THE INFLUENCE OF MARKETING MIX ON SATISFACTION AND LOYALTY OF RICE CUSTOMERS AT PT. KOMODITI TANI INDONESIA

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Abstract: Customers are the most crucial aspect of running a business, so companies need to maintain customer satisfaction. Customers who are satisfied with a product will generally have a loyal attitude towards that product. This research aims to analyze the influence of the marketing mix on customer satisfaction, customer loyalty, and rice customer loyalty at PT. Komoditi Tani Indonesia. The sampling method uses accidental sampling with a total of 68 respondents. The analysis used is SEM-PLS with the WarpPLS 8.0 program. The research results show that product, price, location, and employee variables have a significant effect on customer satisfaction. Product variables, price, location, physical facilities, and customer satisfaction significantly affect customer loyalty. The customer satisfaction variable mediates the relationship between product, price, and location variables on customer loyalty

Keywords: *marketing mix, rice, customer satisfaction, customer loyalty*

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1. Introduction

Indonesia is known as an agricultural country with abundant agricultural products, and many Indonesian people work as farmers. The agricultural product that is very important for survival is the rice plant. Rice is a rice-producing plant, and the majority of Indonesian people are very dependent on rice because rice is their staple food (Rozen & Kasim, 2018). Rice consumption of the people of East Java in 2019, 2020, and 2021 increased, namely 4.40 million tonnes, 4.33 million tonnes, and 4.34 million tonnes of rice. This growth in rice consumption usually increases along with the increase in population in East Java Province. However, rice production in East Java from 2020, 2021, and 2022 decreased, respectively, namely by 5.74 million tonnes, 5.65 million tonnes, and 5.50 million tonnes (BPS Provinsi Jawa Timur, 2021)

The ratio between rice consumption and rice production in East Java Province is inversely proportional. However, if this situation persists for an extended period, it is feared that it will cause a shortage of rice supply. PT. Commodity Tani Indonesia is one of the new companies operating in the rice industry. Based on data on the increasing amount of rice consumption and the decreasing amount of rice production, rice sales are predicted to experience an increase. However, based on data on sales results from PT, Indonesian agricultural commodities tend to experience unstable sales. To analyze the causes of a decline in sales, aspects of the store, such as products, prices, location, and so on, are investigated. These aspects are summarized in the marketing mix concept (Tanjung, 2021).

The marketing mix is a company's marketing tool to achieve predetermined objectives. (Lutfiah et al., 2021). A predetermined target market can well receive a product because marketing mix activities are used as the main element in today's modern marketing activities, namely as a set of tactical marketing activities that can be controlled by the company in order to get a response that suits the target market's wishes (Arianto, 2021). Every consumer has unique product preferences. Therefore, understanding consumer behavior and the factors that influence it in the purchasing decision-making is crucial for companies to gain an advantage in market competition (Rosalina et al., 2021). Companies must be able to know important factors that can influence consumer behavior. This understanding is the basis for determining product or service purchasing decisions (Tonda et al., 2022)

Based on these problems, the researcher intends to explore the causes of the decline in company sales. They are exploring the determinant factors of customer satisfaction, namely the 7P marketing mix factors, including product, price, promotion, place, people, process, and physical facilities. So that it can provide input for consideration in marketing strategies, this research aims to analyze the influence of the marketing mix on rice customer satisfaction, which is mediated by customer satisfaction at PT. Komoditi Tani Indonesia. Customer satisfaction plays a role in creating value for customers. The benefit for the company lies in its ability to increase customer interest in purchasing or using the services offered (Sasongko, 2021). The hypothesis in this research is H1: Marketing mix variables (product, price, location, promotion, people/employees, processes, and physical facilities) have a significant and influential effect on customer satisfaction. H2: Marketing mix variables (product, price, location, promotion, people/employees, processes, and physical facilities) have a significant and influential effect on customer loyalty. H3: Customer satisfaction has a significant and influential effect on customer loyalty.

2. Research Method

This research was carried out at the retail store PT. Komoditi Tani Indonesia, whose address is Jl. Raden Wijaya No. 29, Kec. Gedangan, Sidoarjo Regency. The population in this research are customers who buy rice from PT. Komoditi Tani Indonesia. The sampling method used was accidental sampling, with the number of samples used in this research being 68 respondents. The data analysis method uses descriptive and SEM-PLS analysis with the WarpPLS 8.0 program. Hypothesis testing requires knowing the value coefficients, P-value, and effect size.

3. Results and Discussion

Customer characteristics are a description of customers who purchase products. Based on the results of research conducted on 68 respondents who had the criteria of having purchased rice at least twice. Data about the characteristics of respondents can be seen as follows:

Table 1. Characteristics of Respondents Based on Gender

Characteristics	Number of people)	Percentage (%)
Gender		
- Man	7	10,3
- Woman	61	89,7
Age (years)		
- 17 – 25	4	5,9
- 26 – 35	6	8,8
- 36 – 45	32	47,1

- > 45	26		38,2
Job-status			
- Student/Students	4		5,9
- Public/Private Employees	4		5,9
- Self-employed	15		22,1
- Housewife	45		66,2

Source: Primary Data, processed (2024)

Based on the data in Table 1, it can be seen that the majority of customers are female, namely 61 people, with a percentage of 89.7%. Meanwhile, there were 7 male respondents with a percentage of 10.3%. Based on this percentage, it can be seen that there are far more female customers than male customers.

The characteristics of respondents based on age show that those aged 35-45 years are the most likely to purchase rice, namely 32 people with a percentage of 47.1%. They were followed by 30 respondents over 40 years, with a percentage of 38.2%. Based on this data, respondents aged 35-45 years and respondents aged over 45 years have a large percentage because at that age, they have entered the age of having a family, and food is a basic need that must be met.

The characteristics of respondents based on the work status of homemakers had the highest number, namely 45 people, with a percentage of 66.2%. Respondents with self-employed work status were 15 people, with a percentage of 22.1%. Housewives and entrepreneurs dominate respondent characteristics based on employment status,

Analysis of the Effect of Marketing Mix on Customer Satisfaction and Loyalty

The data used to determine the effect of the marketing mix on customer satisfaction, and loyalty was obtained from the questionnaire results. Analysis is carried out to find out the relationship between these relationships: out *Structural Equation Model Partial Least Square* (SEM PLS). SEM-PLS analysis was used to prove the hypothesis that had been made previously. The data analysis stage that researchers will carry out is analyzing the outer model, analyzing the inner model, and testing hypotheses.

Outer Model Evaluation

Outer model or a measurement model that describes the relationship between latent variables and their indicators. Evaluation of the outer model starts from the stages of convergent validity test, discriminant validity test, and reliability test. The results in the research table show that all question items in the questionnaire have a value *loading factor* > 0.700 and have an AVE value > 0.5, so all items are declared valid. Meanwhile, in the reliability test for all variables showing *cronbach alpha* > 0.6, all variables can be trusted.

Table 2. ValuesComposite Reliability and Cronbach Alpha

Variable	AVE	Composite Reliability	Conbrach Alpha	Information
Product	0,931	0,982	0,975	Reliable
Price	0,958	0,986	0,978	Reliable
Promotion	0,884	0,958	0,934	Reliable
Location	0,925	0,974	0,959	Reliable
People/Employees	0,991	0,995	0,991	Reliable
Process	0,893	0,962	0,939	Reliable
Physical Facilities	0,931	0,976	0,963	Reliable
Satisfaction	0,985	0,993	0,985	Reliable

Loyalty	0,977	0,992	0,988	Reliable

Source: Primary Data, processed (2024)

Inner Model Evaluation

An inner or structural model is a measurement model that describes the relationship between variables and other variables. In the evaluation *model*, There are several tests, namely, coefficient of determination (R²), *predictive relevance* (Q²) as well a*nd Goodness of fit* (Model Fit Test).

a. Coefficient of Determination (R²)

The R-squares value is used to explain the influence of certain exogenous latent variables on whether endogenous latent variables have a substantive influence. R-Square, <= 0.70, <= 0.45, and <= 0.25 indicate strong, moderate, and weak models. The greater this value indicates that the predictor model better explains variance.

Table 3. Determination Coefficient Values

Variable	Coefficient of Determination Value
Satisfaction	0,620
Loyalty	0,743

Source: Primary Data, processed (2024)

There are three categories of coefficient of determination values: R-Square, 0.70, 0.45, and 0.25, indicating strong, moderate, and weak models. Based on these criteria, the customer satisfaction variable has an R-squared value of 0.620, which is included in the moderate category. This value shows that the variables product, price, place, promotion, employees, process, and physical evidence influence the customer satisfaction variable by 62%, and the remaining 38% is influenced by other variables not studied. The R-squared value of the customer loyalty variable is 0.743, which is included in the strong influence category. This shows that customer loyalty can be explained by the variables product, price, place, promotion, employees, process, physical evidence, and customer satisfaction at 74.3%, while the remaining 25.7% is explained by other variables that were not studied. There was an increase in influence after the customer satisfaction variable was included in the model, from 62% in the moderate category to 74.3% in the strong category. This shows an influence if the satisfaction variable is included, which will indirectly influence the level of customer loyalty.

b. Predictive Relevance (Q²)

Another test in structural measurement is predictive relevance (Q²), which functions to validate the model. This measurement is suitable if the endogenous latent variable has a reflective measurement model. Predictive relevance (Q²) results are said to be good if the value indicates that the exogenous latent variable is good (suitable) as an explanatory variable that can predict the endogenous variable.

Table 4. ValuesPredictive Relevance

Variable	Mark*Predictive Relevance*
Satisfaction	0,576
Loyalty	0,708

Source: Primary Data, processed (2024)

The Q² quantity has a value in the range $0 < Q² < 1$, where the closer it is to 1, the better the model. A Q² value > 0 shows that the model has predictive relevance; it is better if a Q² value ≤ 0 shows that the model has less relevance. Predictive relevance value (Q²), 0.02, 0.15, and 0.35 (weak, moderate, and strong). The Predictive Relevance (Q²) value of the customer

satisfaction variable is 0.576, which means that the structural model has predictive relevance in the strong category. The customer loyalty variable has a Predictive Relevance (Q^2) value of 0.708, which means that the structural model has predictive relevance in the strong category.

c. *Goodness of fit* (Model Fit Test)

There are three tests in the model fit test, namely Average Path Confcient (APC), Average R-square (ARS) and Average Variance Factors (AVIF). In the WarpPLS 8.0 version, seven new model fit measures have been added to complement the previous three model fit measures. The model suitability test in this study has met the criteria. Based on the ten fit indices and p-value models, the results show that the data meets all the fit indicator criteria with details of the APC, ARS, and AARS values which meet the requirements and can be said to be good because they have a P value <0.05. AVIF has a value of 1.465, and AFVIF 1.944 is also fulfilled because it is below 5. The value *Tenenhaus* GoF (GoF) of 0.801 is included in the large category. Mark*Sympson's paradox ratio* (SPR) is more significant than 0.7, namely 0.733. Mark*R-squared contribution ratio* (RSCR) of 0.950 is already greater than 0.9. Mark *Statistical suppression ratio* (SSR) is greater than 0.7, namely 0.933, and value *Nonlinear bivariate causality direction ratio* (NLBCDR) is greater than 0.7, 0.833.

Hypothesis test

Hypothesis testing Hypothesis testing requires knowing the Path Coefficients, P-value, and Effect Size. The results of hypothesis testing can be seen in the following table:

Table 5. Values Path *Coefficients, P-Value, and Effect Size.*

	Product	Price	Location	Promotion	People	Process	Means	Satisfaction
Satisfaction								
- Path Coefficients	0.322	0.224	0.274	-0.055	0.244	0.114	-0.117	
- P-Value	0.002*	0.026*	0.008*	0.324	0.016*	0.165	0.160	
- Effect Size	0.206	0.143	0.141	0.008	0.125	0.054	0.040	
Loyalty								
- Path Coefficients	0.274	0.219	0.318	0.033	-0.069	0.101	-0.264	0.272
- P-Value	0.008*	0.028*	0.002*	0.394	0.282	0.196	0.010*	0.008*
- Effect Size	0.177	0.139	0.186	0.005	0.023	0.055	0.026	0.187

Source: Primary Data, processed (2024)
Note: * significant at the 5% significance level

Based on the value results *Path Coefficients*, *P-Value*, and *Effect Size*, the simultaneous result of the hypothesis in this research is H1: marketing mix variables have a significant influence on customer satisfaction. They are rejected, and H0 is accepted because not all variables in the marketing mix have a significant influence on customer satisfaction. Marketing mix variables influencing customer satisfaction are product, price, location, and employees. H2: Marketing mix variables have a significant and influential effect on customer loyalty and are rejected, and H0 is accepted. Because not all variables in the marketing mix significantly

influence customer loyalty, marketing mix variables that influence customer loyalty are product, price, location, physical facilities and customer satisfaction. H3: Customer satisfaction has a significant and influential effect on customer loyalty. This is in line with research conducted by Pratama et al. (2023); the customer satisfaction variable has a significant effect on customer loyalty. In general, loyal customers are satisfied with the products they buy.
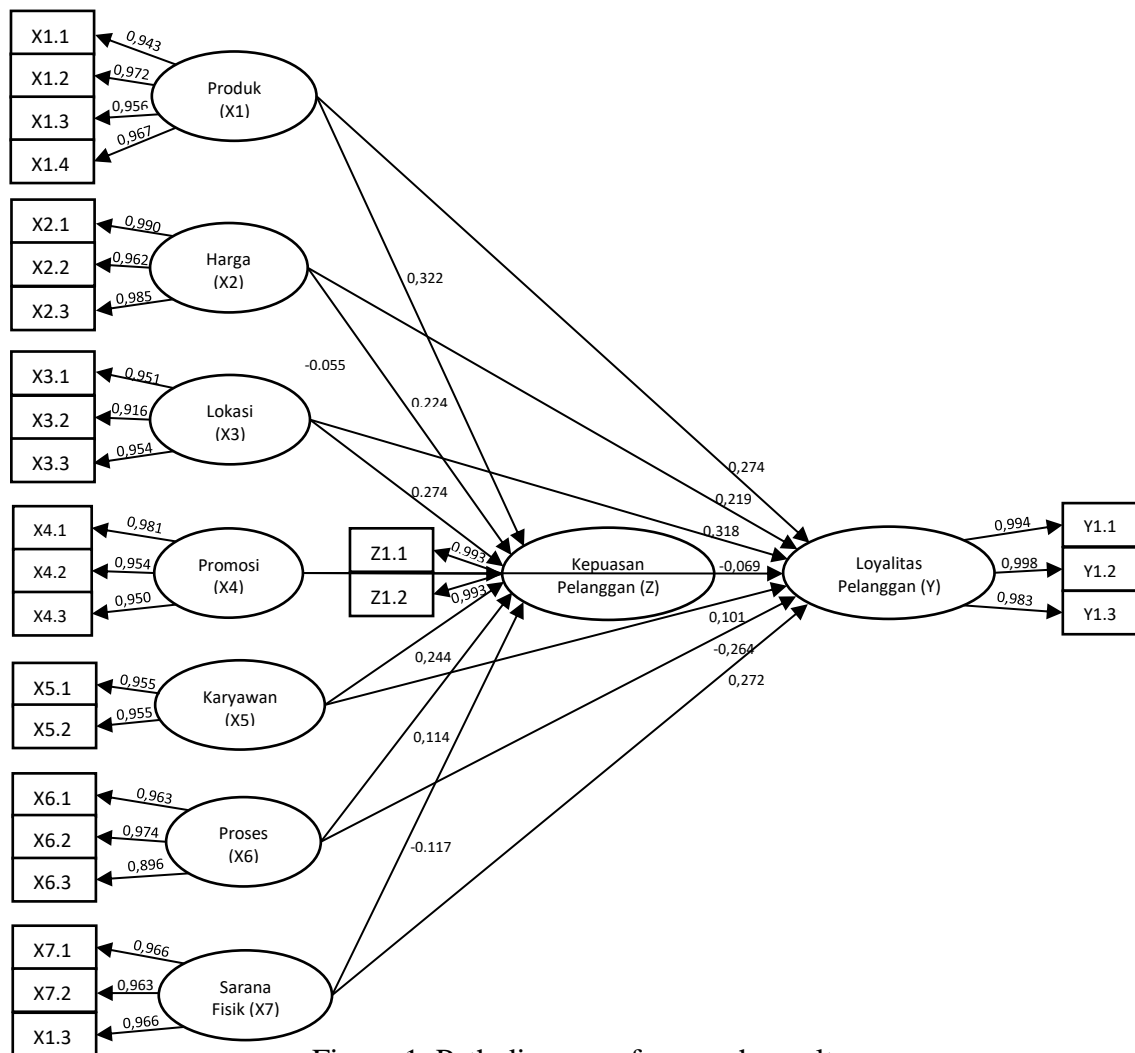

Figure 1. Path diagram of research results
Source: Primary Data, processed (2024)

Figure 1. is a path diagram of research results that shows how much the indicators can be explained by the variables or influence of each indicator and the relationship between the hypothesized variables. The product variable (X1) has four indicators: diversity, quality, brand, and packaging. Indicators with value *loading* the highest is the product quality indicator, namely 0.972, which shows that the product quality indicator has the greatest influence. Product quality indicators have the most significant influence because customers say they are satisfied because the products offered are of good quality. If seen from the quality side, the rice produced by PT. Indonesian farming commodities have a delicious, savory, soft taste and a fragrant aroma. A good product is a product that is maintained in quality from the moment it is made until it reaches the hands of consumers (Mufreni, 2016). The price variable (X2) has three

indicators, namely price affordability, price conformity with quality, and price competitiveness. The indicator of price affordability has the most significant influence; customers say that they feel satisfied and loyal because they get a product that matches the quality and has a lower price with similar rice quality. The right price is a price that matches the product quality of an item, and the price can provide satisfaction to consumers (Sa'adah, 2020).

The location variable (X3) has three indicators: sales place, inventory, and marketing coverage. Indicators with value *loading* The highest is the marketing coverage indicator, namely 0.954, which shows that the marketing coverage indicator has the most significant influence. Marketing coverage indicators have the greatest influence because customers can find products in other cities reached by the company. The wider the distribution points, the more opportunities entrepreneurs can optimize their product offerings (Afifah et al., 2023). The promotion variable (X4) has three indicators: advertising, promotion, and public relations. Indicators with value *outer loading* The highest is the advertising coverage indicator, which is 0.981, showing that the advertising indicator has the most significant influence. Shows that advertising indicators have the greatest influence because customers who view the company's social media always carry out regular promotional activities with exciting and informative content so that they know the latest product information. A good promotion can attract as many consumers as possible to switch to the product or service offered (Latief, 2018).

The person/employee variable (X5) has two indicators: employees and culture. The two indicators in the person/employee variable have the same magnitude, namely 0.995. Both indicators have the same value because employee and culture indicators are interrelated. The existence of employees is significant for the company; employee interactions can influence customer perceptions, and customer orientation cannot be achieved without cooperation from employees (Tariq Khan, 2014). The process variable (X6) has three indicators: service, complaints, and response time. Indicators with value *outer loading* The highest is the complaint indicator, namely 0.974, which shows that the complaint indicator has the most significant influence because the company always responds quickly to customer complaints. Suppose the quality of the service provided is good and satisfying and can provide maximum benefits for consumers. In that case, consumers will feel loyal and consistently provide a positive attitude toward the producer (service provider) (Rahayu & Nurlaela Wati, 2018).

The physical facilities variable (X7) has three indicators: environment, layout, and additional facilities. Two indicators have the highest value, namely the environmental and additional facilities indicators, with an *outer loading* value of 0.966. Both indicators have the same value because environmental indicators and additional facilities are interrelated. If the environment is good but the facilities must be improved, customer satisfaction and loyalty will be affected. Physical facilities are a real thing that influences consumers' decisions to buy and use the products or services offered (Monoarfa et al., 2023). The customer satisfaction variable (Z) has two indicators: conformity to expectations and availability of recommendations. Both indicators have value *loading*. The exact amount is 0.993 because most customers who feel the product meets their expectations will recommend it without being asked by the company. The customer loyalty variable (Y) has three indicators: interest in repurchasing, price without effect, and complaints. Indicators with value *outer loading* The highest interest in repurchasing, namely 0.994, which shows that the indicator of interest in repurchasing has the most significant influence because customers who are satisfied with the product will return.

4. Conclusion

Based on the results of research on "The Influence of Marketing Mix on Rice Customer Satisfaction and Loyalty at PT. Indonesian Farming Commodities," which has been carried out by researchers, the following conclusions are obtained:

1. The product marketing mix variables, price, location, and people/employees influence rice customer satisfaction at PT—Indonesian Farming Commodities. Meanwhile, the variables of promotion, process, and physical facilities do not affect rice customer satisfaction

2. Product marketing mix variables, price, lo*cation*, and physical facilities influence customer loyalty. Meanwhile, promotion, process, and *people/employee variables do not affect rice custo*mer satisfaction.

3. Customer satisfaction influences loyalty.

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