to be measured by testing the validity and reliability of latent variables through confirmatory factor analysis (CFA) which can be seen in the Figure 1. Analysis results of the confirmatory factor analysis showed that all items manifest variables are valid. This means that in this CFA Model all manifest variables have been able to present their latent variables so that this research model can be continued on structural model testing. The results of the goodness of fit in this CFA analysis can be seen in the Table 1.

In the table above can be seen Chi Square value 2881,583, the degrees of freedom value is 1674 and probability level is 0,000 <0,001. In the table above can also be seen that the results of testing this model obtained CMIN / DF value of 1,721 <2, it can be concluded that the evaluation of the model is Fit, then the value of CFI is 8.61 approaching 0.95, the conclusion of the evaluation model is marginal, value RMSEA is 0.060 <0.08, so the conclusions of the model evaluation are fit, the TLI, GFI, AGFI, NFI values are 0.853, 0.673, 0.642, and 0.724, each of which is close to 0.90, then the conclusion of the evaluation the model is marginal. Then it can also be seen that the PCFI value is 0.841 > 0.6, so that the evaluation of the model's evaluation is fit or the model is feasible to use and can be continued in testing the structural model.

## Structural Test Model

Testing the structural model aims to determine the percentage of variants of each endogenous construct in the model that is explained by the exogenous construct. The structural model can be seen in the Figure 2.

## Goodness of-Fit-Model Test Results

Testing using the SEM model is done in stages. If the right model is not yet obtained, the model proposed originally needs to be revised. The need for revision of the SEM model arises from the problems that arise from the analysis. Analysis of the results of data processing in the full SEM model is carried out by conducting a goodness of fit test. The goodness-of-fit model test results are explained in the following Table 2.

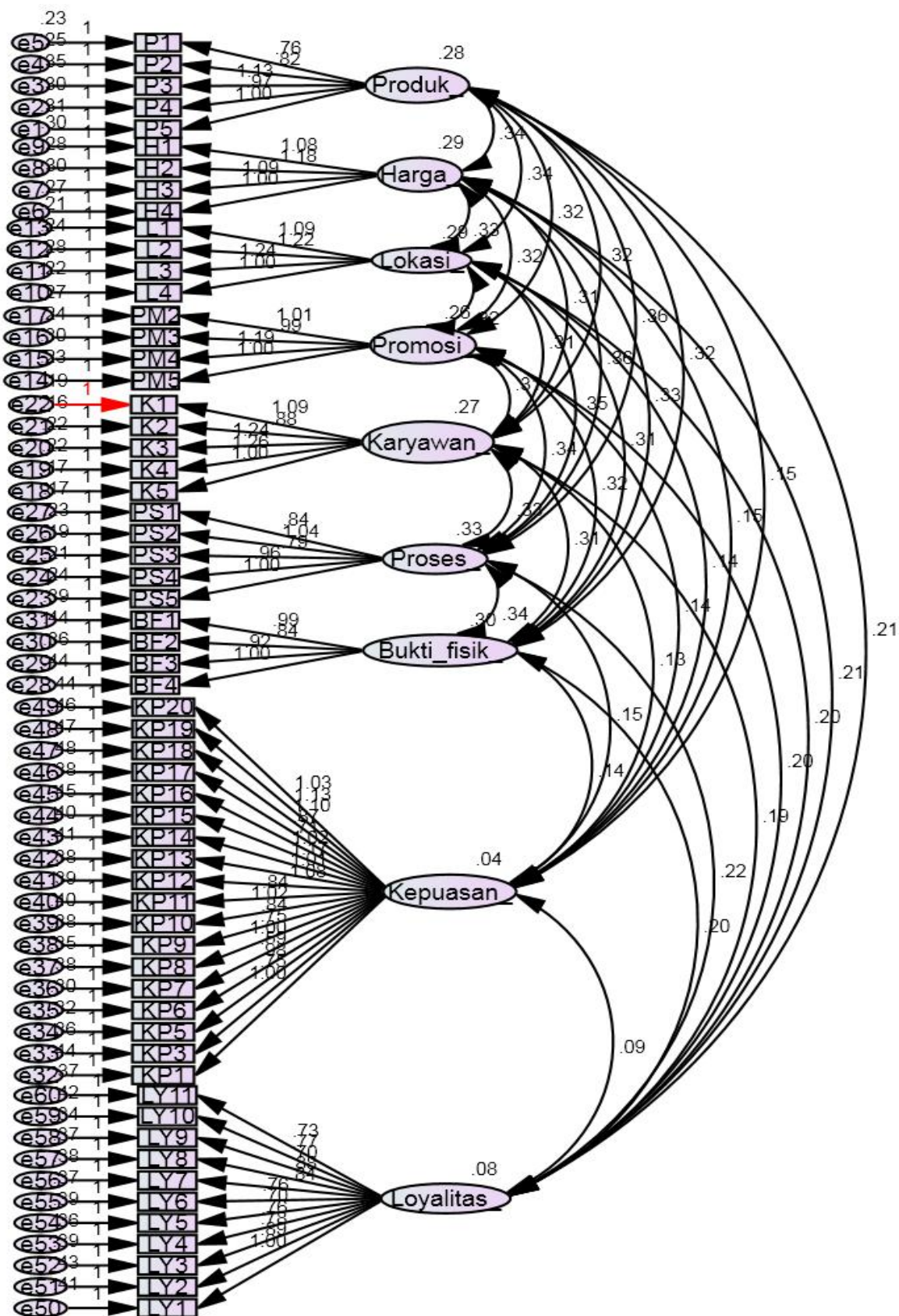


Figure 1 Confirmatory Factor Analysis Model



Table 1 Results of the *Goodness-of-fit* Model CFA Test

No.	Index	Critical Value	Results	Model fit
1	Chi Square	The smaller the better	2881,583	Fit
2	CMIN / DF	<2,00	1.721	Fit
3	CFI	≥0,95	0,861	Marginal
4	RMSEA	≤0,08	0,060	Fit
5	TLI	≥0,90	0,853	Marginal
6	GFI	≥0,90	0,673	Marginal
7	AGFI	≥0,90	0,642	Marginal
8	NFI	≥0,90	0,724	Marginal
9	PCFI	>0,6	0,841	Fit

Source: Data Processed From 2018 Research Results

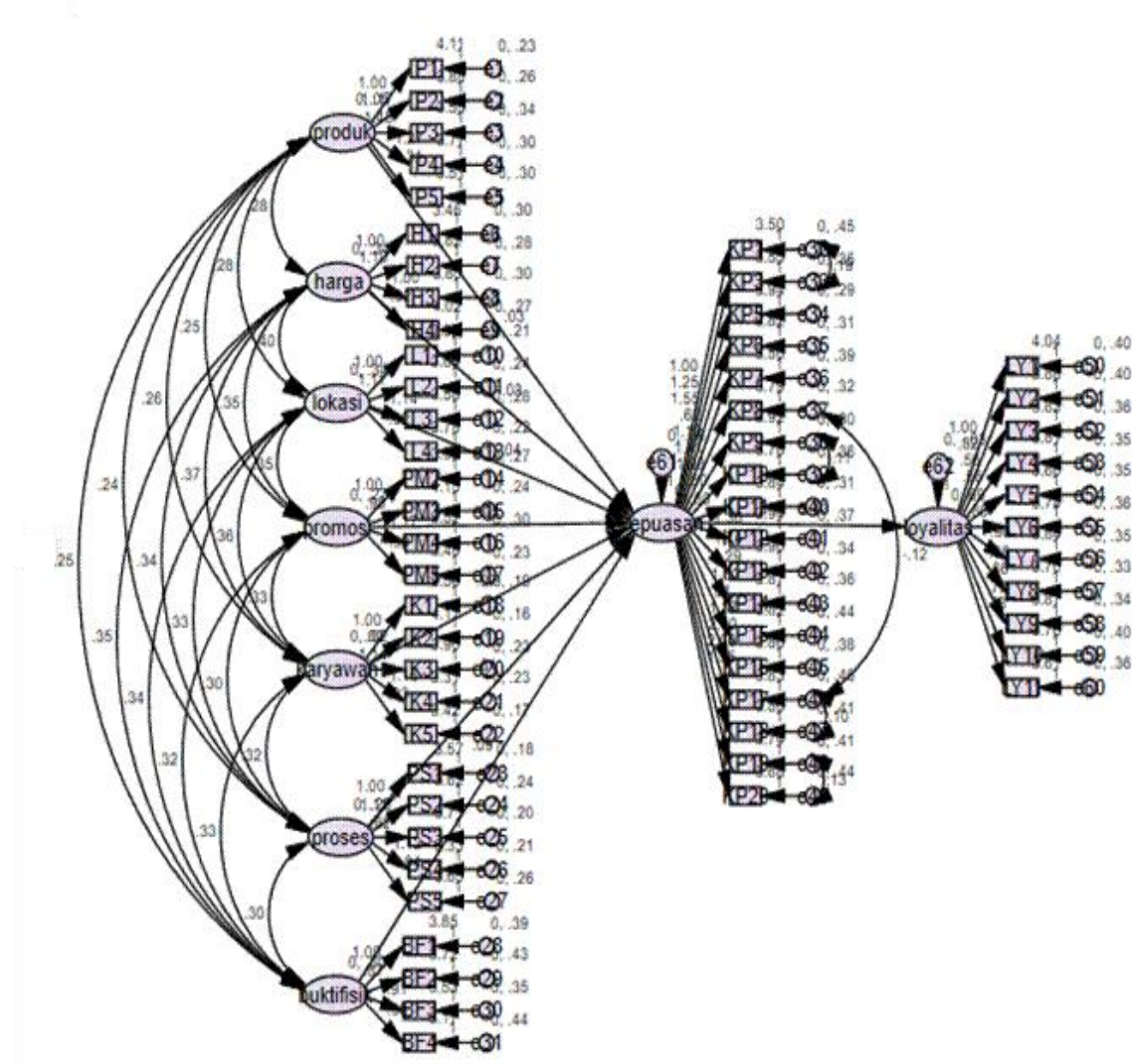


Figure 2 Structural Model

Table 2 Results of *Goodness-of-fit* Model Testing

No.	Index	Critical Value	Results	Model Fit
1	Chi Square	The smaller the better	2977,993	Fit
2	CMIN / DF	<2,00	1,777	Fit
3	CFI	≥0,95	0,850	Marginal
4	RMSEA	≤0,08	0,062	Fit
5	TLI	≥0,90	0,841	Marginal
6	NFI	≥0,90	0,715	Marginal
7	PCFI	>0,6	0,805	Fit

Source: Data processed in 2018 Research Results

In Table 2 above can be seen that the value of 2977.993 the conclusions of the evaluation model is fit, the CMIN / DF value is 1.777 <2.00 the conclusion of the evaluation model is fit. Furthermore, in the Table above there is a CFI value of 0.850 close to 0.95, then the conclusions of the model evaluation are fit, the RMSEA value is  $0.062 \leq 0.08$ , the conclusions of the model evaluation are fit, TLI and NFI values are 0.841 and 0.715, each approaching 0.90, the conclusion of the evaluation model is fit. The next value is the PCFI value of  $0.805 > 0.6$ , has met the criteria of goodness of fit, and then the conclusion of the model is fit. Based on this explanation it can be concluded that the model in this study is fit, the numbers on some criteria are close and meet the characteristics of goodness of fit, so the model in this study is suitable for use.

### Hypothesis testing

Hypothesis 1, the product has a significant and positive effect on satisfaction. This explains that there is a significant and positive influence of the product on satisfaction, meaning that good quality products will affect customer satisfaction, to increase customer satisfaction, it is expected that a company can improve the quality of its products. Hypothesis 2, prices have a positive effect on satisfaction but not significant. If the price is increased by 1,873 then customer satisfaction will increase, but the influence exerted no significant effect on customer satisfaction. Hypothesis 3, Location has a positive effect on satisfaction but not significant. The location is great, and will strategically to influence customer satisfaction. Hypothesis 4, promotion has a positive and significant effect on satisfaction. In this finding, the promotion variable is a variable that has a considerable influence compared to other variables. If promotion is increased, customer satisfaction will also increase.

Hypothesis 5, employees have a positive and significant effect on satisfaction. Hypothesis 6, the process has a positive effect on satisfaction but not significant. This means that all forms of service delivery to consumers such as company service to customers if done well will affect customer satisfaction. Hypothesis 7, physical evidence has a positive effect on satisfaction but is not significant. On these findings, physical evidence variable value CR is the smallest compared to other variables, physical evidence is either not significant impact on customer satisfaction. Hypothesis 8, satisfaction has a positive and significant effect on satisfaction. This means that if customer satisfaction increases, then customer loyalty will also increase. To create loyal customers, PT.TIKI Padang branch to make efforts to increase customer satisfaction.

## Discussion

### Effect of products on customer satisfaction at PT.TIKI Padang Branch

Based on the results showed the product has a positive and significant effect on customer satisfaction PT.TIKI Padang Branch. The better the product offered, the more customer satisfaction PT.TIKI Padang Branch. Product variables have a positive and significant effect on customer satisfaction, meaning that these findings indicate that the product gives meaning or contribution to customer satisfaction. Products have a positive and significant impact on customer satisfaction PT.TIKI Padang Branch, the better the product/service offered such as the type of product that satisfies the consumer, the brand that influences

sales, the product according to customer demand, product quality, and product warranty will affect customer satisfaction. The results of this study are in line with some of the results of previous studies such as research by Tsiotsou (2005), Jakpar (2012), Ghezelbash (2017), Nuridin (2013) and Jahanshahi (2011) which show that consumer satisfaction is influenced by the quality of products offered. The results of Saleem's research (2015) which shows that products affect consumer satisfaction.

#### **Effect of Price on consumer satisfaction at PT.TIKI Padang Branch**

Based on the results showed the price has a positive and insignificant effect on customer satisfaction PT.TIKI Padang Branch. This means that the high and low customer satisfaction of PT. Padang Branch TIKI is not influenced by price variables. Price has a positive and insignificant effect on customer satisfaction PT.TIKI Padang Branch, the better the price set, such as price discounts, prices according to the product, pricing strategies for consumers, prices that contribute to the achievement of results do not contribute significantly/meaning to customer satisfaction. The results of this study are not in line with the results of Jiang (2004), Gupta (2014), Kaiman (2013), and Razak (2016) which show that satisfaction is determined by the price offered to consumers .As a result, the results of Ana (2016), Purnomo (2017), and Rahman (2014) showed that prices did not affect consumer satisfaction .Price is not a factor that determines customer satisfaction.

#### **Effect of location on customer satisfaction at PT.TIKI Padang Branch**

Based on the results showed the location has a positive and insignificant effect on customer satisfaction PT.TIKI Padang Branch.This means that the high and low customer satisfaction of PT.TIKI Padang Branch is not affected by location variables. Location has a positive and insignificant effect on customer satisfaction PT.TIKI Padang Branch, the better the location such as the location of the business is easy to find consumers, the access road to the location is easy, the location is strategic and effective, and the business location is easy to reach public transportation does not make a significant contribution to customer satisfaction. The results of this study are not in line with the results of Alipour's (2018), Muala (2012), and Kadhim (2016) studies which show that location affects consumer satisfaction. While the results of Makmur (2016) and Verma (2017) research show that location does not affect consumer satisfaction. Location is not a factor that determines consumer satisfaction.

#### **Effect of promotion on consumer satisfaction PT.TIKI Padang Branch**

Based on the results showed promotion has a positive and significant effect on customer satisfaction PT.TIKI Padang Branch. The better the promotion conducted, the more customer satisfaction PT.TIKI Padang Branch. Promotion variables have a positive and significant effect on customer satisfaction, meaning that these findings indicate that promotion gives meaning or contribution to customer satisfaction. Promotion has a positive and significant effect on customer satisfaction PT.TIKI Padang Branch, the better the promotion carried out such as the location of the business is easy to find consumers, the access road to the location is easy and smooth, the location is strategic and effective, and the business location is easy to reach public transportation can contribute or a significant influence on customer satisfaction. The results of this study are in line with the results of the research of Ping Pi (2011), Alipour (2018), and Wahab (2016) showing that promotion affects consumer satisfaction. More specifically, the results of Woo Park's (2013) study show that promotions such as price discounts, direct gifts, and accumulated points influence consumer satisfaction.

#### **Effect of employees on customer satisfaction PT.TIKI Padang Branch**

Based on the results show employee variables have a positive and significant effect on customer satisfaction PT.TIKI Padang Branch. The better service provided by employees, the more customer satisfaction PT.TIKI Padang Branch. Employee variables have a positive and significant effect on customer satisfaction, meaning that the findings indicate that employees give meaning or contribution to customer satisfaction. Employees have a positive and significant influence on customer satisfaction PT.TIKI Padang Branch, the better the service provided by employees, it will give contribution or influence to customer satisfaction. The results of this study are in line with the results of Verma's (2017),

Alipour (2018), and Muala (2012) research showing that employees influence consumer satisfaction. Furthermore, the results of Abbasi's research (2013) show that employee characteristics such as empathy, experience, reliability, and employee performance affect consumer satisfaction.

#### **Effect of the process on customer satisfaction PT.TIKI Padang Branch**

Based on the results showed the process has a positive and insignificant effect on customer satisfaction PT.TIKI Padang Branch. This means that the high and low customer satisfaction of PT.TIKI Padang Branch is not influenced by process variables. Process has a positive and not significant effect on customer satisfaction PT.TIKI Padang Branch, the better the service process at TIKI does not contribute or a significant influence on customer satisfaction. The results of this study are not in line with the results of Andrian's research (2015), Abouennaga (2016), and Suri (2016) which show that the process influences consumer satisfaction. The results of Ida (2016), Suriyani (2017), and Agus (2010) showed process had no significant effect on consumer satisfaction. The process is not a factor that determines satisfaction.

#### **Effect of physical evidence on customer satisfaction PT.TIKI Padang Branch**

Based on the results showed physical evidence has a positive and insignificant effect on customer satisfaction PT.TIKI Padang Branch. This means that the high and low customer satisfaction of PT.TIKI Padang Branch is not influenced by physical evidence variables. Physical evidence has a positive and insignificant effect on customer satisfaction PT.TIKI Padang Branch, the better the physical evidence at PT.TIKI Padang Branch does not give significant contribution or influence to customer satisfaction. The results of this study are not in line with the results of the research of Dwi (2017), Abou Elnaga (2016), and Valdy (2013) which show that physical evidence influences consumer satisfaction. While the results of Verma's research (2017), Suriyani (2017), Ida (2016), and Mucai (2013) show that physical evidence has no significant effect on consumer satisfaction. Physical evidence is not a factor that determines satisfaction.

#### **Effect of satisfaction on customer loyalty PT.TIKI Padang Branch**

Based on the results showed satisfaction has a positive and significant impact on consumer loyalty PT.TIKI Padang Branch. The higher satisfaction will increase consumer loyalty PT.TIKI Padang Branch. Satisfaction variables have a positive and significant effect on consumer loyalty, meaning that these findings indicate that satisfaction provides meaning or contribution to consumer loyalty. Satisfaction has a positive and significant effect on consumer loyalty PT.TIKI Padang Branch, the more satisfied consumers are for the services provided by TIKI Padang Branch, it will give contribution or influence to customer loyalty. The results of this study are in line with some of the results of previous studies such as Ercis (2012), Sri (2015), Ganiyu (2017), Iqbal (2016), and Ibojo (2015) which show that satisfaction affects consumer loyalty. The results of Yukel (2010), Bayraktar (2012), Nam (2016), Lee (2012), and Martinez (2013) which showed loyalty is determined by consumer satisfaction.

### **Conclusion**

The results showed that Products, promotions, employees, and satisfaction had a positive and significant effect on customer satisfaction PT.TIKI Padang Branch. While the price, location, process, and physical evidence do not have a positive and significant effect on customer satisfaction PT.TIKI Padang Branch.

Based on the results of the research and conclusions, the suggestions that the writer can provide to improve customer satisfaction at PT.TIKI Padang Branch is as follows: (1) Improving the services provided by employees by asking customer satisfaction for the use of TIKI services, creating customer value through services provided, Customer Service is clearer in conveying information, and makes consumers satisfied in the service of employees; (2) Increasing the promotion given through promotional strategies that can increase consumer interest, increase promotions such as advertising, sales promotion, and personal selling or sales; (3) Improve the products offered by providing service guarantees, meeting customer requirements, enhancing the TIKI brand name, and producing various services in meeting



customer satisfaction; (4) Then in increasing consumer loyalty PT.TIKI Branch Padang, it can be suggested to increase customer satisfaction by providing convenience in the process of sending and receiving goods, responding to shipping requests quickly, certainty of delivery of goods, services that are more innovative or different from others, improve the facilities provided in the service process, improve service given, improve the quality of shipping and receiving services, provide information that suits the needs of customers, provide services in accordance with the times, expand payment procedures and procedures, easier in the process, provide information that can be trusted, provide appropriate information, provide high quality services, and provide services according to customer needs. Future research is expected to consider other factors besides the marketing mix that affect customer satisfaction and loyalty.

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