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The Effects of Islamic Marketing Mix towards Costumer Loyalty and Customer Satisfaction on Shopee Millennial Muslim

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Abstract

The improvement of internet creates many e-commerce in Indonesia. E-commerce became a receptacle for millennial generation who want to buy goods and services online. In Indonesia, Shopee is e-commerce that has become market leader. Shopee is using Islamic marketing mix to maintain its position in Indonesian market. The purpose from this research is to analyze the influence of Islamic marketing mix (product, price, place, promotion, process, people and physical evidence) on customer loyalty towards customer satisfaction. This research is quantitative research. The sampling technique used is random sampling and convenience sampling. Skala Likert will be used for measuring the data collected. There are 159 samples from millennial Muslim in Jember for this research. The data that has been collected will be analyzed using path analysis. The result indicated that product, place, promotion and people have significant effect on customer satisfaction while price, process and physical evidence are not significant. Product, promotion and physical evidence also have significant effect on customer loyalty while price, place, process and people are not. Customer satisfaction also has no significant effect on customer loyalty. The result also shows that costumer cannot mediate product, price, place, promotion, process, people and physical evidence towards costumer loyalty.

Abstrak

Kemunculan banyak e-commerce disebabkan oleh masifnya perkembangan Internet di Indonesia. E-commerce menjadi sebuah tempat yang sangat cocok bagi generasi millennial untuk berbelanja barang atau jasa secara online. Saat ini, Shopee menjadi e-commerce yang menjadi pemimpin pasar karena Shopee menggunakan Islamic marketing mix sebagai strategi marketing. Tujuan dari penelitian ini adalah untuk menganalisis pengaruh Islamic marketing mix (product, price, place, promotion, process, people and physical evidence) terhadap loyalitas pelanggan melalui kepuasan pelanggan sebagai variabel mediasi. Menggunakan metodologi kuantitatif, penelitian memiliki 159 anggota sampel yang merupakan muslim milenial di Jember. Teknik sampling yang digunakan adalah sampling dua tahap (Random sampling dan convenience sampling) dan diukur dengan skala likert. Data yang sudah dikumpulkan di analis dengan path analysis. Temuan dalam penelitian ini menunjukkan bahwa product, place, promotion and people berpengaruh signifikan terhadap kepuasan pelanggan, sedangkan price, process and physical evidence tidak berpengaruh signifikan pada kepuasan pelanggan. Product, promotion and physical evidence berpengaruh signifikan terhadap loyalitas pelanggan, sedangkan price, place, process and people, dan kepuasan pelanggan tidak berpengaruh signifikan pada loyalitas pelanggan. Ini artinya, kepuasan pelanggan tidak memediasi product, place, promotion and people, price, process and physical evidence terhadap loyalitas pelanggan.

Keywords: *Islamic Marketing Mix, E-Commerce, Customer Loyalty, Customer Satisfaction*

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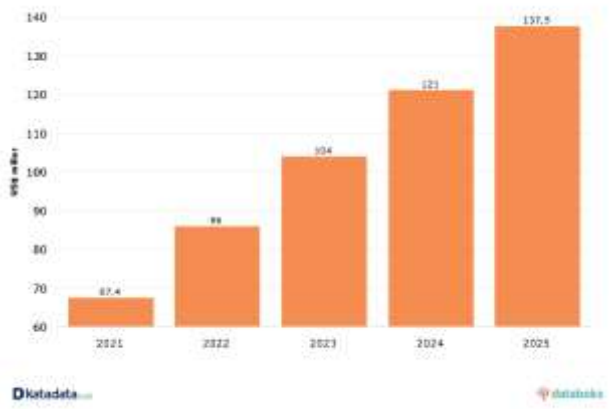
1. INTRODUCTION

In Indonesia, information technology is growing very quickly. This progression is characterized by the demand for information technology, particularly the internet. Internet has become important thing for millennial Muslim in Indonesia. According to We Are Social data, the number of internet users in Indonesia has reached 204.7 million in January 2022. And mostly, the users are people who have 19 till 34 ages. For millennial Muslim Indonesia, internet is not only used for communication tool but also for transaction, promotion, education and others (Ahmad W dkk, 2019).

Internet also has changed the life style of millennial Muslim Indonesia. They use internet for buying something because it is easier and more efficient. Time and distance problem in transaction was gone by using Internet. This change has been created e-commerce as a place which gives service for buying and selling tools in Internet. E-commerce is defined as use of the internet or other networks for buying, selling, or transferring data, goods or services. (Turban, dkk, 2017).

Table 1 : E-commerce transaction in Indonesia

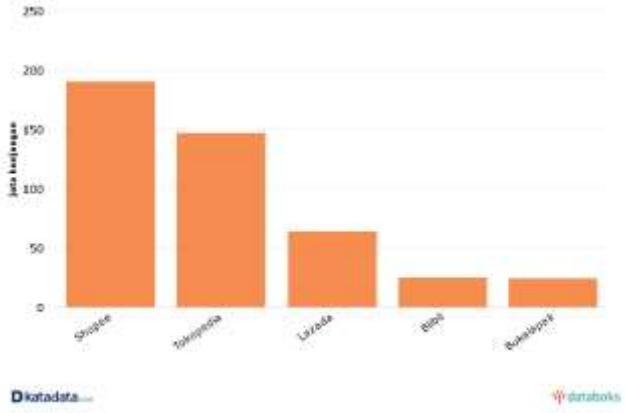


Sources: Katadata.co.id

Based on Red Seer data, total value of e-commerce transactions in Indonesia has reached 44.6 billion USD in 2020 and it is expected to reach 137.5 billion USD in 2025. This data demonstrates the potential e-commerce in Indonesia. The reason millennial Muslim leaved offline store to e-commerce was ease and speed of transactions. E-commerce also can be accessed by with no time and distance limitation. Therefore, millennial Muslim can transact anywhere and every time. They just need stay in their house waiting their order. (Franco and Bulomine, 2018).

There are five e-commerces which have many users in Indonesia. This five is Shoppe, Tokopedia, Lazada, Blibli and Bukalapak where Shoppe is the most chosen e-commerce in Indonesia.

Table 2: Data of Shopee Visitor and other E-Commerce in Indonesia



Based on table 2 above, Shopee has had 190.7 million visitors over Indonesians for August 2022, up 11.37% from July's 171.2 million. Due to this, Shopee is the most popular e-commerce site in Indonesia. It's far behind Blibli with just 24.9 million, Lazada with 64.1 million, and Tokopedia with 147.7 million visitors.

Shoppe's key for becoming market leader in Indonesia has been its marketing strategy. Shopee has changed its traditional marketing strategy which focused on competitor, to modern strategy which focused on customer. Marketing strategy is a tool or a process that has been carefully planned out to achieve business goals or targets by consistently improving company excellence and marketing planning.

Marketing strategy that used by Shoppe is Islamic Marketing strategy. Islamic marketing strategy is strategy which combines marketing mix strategy with Islamic business concept. It conceptualizes the conventional marketing mix from an Islamic point of view with an emphasis on Islamic business culture (Abuznaid, 2020). According to Kotler, marketing mix is a combination of marketing tools used to get the desired response from target market (Kotler and Amstrong, 2008).

There are seven tools that used on marketing mix conventional. These are product, price, place, promotion, process, people and physical evidence. (Hurriyati, 2015). These 7Ps marketing mix was developed by Islamic scholar such as Abuznaid, Abdullah and Wilson (Shafin dan Kasim, 2018). Islamic marketing mix that formulated by Wilson is pragmatism, pertinence,

palliation, peer-support, pedagogy, persistent, and patience (Wilson, 2012). Abuznaid formulated Islamic marketing mix with 7Ps traditional marketing mix and 2 new tools (patient and promise). (Abuznaid, 2020)

Based on researcher observation, it is known that Shoppe has used Islamic marketing mix as its strategy to get customer loyalty and customer satisfaction of millennial Muslim in Jember. The Islamic marketing mix strategy used by e-commerce Shopee is as follows:

a. Product

In Shopee e-commerce, there are various products that are sold. Shopee is a marketplace that acts as an intermediary between buyers and sellers. Shopee facilitates them to do online transactions. Shopee has developed the Shopee Barokah feature. This feature will filter halal product or not in Shopee. This innovation will give Shopee Muslim consumers a sense of security.

b. Price

Price is an important factor in attracting customers. In Islam, the price of a product must be a reflection of its quality. Product price also must be a reflection of its quality. This Islam way in pricing has been applied by Shopee. Shopee has required sellers who sell products at Shopee to provide a description of the product. So that, customers can understand the quality of these products with just looking at the prices listed.

c. Place

Shopee itself has distributed or delivered goods very well. This is happen because Shopee has worked with various goods delivery companies such as J&T Express, Anteraja, Sicepat, and others. Shopee even has its own shipping service, named Shopee Express. Therefore, Shopee can reach its customers who stay in remote villages with a short time and cheap shipping costs.

d. Promotion

Shopee often does a lot of promotions to reach its customers. For example, Shoppe promotes its products on YouTube, websites, news, TV, and others. Shopee has also been the main sponsor of the highest football competition in Indonesia (League 1). Every method that Shopee has done in promotion is accordance with Islamic law.

e. Process

To build customer trust, Shopee provides features that customers can use. One of them is cost on delivery (COD) system. This innovation allows customers to pay for the ordered product when it arrives. Shopee also provides the opportunity for customers to return products that have been purchased when the product does not match with their expectation.

f. People

In Shopee e-commerce, the stakeholders who play a role are sellers who have online shops at Shopee. There are also Shopee administrators who handle every customer complaint. In the concept of the Islamic marketing mix, stakeholders who deal with customers should not force them to make a purchasing decision. Stakeholders must also provide good service, such as being patient, fair, honest, and measurable, to satisfy customers. These things have also been implemented in Shopee. Shopee has also provided rules for employees and business people at Shopee to be patient, fair, honest, and measurable when they serve customers.

g. Physical Evidence

In Shopee, physical evidence is proven through the features provided on the platform, such as the Shopee Barokah feature. It provides halal products and a halal payment system.

This research was conducted on the Muslim millennial generation (Muslims aged 25–45 years) in the city of Jember who have made purchases at Shopee e-commerce. There reason is because Jember city has Muslim majority population, or around 96.59%. The city of Jember also has 30% of the total population aged between 25 and 45 years (the millennial generation) who are familiar with e-commerce, the internet, and online transactions, especially through e-commerce site Shopee.

The millennial era has changed the lifestyle of the Indonesian people a lot. The generation living in the millennial era demands speed, convenience, and maximum service in the process of buying and selling goods and services. This makes competition in the digital or online business world tougher every day. In the midst of the rise of e-commerce or marketplaces that have emerged in Indonesia in this millennial era, Shopee, which is a new player in Indonesia, is able to get many customers to transact at Shopee. Shopee is

also able to make customers choose Shopee for transactions instead of having to switch to Tokopedia, Bukalapak, BliBli.com, and others. This makes Shopee became the market leader e-commerce and marketplaces in Indonesia. Furthermore, Shopee wants to maintain its market leadership position. Therefore, this is the problem that will be examined through this research.

Literature Reviews

1.1. Islamic marketing mix

The Islamic marketing mix is a conventional marketing concept which combine with Islamic economic values and principles. The marketing mix does have different possibilities according to the culture, characteristics, and religion of the intended target market (consumers) (Prakkasi, 2020). Islamic marketing mix has been developed by Islamic scholars such as Abuznaid, Abdullah and Wilson (Shafin and Kasim, 2018). Islamic marketing mix that formulated by Wilson is pragmatism, pertinence, palliation, peer-support, pedagogy, persistent, and patience (Wilson, 2012). Abuznaid formulated Islamic marketing mix with 7Ps traditional marketing mix and 2 new tools (patient and promise). (Abuznaid, 2020).

1.2. Product

According to Kotler, a product is something that can be offered to a market so that it can be consumed, cared for, used, or owned so that it will fulfill needs and satisfy wants. (Kotler and Amstrong, 2008). The product is an important element in the marketing mix. In Islamic rules, products, both goods and services, must meet several criteria, such as being halal, being able to be delivered, not being harmful to the mind and body, and having the right quality and quantity. Products must also be perfectly owned in accordance with Islamic law (Asnawi & Fanani, 2017).

Based on Abuznaid (2020) research, there are four indicators in Islamic product. These indicators are ordering ease, value durability, there is no product obsolescence and deliverable.

1.3. Price

According to Kotler and Armstrong (2008), price is the amount of money billed for a product or service or billed for the value provided by customers for the benefits they get from using the service or product. In Islam, price is called as Qimah Al-adl, or fair compensation for the goods or services received (Rivai dkk, 2018). Ibn Taymiyah said that the price is Qimah al-Adl (an equivalent price). An equivalent price means that the determination of prices may not lead to the exploitation to other people. Qimah al-Adl has purpose to create mutually beneficial conditions instead of causing harm to others. Prices are also required to reflect the benefits of an item or service. (Rivai dkk, 2018).

Based on Abuznaid (2020) research, there are four indicators in Islamic price. These indicators are price affordability, compatibility of price with product quality, price competitiveness and price compatibility with benefit.

1.4. Place

Place (distribution) can be defined as a place or location where a company carries out its business activities, such as producing goods or a service. In the marketing mix, place is not only be interpreted as a place for transactions but also it can be interpreted as distribution, or the way companies distribute their goods and services till the end customers. (Alma and Priansa, 2019). Place is not only interpreted as a place but also as a distribution. Distribution in Islam applies ethical values such as using safe packaging and ensuring the safety of goods when distributed, and using delivery services that comply with sharia standards and principles.

The use of ethics in Islamic distribution is a must in the field of marketing. Distribution is defined as physical activity involving people, equipment (tools), and organization. (Asnawi & Fanani, 2017). Based on Abuznaid (2020) research, there are four indicators in Islamic place. These indicators are there is no unnecessary delays, trust in distributing ordered goods and there is no charge customer.

1.5. Promotion

Promotion can be defined as a form of distributing information which persuades customers to do transaction (buy-sell). Promotion is also defined as any activity within the company that aims to introduce a product to the customer or target market, and communicate about the superiority of the product or service in the target market. (Daryanto, 2001).

The essence of marketing is promotion. In Islam, promotions are highly permissible to introduce and offer a product to customers. The Messenger of Allah taught his people to carry out promotions honestly and not provide excessive information to customers. Information that is too excessive can have bad impact on customer when the product being promoted does not match their expectations (Asnawi & Fanani, 2017).

Based on Abuznaid (2020) research, there are four indicators in Islamic promotion. These indicators are there is there is no concealment of fact and information, there is no manipulative promotional behavior and there is no deception

1.6. Process

Kotler and Armstrong define process as the ways and steps taken by the company in serving and fulfilling the demands of each customer, from the customer ordering a product or service until what the customer wants is obtained (Kotler and Amstrong, 2008). In marketing mix concept, process is an important element. The faster and better the process provided, followed by good service interactions, will certainly make customers satisfied and happy. Good process will generate customer interest in a product or service offered by the company (Swasta and Irawan, 2003). In the Islamic marketing mix, which prioritizes marketing ethics, the process becomes one of the most important variables. Abuznaid said that process is starting with procedures, mechanisms, and service flows in the transaction process. The process also shows how a product, both goods and services, is presented until it is received or arrives at the customer. In the process, waiters practice ethical values to create customer satisfaction, which it will impact customer loyalty. (Abuznaid, 2012).

Based on Abuznaid (2020) research, there are four indicators in Islamic process. These indicators are honesty, fairness and respect customers, using right marketing information, using right and proper delivery and proper use of customer waiting time.

1.7. People

People are defined as actors from service providers and promotions who are the spearheads of the company's marketing success. It means, the people is company human resources (HR) consisting of staff, marketers, and agents who interact with customers by prioritizing ethics and providing good service to get interest from customers (Abuznaid, 2012). In Islamic business ethics, a person involved in business must have a sense of responsibility for four things. Those are a sense of responsibility towards Allah SWT, a sense of responsibility to the surrounding community, a sense of responsibility for his own welfare and a sense of responsibility to the environment (Asnawi & Fanani, 2017)

Based on Abuznaid (2020) research, there are four indicators in Islamic people. Those indicators are polite and friendly, smiley, honest, there is no harm to customer.

1.8. Physical Evidence

Physical evidence is defined as various company attributes needed to be a complement of a product, where these attributes can strengthen the quality of the product and service. Physical evidence is not only in the form of physical objects such as buildings but can also be in the form of features that exist within a company. (Abuznaid, 2012). In the Islamic marketing mix, physical evidence is defined as how the form of service is provided. Physical evidence can also be categorized as several ways that are carried out by a company or organization to convince customers that the company has applied Islamic business concepts. (Abdullah, 2018)

Based on Abuznaid (2020) research, there are four indicators in Islamic physical evidence. Those indicators are provide Documentation during transactions, provide guarantees to customers and there are features that represent Islam (halal products)

1.9. Customer Satisfaction

Kotler and Keller define customer satisfaction as a customer's feeling of pleasure or disappointment caused by the comparison of the product quality with the expectations they have. Whereas Buttle, in the Service Customer Loyalty book, defines customer satisfaction as a customer response in the form of a feeling of satisfaction that arises after getting the experience of feeling a product or service. (Kotler and Keller, 2008). In Islam, customer satisfaction does not only aim to gain customer loyalty (utility). Customer satisfaction must also pay attention to the selection of goods or services that can provide the maximum benefit to the customer, in which case the maslahah will be in the form of benefits and blessings derived from consumption activities. (Djunaidi, 2020).

Based on Kotler and Amstrong (2008) research, there are four indicators in customer satisfaction. Those indicators are hope confirmation, repurchase intention and dissatisfaction

1.10. Customer Loyalty

According to Kotler and Keller, customer loyalty is a customer's commitment to buy and support a product in the future, even though changing marketing circumstances and conditions in the future may affect the customer's decision to switch to another company or product. (Kotler and Keller, 2008). There are three ways that can be used to build customer loyalty. First

is strengthening brands. Strengthening the brand aims to form an emotional bond with customers through the company's brand. Second is repair service. Good service will provide a unique experience for customers. If service is better, it will increase customer loyalty. Third is improving product quality. Customers certainly expect a good quality from products offered. Good product quality will make customers return to buy the product and reduce the risk of product failure.

Based on Kotler and Keller (2008) research, there are four indicators in customer loyalty. Those indicators are making regular repeat purchases, buy outside the product or service offered and referring to others

2. METHOD

2.1. Research Design and Sampling

The method used in this research is quantitative-associative. Quantitative-associative method is used for investigating the impact of Islamic marketing mix 7Ps (product, price, place, promotion, process, people, physical evidence) on customer loyalty according to the mediating role of customer Satisfaction. The populations selected for this research are Shoppe millennial Muslim customers in Jember who have bought product in Shoppe three times previously. The sampling method was determined by using Ferdinad's theory for the minimum of samples which can be used. Based on the theory, minimum sample are 150 samples.

This research use random sampling and convenience sampling method to collect the data. Random sampling method is used for determine WhatsApp group which will be send google form link. Then, convenience sampling method will be used to collect data from 159 respondents. Instrument which used to collect data in this research is questionnaire. Then the data will be measured with Linkert scale to give score for every responds of respondents

2.2. Operational Variable

To collect data research, this study will use survey questionnaire which developed based on same literature dedicated to Islamic marketing mix, customer loyalty and customer satisfaction. Sub operational variables and research statement is as follows:

Table 3: Variable Indicator and Research Question

Variable	Sub Operational Variables	Research Question
Product	Ordering ease	Customers can easily order goods (products) at Shopee Goods (products) in Shopee do not cause harm
	Value durability	
	Deliverable	Goods (products) at Shopee can be sent to the customer's home / place
	No Product Obsolescence	Goods (products) at Shopee have benefits
Price	Price affordability	Goods (product) at Shoope have affordable prices
	Compatibility of price with product quality	The price set at Shopee is in accordance with the quality of the goods
	Price competitiveness	Prices of goods on Shopee can compete with prices on Lazada, Tokopedia, etc.
	Price compatibility with benefits	The set price is comparable to the benefits of the goods (product) at Shopee
Place	No unnecessary delays	Shopee does not make unnecessary delays during the delivery process
	Trust in distributing ordered goods	Shoope is trustworthy in distributing (sending) ordered goods to customers
	Don't charge customers	Sending goods by Shopee to customers is very easy
Promotion	No concealment of fact and information	Promotions carried out by Shopee do not hide facts and product/item information
	No manipulative promotional behavior	Shopee does not carry out manipulation promotions
	No deception	Promotions carried out by Shopee do not contain elements of fraud

Variable	Sub Operational Variables	Research Question
Process	Honesty, fairness and respect customers	During the transaction process, Shopee is fair, honest and respects customers
	Right marketing information	In the transaction process, Shopee provides information according to what the customer wants
	Proper use of customer waiting time	The transaction process at Shopee is carried out quickly and precisely
	Right and proper delivery	Customers find it easy when making transactions at Shopee
People	Polite and friendly	Shopee admins and sellers at Shopee serve customers politely and kindly
	Smiley, honest	I feel that Admins and sellers at Shopee are honest when providing product information and when making transactions
	No harm to customer	There is no coercion from Admin and sellers at Shopee to customers to buy a product (goods)
Physical Evidence	Provide Documentation during transactions	There is digital evidence that can be trusted when making transactions at Shopee
	Provide guarantees to customers	Shopee parties provide guarantees to customers for the goods ordered
	There are features that represent Islam (halal products)	Shopee provides features that represent Islam (halal products)
Customer Satisfaction	Hope Confirmation	The services and goods available at Shopee are in accordance with customer expectations
	Repurchase intention	I am satisfied with the services and goods available at Shopee, so that makes me interested in making repeat purchases at Shopee
	Dissatisfaction	I am dissatisfied with the services and products at Shopee
Customer Loyalty	Make regular repeat purchases	I often make transactions at Shopee
	Buy outside the product or service offered	I have bought goods (products) other than what has been offered at Shopee
	Referring to others	I have recommended other people to buy goods at Shopee

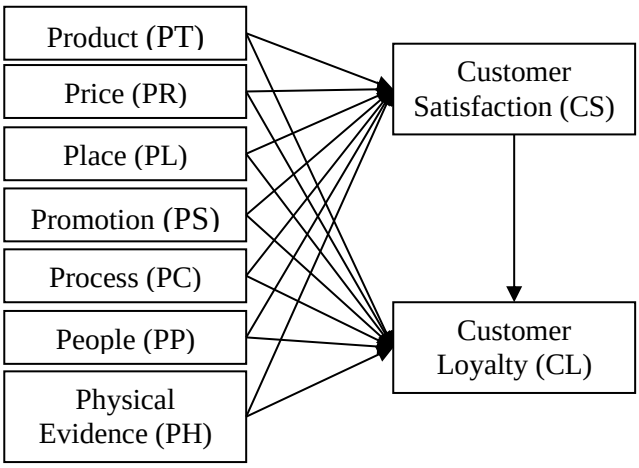
2.3. Hypotheses

The hypothesis in this study is as follows:

H_1: Product partially affects customer satisfaction
H_2: Price partially affects customer satisfaction
H_3: Place partially affects customer satisfaction
H_4: Promotion partially affects customer satisfaction
H_5: Process partially affects customer satisfaction
H_6: People partially affects customer satisfaction
H_7: Physical Evidence partially affects customer satisfaction
H_8: Product partially affects customer loyalty
H_9: Price partially affects customer loyalty
H_{10}: Place partially affects customer loyalty
H_{11}: Promotion partially affects customer loyalty
H_{12}: Process partially affects customer loyalty
H_{13}: People partially affects customer loyalty
H_{14}: Physical Evidence partially affects customer loyalty
H_{15}: Customer satisfaction partially affects Customer Loyalty.

2.4. Research Model

The conceptual framework in this study is as follows:



Based on conceptual framework above, there are seven independent variables in this study. Those variables are product (PT), price (PR), Place (PL), promotion (PS), Process (PS), people (PP) and physical evidence (PH). Then, dependent variable is customer loyalty (CL) and the last is customer satisfaction as mediating variable.

2.5. Data Analysis

To analysis the data in this research, the author will use Smart PLS Version 3.0. It will use to analyze hypothesis in this research. This research is using path analysis model that will test the impact of the independent variables (product, price, place, promotion, process, people and physical evidence) on dependent variable (customer loyalty) through mediating variable (customer satisfaction). Smart PLS application will also analyze and investigate validity of research model and it can be used for small-sized sample or complex sample (Byrne, 2001). There are four tests that will do in this research. Those four are validity test, reliability test, path analysis and hypothesis test.

3. RESULTS AND DISCUSSION

3.1. Results

3.1.1. Description of research respondents

In this research, questioner sends to 10 WhatsApp groups by using google form link. There are 159 respondents who qualified to be respondent of this research. Then, data will be described in more detail based on three characteristics. That's three is gender, age, and job. The result of the classifications of respondent characteristics as follows:

a. Based on gender characteristic, majority respondents are male with 93 people or 58,49% while the female respondents are 66 people or 41,51%.
b. The result of the percentage of respondent based on age shows that the sample members or respondents in this study consisted of various age groups. First group is respondent who has age between 25-30 years old. There are 122 people or 76,72% in this group. Then second group with age between 31-35 years old. In this group, there are 18 people or 11,32%. The others group contain respondents who have age between 36-40 years old. There are 14 people or 8,8% in this group. The fourth group is respondent who has age between 41-45 years old. There are 5 respondents or 3,14% in this groups.
c. Based on job characteristic, majority respondents are teacher with 34 people or 21,38%. Then college student are 13 people or 8,17%, then private employee are 15 people or 9,43%, then housewife are 23 people or 14,46%, then entrepreneur are 31 people or 19,49%, then security are 2 people or 1,25%, then seller are 2 people or 1,25%, then driver are 4 people or 2,51%, then farmer are 7 people or 4,4%, then public employee is 1 person or 0,62%, then BUMN employee are 14 people or 8,80% and others job are 11 people or 6,91%.

3.1.2. Validity Test

The questionnaire validity test consists on convergent validity and discriminant validity. The value of convergent validity is based on the loading factor, which the validation of questionnaire value must be more than 0,70. But the loading factor value at 0,5 is tolerated. In other side, the value of discriminant validity is based on Average Variance Extracted (AVE) that must be more than 0,5.

Table 4: Validity Test Result

Variable	Question items	Loading Factor value	Description
Product (PT)	**PT1**	**0.612**	Valid
	PT2	**0.897**	Valid
	PT3	**0.629**	Valid
	PT4	**0.870**	Valid
Price (PR)	**PR1**	**0.768**	Valid
	PR2	**0.867**	Valid
	PR3	**0.749**	Valid
	PR4	**0.828**	Valid
Place (PL)	**PL1**	**0.869**	Valid
	PL2	**0.932**	Valid
	PL3	**0.881**	Valid
Promotion (PS)	**PS1**	**0.840**	Valid
	PS2	**0.907**	Valid

Variable	Question items	Loading Factor value	Description
	PS3	**0.886**	Valid
Process (PC)	**PC1**	**0.736**	Valid
	PC2	**0.839**	Valid
	PC3	**0.868**	Valid
	PC4	**0.843**	Valid
People (PP)	**PP1**	**0.841**	Valid
	PP2	**0.879**	Valid
	PP3	**0.756**	Valid
Physical Evidence (PH)	**PH1**	**0.876**	Valid
	PH2	**0.896**	Valid
	PH3	**0.873**	Valid
Customer Satisfaction (CS)	**CS1**	**0.873**	Valid
	CS2	**0.902**	Valid
	CS3	**0.714**	Valid
Customer Loyalty (CL)	**CL1**	**0.885**	Valid
	CL2	**0.799**	Valid
	CL3	**0.910**	Valid

Sources: Smart-Pls data processed

Based on the data in table 4, the loading factors of all variables are almost be more than 0.70, to exclude the first and third variable of product. (In the detail 0,612 for PT1 and 0,629 for PT3). Even if both are presented as two smallest values, the validation is accepted due to the values are standing over 0,5. As if the conclusion is all items inside this questionnaire overview are validated.

Further for the values of *Average Variance Extracted* are;

Table: 5 Discriminant Validity Test

Variable	Average Variance Extracted (AVE)	Decision
Customer Satisfaction (CS)	0,695	Valid
Customer Loyalty (CL)	0,750	Valid
People (PP)	0,684	Valid
Physical Evidence (PH)	0,777	Valid
Place (PL)	0,799	Valid
Price (PR)	0,647	Valid
Process (PC)	0,678	Valid
Product (PT)	0,583	Valid
Promotion (PS)	0,771	Valid

Sources: Smart-Pls data processed

Based on table above, it shows the Average Variance Extracted (AVE). All values of all variable are more than 0.5. It means that, the validation requirement is completed.

3.1.3. Reliability Test

The Questionnaire Reliability Test is to find out the composite reliability value and cronbachs alpha. The composite reliability value must be more than 0.70, and cronbachs alpha value must be more than 0,6. The value of composite reliability and cronbachs alpha will be described on table 6;

Table: 6 Reliability Test

	Cronbach's Alpha	Composite Reliability	Decision
Customer Satisfaction (CS)	0,776	0,871	Reliable
Customer Loyalty (CL)	0,832	0,900	Reliable
People (PP)	0,773	0,866	Reliable
Physical Evidence (PH)	0,857	0,913	Reliable
Place (PL)	0,874	0,923	Reliable
Price (PR)	0,817	0,880	Reliable
Process (PC)	0,840	0,893	Reliable
Product (PT)	0,771	0,844	Reliable
Promotion (PS)	0,851	0,910	Reliable

Sources: Smart-Pls data processed

Based on data on table 6, the value of composite reliability and cronbachs alpha of all variables are more than 0,70. It means, the questionnaire inside the research is reliable due to completing the requirements needed on reliability test based on the value of composite reliability and cronbachs alpha.

3.1.4. Path Analysis

In this sub-chapter, it will describe the relationship between one variable and others, and how the independent variables affect the dependent variable either directly or through mediating variables. The results of the path analysis test using smart-Pls 3 are as follows:

Table 7: Path Coefficients Test

Path	Path Coefficient
Product (PT) -> Customer Satisfaction (CS)	0,162
Product (PT) -> Customer Loyalty (CL)	0,152
Price (PR) -> Customer Satisfaction (CS)	0,097
Price (PR) -> Customer Loyalty (CL)	0,009
Place (PL) -> Customer Satisfaction (CS)	0,217
Place (PL) -> Customer Loyalty (CL)	0,032

Path	Path Coefficient
Promotion (PS) -> Customer Satisfaction (CS)	0,163
Promotion (PS) -> Customer Loyalty (CL)	0,205
Process (PC) -> Customer Satisfaction (CS)	0,063
Process (PC) -> Customer Loyalty (CL)	0,060
People (PP) -> Customer Satisfaction (CS)	0,180
People (PP) -> Customer Loyalty (CL)	0,014
Physical Evidence (PH) -> Customer Satisfaction (CS)	-0,056
Physical Evidence (PH) -> Customer Loyalty (CL)	0,426
Customer Satisfaction (CS) -> Customer Loyalty (CL)	0,050

Sources: Smart-Pls data processed

The path analysis model in this study is described in the following equation:

CS = 0,162 PT + 0,097 PR + 0,217 PL + 0,163 PS + 0,063 PC + 0,*180 PP* - 0,056 PH (1)

CL = 0,152 PT + 0,009 PR + 0,032 PL + 0,205 PS + 0,060 PC + 0,014 PP + 0,426 PH + 0,050 CS (2)

Description

PT : Product
PR : Price
PL : Place
PS : Promotions
PC : Process
PP : People
PH : Physical Evidence
CS : Customer satisfaction
CL : Customer Loyalty

3.1.5. Hypothesis Test

The hypothesis test is as follows:

Table 8: Summary of hypothesis testing direct result

Hypothesis Path	Path Coefficients	P Values	Decision
Product (PT) -> Customer Satisfaction (CS)	0,162	0,031*	Supported
Product (PT) -> Customer Loyalty (CL)	0,152	0,038*	Supported
Price (PR) -> Customer Satisfaction (CS)	0,097	0,320	Not Supported
Price (PR) -> Customer Loyalty (CL)	0,009	0,897	Not Supported
Place (PL) -> Customer Satisfaction (CS)	0,217	0,060**	Supported
Place (PL) -> Customer Loyalty (CL)	0,032	0,693	Not Supported
Promotion (PS) -> Customer Satisfaction (CS)	0,163	0,063**	Supported
Promotion (PS) -> Customer Loyalty (CL)	0,205	0,040*	Supported
Process (PC) -> Customer Satisfaction (CS)	0,063	0,398	Not Supported
Process (PC) -> Customer Loyalty (CL)	0,060	0,339	Not Supported
People (PP) -> Customer Satisfaction (CS)	0,180	0,001*	Supported
People (PP) -> Customer Loyalty (CL)	0,014	0,857	Not Supported
Physical Evidence (PH) -> Customer Satisfaction (CS)	0,056	0,621	Not Supported
Physical Evidence (PH) -> Customer Loyalty (CL)	0,426	0,000*	Supported
Customer Satisfaction (CS) -> Customer Loyalty (CL)	0,050	0,587	Not Supported

Description

One star (*) : It describe significant when α = 0,05 (5%)

Two star (**) : It describe significant when α = 0, 10 (10%)

Sources: Smart-Pls data processed

Table 9: Summary of hypothesis testing indirect result

Hypothesis Path	Path Coefficients	P Values	Decision
(PT) -> (CS) -> (CL)	0.008	0.643	Not Supported
(PR) -> (CS) -> (CL)	0.005	0.700	Not Supported

(PL) -> (CS) -> (CL)	0.011	0.621	Not Supported
(PS) -> (CS) -> (CL)	0.008	0.653	Not Supported
(PC) -> (CS) -> (CL)	0.003	0.772	Not Supported
(PP) -> (CS) -> (CL)	0.014	0.625	Not Supported
(PH) -> (CS) -> (CL)	-0.003	0.831	Not Supported

Sources: Smart-Pls data processed

3.2. Discussion

3.2.1. The Effect of Product on customer satisfaction

Based on data from Table 8, it is known that the p-values of the product variable on customer satisfaction are 0.031. This shows that the p-values are smaller than the alpha values or 0.031<0.05. Therefore, the first hypothesis is proven. Therefore, it can be concluded that the product partially has a significant effect on customer satisfaction. The results of this study are in line with the findings of Budiyono et al (2021) and Abbas et al (2020) who state that product has a significant effect on customer satisfaction.

3.2.2. The Effect of Price on customer satisfaction

Table 8 shows that the p-value of the price variable on customer satisfaction is 0.320. This value is bigger than the value of alpha (α) or 0.320> 0.05. Therefore, the second hypothesis is not proven. Therefore, the price has a partial but not significant effect on customer satisfaction. The results of this study are not in line with the findings of Sari (2018), Harun et al (2019) and Meilda et al (2022) who state that price has a significant effect on customer satisfaction.

3.2.3. The Effect of Place on customer satisfaction

Table 8 shows the data that the p-value of the place variable on the customer satisfaction variable is 0.060. This value is still lower than alpha (α) value or 0,060<0,10. Therefore, place has a significant effect on customer satisfaction. So, the third hypothesis is proven. The results of this study are in line with the findings of Mohammad (2017) and Sobari et al (2017) who state that Place has a significant effect on customer satisfaction.

3.2.4. The Effect of Promotion on customer satisfaction

Based on data from table 8 it is known that the p-value of the promotion variable on customer satisfaction is 0.063. This value is still lower than alpha (α) value or 0,063<0,10. Therefore, place has a significant effect on customer satisfaction. So, the fourth hypothesis is proven. The results of this study are in line with the findings of Hasan and Islam (2020) and Alnaserr et al (2017) who state that Promotion has a significant effect on customer satisfaction.

3.2.5. The Effect of Process on customer satisfaction

Based on the data in Table 8, it is explained that the p-value of the process variable on customer satisfaction is 0.398. This shows that the value is higher than the alpha (α) value or 0,398> 0,05. Therefore, the fifth hypothesis is not proven. From this data, it can be concluded that process does not have a significant effect on customer satisfaction. The results of this study are not in line with the findings of Larasati & Aji (2019) and Akbar et al (2019) who state that process has a significant effect on customer satisfaction.

3.2.6. The Effect of People on customer satisfaction

Based on the data in Table 8, it is explained that the p-value of the people variable on customer satisfaction is 0.001. It means, that the value is smaller than the alpha (α) value or 0,001<0,05. Therefore, the sixth hypothesis is proven. It can be concluded that the people variable partially has a significant effect on customer satisfaction. The results of this study are not in line with the findings of Hasan & Islam (2020) and Mathew (2021) who state that people has a significant effect on customer satisfaction.

3.2.7. The Effect of Physical evidence on customer satisfaction

It is known that the p-value of the physical evidence variable on customer satisfaction from the data in Table 8 is 0.621. This value is still higher than the alpha (α) value or 0.621>0.05. Therefore, the seventh hypothesis is not proven. So the conclusion is partially, physical evidence has no significant effect on customer satisfaction. The results of this study are not in line with the findings of Mohammad (2017) who state that physical evidence has a significant effect on customer satisfaction.

3.2.8. The Effect of Product on customer loyalty

Based on the data in Table 8, it can be seen that the p-value of the effect of the product variable on customer loyalty is 0.038. If the alpha value is 0.05, it can be concluded that the p-value is smaller than the alpha (α) value or 0.038 <0.05. Therefore, the eighth hypothesis is proven. Therefore, the product has a significant effect on customer loyalty. The results of

this study are in line with the findings of Waharudin (2019) and Sohrabi (2017) who state that product has a significant effect on customer loyalty.

3.2.9. The Effect of Price on customer loyalty

It is known from the data in Table 8 that the p-value of the effect of price on customer loyalty is 0.897, which is higher than the alpha (α) value or 0.897> 0.05. Then, the ninth hypothesis is not proven. Therefore, it can be concluded that price has no significant effect on customer loyalty. The results of this study are not in line with the findings of Cahyana and Sukaatmadja (2017) who state that price has a significant effect on customer loyalty.

3.2.10. The Effect of Place on customer loyalty

Based on the data in Table 8, it showed that the p-value of the place variable on the customer loyalty variable is 0,693. Therefore, this value is higher than the alpha (α) value or 0,693> 0,05. Then, the tenth hypothesis is not proven. It can be concluded that partially place has no significant effect on customer loyalty. The results of this study are not in line with the findings of Sumadi et al (2021) who state that Place has a significant effect on customer loyalty.

3.2.11. The Effect of Promotion on customer loyalty

Based on the data in Table 8, it showed that the p-value of the promotion variable on customer loyalty from the data in Table 4.25 is 0.040. This value is still smaller than the alpha (α) value or 0,040> 0,05. Therefore, the eleventh hypothesis is proven. So, it can be concluded that promotion partially has a positive effect on customer loyalty. The results of this study are in line with the findings of Othman et al (2020) and Rahma (2021) who state that Place has a significant effect on customer loyalty.

3.2.12. The Effect of Process on customer loyalty

According to the data in Table 8, the p-value of the effect of the process variable on customer loyalty is 0.339. This figure is much higher than the predetermined alpha value or 0.339>0.05. Therefore, the twelfth hypothesis is not proven. This means that the partial process has no significant effect on customer loyalty. The results of this study are not in line with the findings of Pradela et al (2022), Harun (2019) and Souar (2017) who state that Place has a significant effect on customer loyalty.

3.2.13. The Effect of People on customer loyalty

Based on data from Table 8, it is known that the p-values of the people variable on customer loyalty are 0.857. This shows that the p-value is higher than the alpha values or0.857<0.05. Therefore, the thirteenth hypothesis is not proven. So it can be concluded that the product partially does not have a significant effect on customer satisfaction. The results of this study are not in line with the findings of Radiman et al (2018), and Nuseir & Madanat (2017) who state that Place has a significant effect on customer loyalty.

3.2.14. The Effect of Physical evidence on customer loyalty

Table 8 shows that the p-value of the physical evidence variable on the customer loyalty variable is 0.000. This value is already smaller than the alpha value, which has been set at 0.05 or 0.000>0.05. Therefore, the fourteenth hypothesis is proven. So it can be concluded that physical evidence partially has a significant effect on customer loyalty. The results of this study are not in line with the findings of Harun (2019), and Souar (2017) who state that Place has a significant effect on customer loyalty.

3.2.15. The Effect of customer satisfaction on customer loyalty

From table 8, it is known that the p-value of the influence of customer satisfaction variables on customer loyalty is 0.587. This means that the value is greater than the predetermined alpha value or 0.587> 0.050. Therefore, the fifteenth hypothesis is not proven. So the conclusion that can be formulated is that partially customer satisfaction has no significant effect on customer loyalty. The results of this study are in line with the findings of Nalendra (2018), who state that Place has a significant effect on customer loyalty.

3.2.16. The Role of Customer Satisfaction in Mediating Product, Price, Place, Promotion, Process, People and Physical Evidence Variables on Customer Loyalty

Based on data table 8 and 9, it is known that variable customer satisfaction cannot mediate Product, Price, Place, Promotion, Process, People and Physical Evidence Variables on Customer Loyalty. The results of this study are not in line with the findings of Rahma (2021) and Othman et al (2020), who state that Place has a significant effect on customer loyalty.

4. CONCLUSION

Based on the results of the data processing that has been done, it can be concluded that product, place, promotion, and people partially have a significant effect on customer satisfaction. While price, process, and physical evidence partially have no significant

effect on customer satisfaction while product, promotion, and physical evidence partially have a significant effect on customer loyalty. Meanwhile, price, place, process, and people partially have no significant effect on customer loyalty. The data also show that customer satisfaction partially does not have significant effect on customer loyalty. Therefore customer satisfaction cannot mediate the product, price, place, promotion, process, people, and physical evidence variables on customer loyalty.

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