

## THE ROLE OF MARKETING MIX IN BUILDING CUSTOMER SATISFACTION AND LOYALTY: A THEORETICAL STUDY

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### ABSTRAK

*To be able to create customer loyalty, developers need to have a precise marketing strategy in marketing their products, because it is a fundamental tool that is planned to achieve company goals by developing competitive advantages that are used to serve the national market. In this case, marketers must create an effective marketing strategy, which is necessary to first understand what business is being carried out because the service or goods business is a different business. Several articles and research findings suggest that marketers make a distinction between goods and services businesses, and vary their marketing strategies to satisfy customers. One form of marketing strategy that is able to support marketing products to create consumer satisfaction is the use of a marketing mix that includes product, price, promotion, and place. This paper discusses the role of the marketing mix in building customer satisfaction and loyalty based on theoretical studies and evidence from previous empirical research.*

Keywords: Marketing Mix, Customer Satisfaction, dan Customer Loyalty

### Introduction

Business development is increasing rapidly, making opportunities for entrepreneurs to invest and open a type of cafe business. In this era of globalization, competition in various fields, especially those related to the economy, is very competitive. The scope of the economy is very broad, especially when it comes to business fields. Where the business sector is almost done by everyone considering the income is obtained from the business sector. Globalization occurs in all aspects of life such as economy, socio-culture, politics, science, technology, law and so on. So the application of a suitable strategy to be applied in order to compete in both local and national competitions is the application of the Marketing Mix method. As we all know the Marketing Mix method is one strategy that companies can do to find out how much marketing the company will do to increase market share (Shaw, 2012).

The concept of conventional marketing, as many writers try to define, can be explained in various ways. It was first defined in 1948 by the American

Marketing Association (AMA), United States, as "the performance of business activities directed at, and incidentally, the flow of goods and services from producers to consumers or users" In 1985, the AMA changed this definition and defined the marketing concept as "the process of planning and implementing the conception, price, promotion, and distribution of ideas, goods, and services to create exchanges that meet individual and organizational goals" The marketing mix is a product strategy, distribution, promotion and pricing to produce and exchange and reach the target market. "Marketing mix - interrelated actions and solutions to meet consumer needs and to achieve the company's marketing objectives, as a whole" Dubei (2019). Marketing is a system of business activities designed to plan, determine prices, promote and distribute products that can satisfy the desire to achieve company goals. According to Dayle in Situmorang, et. al (2018), marketing is a management process that seeks to maximize earnings (returns) for shareholders by establishing relationships with valuable customers and creating competitive advantages. Marketing is a business process that seeks to align the organization's human, financial and physical resources with the needs and desires of customers in the context of competitive strategies.

Marketing Mix is a marketing strategy that is carried out simultaneously in applying strategic elements in the marketing mix itself. They must also act more practically by using desirable distribution methods and providing good services, using informational advertisements, identifying opportunities and using them to attract more resources. In addition, they must strive to increase market share and customers through creativity and innovation and to match resources with customer needs. The marketing mix element is a control tool in the hands of organizations that leads to customer satisfaction. A clear understanding of the elements of the marketing mix by service providers will have an influence on potential and current customers, turning them into loyal customers, and helping them continue their business life (Simanungsong, et. al., 2018). The company integrates these four variables (product, price, place and promotion) to produce the desired response in the targeted market. Therefore, this paper will discuss the role of the marketing to build on customer satisfaction and customer loyalty

### **Defining of Marketing Mix**

Ohrabi et. al. (2017) define marketing mix is a marketing tool used by companies to pursue their marketing goals. The marketing mix is a combination of variables or activities that are the core of the marketing system, namely product, price, promotion, and distribution. In other words, mix marketing is a variable that can be used by companies to influence consumer responses. Marketing mix as a combination of market activities for certain goods or services during certain periods and in certain markets. According to Abd. et al., (2016), marketing strategies are related to the marketing mix that enables businesses to reach approved in sponsored markets. Jain (2013) in their study entitled "evaluating the effect of marketing mix on customer satisfaction and

brand personality", reported that marketing mix had a significant effect on customer satisfaction and brand personality.

### **Product**

Product is anything that can be offered in the market to get attention, demand, use or consumption that can fulfill a desire or need. Products are not only always goods but can also be services or a combination of both (goods and services). A product as anything that can be offered to the market for attention, acquisition, use or consumption that might satisfy your wants or needs.

Product is defined as a physical product or service to consumers who want to pay. This includes half of material goods, such as furniture, clothing and daily necessities and intangible products, such as services, that users buy (Ernesto, et.al. 2021). Razak, et. al. (2016) emphasizes that the product is the first and one of the main marketing elements. The product: "is what can be offered to the market, to get attention, to become a used or used acquisition, and can fulfill wants or needs." In fact, it was observed that in many cases the literature was dominated by the narrow "product" concept of perception. As such, the product concept is very broad and includes not only natural products and services, but also experiences, people, places, property rights, businesses or organizations, information and ideas. When developing service products, it is very important that the benefit package in the service offer must have a customer perspective (Sevrillia and Rachmawati, 2016). such as restaurants, hotels, repairs etc. Planning a marketing mix starts with creating a service concept that will offer value to target customers and meet their needs better than competing alternatives.

### **Price**

Price is one of the most important marketing mix items and many scientists consider price to be one of the most important market elements, which increases not only profit, but also market share. However, price is not only one of the main factors in a competitive situation, which directly affects sales and profitability indicators of a company, but also one of the most flexible marketing mix elements, which can quickly adapt to changing environments. Therefore, price is considered as the only element of the marketing mix, generating revenue and the most important factor of customer satisfaction and loyalty.

By regard for the prices, as one element of the marketing mix observed in scientific literature, there are various levels of conception and interpretation of definitions, for example: Prices include fair product valuations, for example, good prices for good products (Rathod, 2016). Price is, "The amount of money (plus some products if possible) is needed to get a combination of their goods and services". After the product is ready to be marketed, the company will

determine the price of the product (Bastian, Ellitan, Handayani, 2021). Gronoos (2012) highlights that a very important factor in determining prices is influenced by product costs, marketing strategies and costs associated with distribution, advertising costs or changes in prices in the nature of the market.

Prices depend on the volume of production marketed, so there is always an inverse relationship: the higher the price, the decrease in sales (Ellitan, 2021). Therefore, setting the price of your product may be complicated and it is therefore possible to use the following steps: (1). Cost-plus - accompanied by a standard percentage of profit for future costs to produce a product, for example, evaluation of fixed and variable costs; (2). Value bases - some are based on the perceived value of the buyer (not cost). Here, the buyer's perception depends on all aspects of the product, including the price of factors such as image quality and prestige; (3). Competition - which depends on other companies competing for the price of the product. Here, company prices compare the prices of their competitors and thus can directly monitor their competitors and price responses to changes in the market. Because if not, the customer can choose another vendor based on the proposal submitted; (4). Input Size - When entering the market, the price of a product is determined together. Then, most companies must reduce or not increase prices to keep control of the market; Discounts - based on advertising, help reduce prices and can thus attract new customers and expand market share; (5). Unfavorable guidelines - based on the assumption that sales occur at a price lower than the cost of production to attract customers to the store to buy other products; (6). Psychological - which influences consumer behavior.

In short, it can be said that price is one of the factors that affect consumers, because it helped him understand the value of the product. Therefore, costs must include the following in terms of money that will provide value to consumers who are willing to pay. Price is the only marketing element for income and all other elements are related to costs. The level depends on the volume of production marketed, so there is always an inverse relationship: the higher the price, the decrease in sales.

### **Place**

Place is a market that is located or where a trader / seller sells or distributes goods or services that are available to consumers. Alipour et. al. (2018)) explain that decisions for physical distribution decisions consider how orders are processed, where storage is located, how many preparations should be prepared, and how goods should be handled and transported. Distribution channels is defined as an integral part of the service, which involves service providers, intermediaries (agents) and the same service (in many cases). Therefore, in order to control and manage this process, companies need to develop appropriate marketing channels, to match the company's goals. Analysis of the scientific literature reveals that there are various ways in which companies can choose to provide products and services to customers. Between them they are

usually given two different distribution channels, direct and indirect marketing channels.

Thus, this channel is directly from the manufacturer to provide products or services to consumers. Distribution of goods directly can be done in two forms, namely: through branch sales and their own employees and through an independent broker that operates in accordance with the direction of the production company (through a dealer, broker, commissioners). Meanwhile, indirect distribution channels including brokers, in this regard; each manufacturer sells goods wholesalers, retailers and products to consumers. This can increase the cost of the product, because each agent will receive a percentage of their profits.

In short, the distribution - these are the elements of the marketing mix, which includes decisions and actions related to the movement of goods from producer to consumer. Channels of distribution is defined as an integral part of the service, which involves service providers, intermediaries (agents) and the same service (in many cases). Most Indian logistics companies have not considered the consideration for effective service distribution with respect to sites for new branches, warehouse locations etc. (Gronroos, 2012).

### **Promotion**

Promotion is a form of marketing communication which is a marketing activity that strives disseminate information, influence / persuade, and / or increase the market targets for the company and its products to be willing to accept, buy and be loyal on the products offered by the company concerned. Promotion should communicate the benefits that a customer receives from a product, not just its features.

### **Customer Satisfaction**

Customer satisfaction is perception. This is also a matter of degree. Providing quality products and services is about meeting customer needs. Customer satisfaction, business term, is a measure of how the products and services provided by the company meet or exceed customer expectations. This is seen as a key performance indicator in business and is part of the four perspectives of the Balanced Scorecard. In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly becomes a key element of business strategy. Four key steps for successful marketing are identified as understanding customers, creating value for customers, communicating value to the target market, and making it easy for customers to buy (Astuti et. al. 2018).

Customer satisfaction is defined as a positive affective state obtained from evaluating a company in terms of all communication with organizations or other

parties Customer satisfaction is a cumulative experience of purchasing and consumption and is influenced by two factors of expectation and experienced service performance. Customer satisfaction can thus be defined as feelings of pleasure or disappointment as a result of comparing results with expectations (Kotler, Armstrong, 2013). When consumers are satisfied, they will not only buy back the company's products, but also recommend good things about the company and its products to others, (Isoraite, 2016).

Customers get satisfaction from a product or service based on whether their needs are met easily, in a convenient way that makes them loyal to the company. Therefore, customer satisfaction is an important step to get customer loyalty. The organization calculates a customer satisfaction score (CSAT), which is the average ranking of customer responses, net promoter score (NPS), which reflects the probability that customers refer the brand to others, and customer effort scores (CES), which reflect how easy it is for customers to do business with the company. The customer satisfaction metric is then used to estimate consumer behavior.

Increased customer satisfaction can provide company benefits such as customer loyalty, prolong customer life cycles that expand the life of merchandise purchased by customers and enhance positive customer-to-mouth communication. When a customer is satisfied with a company's product or service, it can make a customer often buy and recommend a product or service to potential customers. It is impossible for business organizations to grow if the company ignores or ignores customer needs.

The customer relationship management triangle law explains: Customer satisfaction = customer expectations - customer dissatisfaction. In the picture given customer satisfaction can be seen negatively correlated with customer expectations. The figure is clearly the difference between customer experience and customer expectations. Therefore, it is divided into five intervals (very dissatisfied, relatively dissatisfied, general satisfaction, relatively satisfied and very satisfied). When customers experience important flats with customer expectations, customer satisfaction becomes higher. Conversely, compared to expectations, a worse customer experience brings lower customer satisfaction. There are two ways to increase customer satisfaction for the company. The first service improvement, to improve customer experience and the second effort to effectively manage customer expectations by reducing desired levels. However, the first approach was widely used in organizations and achieved great success. In the future, companies will still need to make some adjustments for continuous improvement.

### **Customer Loyalty**

Thomas and Tobe (2013) emphasize that "loyalty is more profitable." The cost of getting new customers is more than just keeping existing customers. Loyal customers will encourage others to buy from you and think more than twice

before changing their mind to buy another service. Customer loyalty is not earned by accident, they are built through source and design decisions. Designing for customer loyalty requires a customer-centered approach that recognizes the desires and interests of the service recipient. Customer loyalty is built over time on various transactions.

Loyalty is defined as a commitment held firm to buy or support a product or service that is preferred in the future even if the influence of the marketing situation and effort has the potential to cause consumers to shift their preferences. Consumer trust is a substantial variable in marketing decisions. Loyalty is the main determinant of company performance. Consumer loyalty is closely related to customer satisfaction (Kasiri et al., 2017). Customer loyalty is described as repeated customer visits or repeated buying behavior while incorporating emotional commitment or expression of favorable attitudes towards service providers. A number of studies emphasize the value of customer loyalty becomes more significant. It is known that the frequency of visits by loyal customers is higher and they make more purchases than non-loyal customers. They also tend to switch to competing brands only because of prices and other special promotions and bring in new customers through positive word of mouth which can sometimes save a lot of costs for advertising).

Figure 4: Model of Customer Loyalty



Source: (Adapted from the loyalty model 2012.)

According to the customer loyalty factor model that shapes customer loyalty such as understanding customer needs, desires. Companies must pay attention to prices, promotions, services and products to get customer loyalty. At the same time to create a comfortable environment between customers and companies is very important. Investments for loyal customers bring benefits to businesses such as increased effectiveness and business profits

### **Bulding Customer Loyalty through Marketing Mix and Customer Satisfaction: Research Perspective**

Before being loyal, customers must be satisfied (Wahab et al., 2016). Based on customer relationships, customers have proven that satisfaction gradually creates a sense of loyalty and trust in the organization. Besides referring to organizations to repurchase favorite products and services, loyal customers, as

an additional factor in promoting the organization's products and services through recommending relatives, friends or others, play an important / significant role in increasing profits and improving the company's image in the minds of potential customers.

Product quality brings satisfaction and increases competitive advantage and attracts potential customers (Nuseir & Madanat, 2015). By product marketing mix variables, we mean ideas such as innovative services and value-added services in the company (Alipour et al., 2018). Customers become satisfied by experiencing quality. According to Sukanto and Lumintan (2015), an increase in the marketing mix of products will significantly increase customer satisfaction. Previous studies also showed that products have a positive effect on customer satisfaction (Kadhim et al., 2016).

It is important to note that product quality is not reviewed by the company's point of view, it is seen from the customer's perspective. Related to that, his party raised two important factors that affect product quality, namely expected product quality and perceived product quality. In detail, if the perceived quality of the product is in line with expectations, then the customer will regard the quality of the product as good quality and also feel satisfied. Conversely, if the perceived quality of the product is not as expected, then the quality of the product as perceived by the customer qualifies as poor product quality. Thus, bad and good product qualifications depend on the company's ability to meet customer expectations. Price is an important factor in customer response to product values (Nuseir & Madanat, 2015). Usually the customer is satisfied if the quality of the product exceeds the costs incurred by the customer. Each study illustrates that there is a relationship between price and customer satisfaction (Alipour and Pour et al, 2018).

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Supply chain organizations, including suppliers, manufacturers, wholesalers,retailers, and end users, secure a competitive position, ultimately increasing the company's ability to satisfy customers more efficiently (Nuseir & Madanat, 2015). Location of inconvenience for customer causes dissatisfaction among customers which further negatively affects the organization (Niharika, 2015). The services offered to customers are an

important basis for getting customer satisfaction. These statements are supported by previous research (Alipour et al., 2018; Wahab et al., 2016).

The place and location to provide services is one of the most important topics in service marketing management which in addition to making the service tangible, it is also important to accelerate and simplify and gain access to important services. Because the integral nature of service providers, location and distribution are important factors in service marketing strategies. When the distribution system is improved, customers make less effort to find the desired brand, which affects the perceived quality level (Kotler and Keller., 2009).

Promotion is an activity that introduces and highlights products or services to customers. Promotional activities must be honest, information based on truth, transparency, and full sincerity to help increase customer satisfaction. Research conducted by researchers also shows the relationship between promotion and customer satisfaction.

Promotion is an activity to communicate a product with a view to persuading the target market to buy the product. Furthermore, Promotion is an important thing that must be done to open new market opportunities and expand marketing networks. There are several ways to carry out promotional activities, such as: Advertising, Sales Promotion, Personal Sales, Public Relations, Direct Marketing (Kotler and Keller, 2009).

### **Relationship between Customer Satisfaction and Customer Loyalty**

Every satisfied customer should spread positive news to others. Furthermore, satisfaction is the main driver of loyalty and for that the customer must be very satisfied. Customer satisfaction measures customer feelings and expectations while customer loyalty reflects purchase behavior and future purchase commitments. More specifically, customer satisfaction provides the basis for achieving customer loyalty. Several studies have shown that customer satisfaction has a significant impact on customer loyalty.

The relationship between marketing mix and customer satisfaction is not always the same because it is influenced by several factors, one of which is the product itself. In industries where products have low involvement, satisfaction is often the dominant driving factor in shaping customer loyalty. Meanwhile, products with high involvement, other factors are more dominant in shaping the loyalty of their customers. Nevertheless customer satisfaction is one element in forming customer loyalty regardless of its influence. Thus, when customers are satisfied with products with high involvement, customers do not need to be loyal because of other dominant factors in forming customer loyalty (Anjani, & Waluyati, 2018).

## Conclusion

Marketing strategies that need to be considered are: Having a variety of products in order to satisfy consumer needs, Price, offering lower prices so that bargaining is rarely found, Choosing a strategic location where it is very influential for the convenience of customers. The use of Internet Marketing, by displaying business products on social networking sites, can find out how consumers taste and what they need. The marketing mix strategy that should be used to increase sales. Of the four elements of the marketing mix, perhaps the most influential are mix, promotion, place, and product. Promotion, not only through the Instagram, Facebook and WhatsApp methods, but can be added through word of mouth promotion, advertising and brochures, this can spread to many consumers and product aspects, you should know the target market (consumers) so you can find out what what consumers want. In marketing activities and studies there are several objectives to be achieved both in the short and long term. In the short term it is usually used to attract consumers, especially for newly launched products, while in the long term it is done to maintain existing products in order to continue to exist through the creation of customer satisfaction and loyalty.

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