



Analysis of the Influence of 7P Marketing Mix on Customer Satisfaction and Loyalty: A Case Study of Nanda Gift & Souvenir Shop

Dwi Shinta Ananda, Vita Ratnasari

Institut Teknologi Sepuluh Nopember, Indonesia

Email: anandashinta.dwi@gmail.com, vita_ratna@its.ac.id

**Correspondence*

ABSTRACT

In the midst of increasingly fierce market competition, Nanda Gift & Souvenir Shop, as a provider of a wide range of gift products for various events, faced the challenge of increasing customer satisfaction and loyalty. The background of this problem arises from the level of customer satisfaction that is not optimal, which then has an impact on the low level of loyalty and the frequency of purchases of regular customers. This study aims to identify the factors that affect customer satisfaction at Nanda Gift & Souvenir Shop and evaluate the effectiveness of using Marketing Mix 7P to strengthen customer loyalty. The analysis was carried out by quantitative method through the distribution of questionnaires with 202 respondents, then analyzed using Structural Equation Modeling Partial Least Square (SEM-PLS). Based on the results of SEM-PLS analysis, it was found that the factors of product, price, place, promotion, labor, process, and physical evidence have a significant influence on customer satisfaction. The labor factor has the most dominant influence, followed by product, promotion, and physical evidence. Furthermore, the results of the study show that customer satisfaction has a significant and positive influence on customer loyalty. Customers who are satisfied with the products and services they receive tend to have higher levels of loyalty.

Keywords: marketing mix 7p, customer satisfaction, customer loyalty, SEM-PLS.

INTRODUCTION

In the era of globalization and digitalization, business competition is increasingly competitive, especially in the retail and service industries. Customer satisfaction is a crucial aspect in determining business sustainability, considering that satisfied customers tend to have high loyalty to certain brands or companies (Kotler & Keller, 2016). The concept of the 7P Marketing Mix – which includes Product, Price, Place, Promotion, People, Process, and Physical Evidence – is a strategy widely used by companies to increase customer satisfaction and encourage loyalty (Mohamed et al., 2023). The implementation of this strategy is becoming increasingly important, especially in the gift and gift industry, where service differentiation and customer experience are critical to business sustainability.

Although the 7P Marketing Mix strategy has been widely implemented, there are still challenges in ensuring its effectiveness on customer satisfaction and loyalty. Some of the factors that affect this problem include inconsistent product quality, less competitive prices, less strategic locations, less effective promotions, lack of labor skills, complicated purchasing process, and lack of physical evidence or a comfortable store atmosphere (Adelia & Aprianingsih, 2023). These factors often cause customers to feel less satisfied, which ultimately reduces their loyalty to a brand or business (Ali et al., 2023).

The impact of the above problems can lead to a decrease in customer satisfaction levels, which directly affects their loyalty. Dissatisfied customers tend to look for alternatives that offer a better experience, leading to decreased customer retention and increased churn rates. In addition, business image can also be negatively affected by bad reviews that spread on social media or customer review platforms (Van Doorn et al., 2017). If left unchecked, this condition can lead to a decline in the company's profitability and even the potential for bankruptcy.

In this study, the independent variable used is the 7P Marketing Mix, which consists of seven main elements: Product, Price, Place, Promotion, Labor, Process, and Physical Evidence. The intervening variable in this study is customer satisfaction, which plays a decisive factor in the relationship between the 7P Marketing Mix and customer loyalty. Meanwhile, the dependent variable is customer loyalty, which reflects the extent to which customers remain in favor of Nanda Gift & Souvenir Stores compared to competitors. This model is based on previous research that shows that customer satisfaction has a significant role in increasing customer loyalty.

This research makes a new contribution to marketing studies by exploring the relationship between 7P Marketing Mix, customer satisfaction, and customer loyalty in the context of the souvenir and gift business. Although much research on Marketing Mix 7P has been conducted, there are still few studies focusing on the souvenir industry in Indonesia, especially in the context of retail-based stores such as Toko Nanda Gift & Souvenir. By using the Structural Equation Modeling Partial Least Square (SEM-PLS) method, this study is expected to provide more in-depth insights into the most influential factors in increasing customer satisfaction and loyalty in this sector.

This research has a high urgency considering the importance of effective marketing strategies in increasing customer satisfaction and loyalty, especially in the midst of increasingly fierce competition in the souvenir industry. With this research, it is hoped that it can provide more targeted recommendations for business owners in optimizing the 7P Marketing Mix strategy to improve customer experience and strengthen their loyalty to the brand.

The objectives of this study are:

1. Analyze the influence of each element of the 7P Marketing Mix on customer satisfaction at Nanda Gift & Souvenir Shop.
2. Assess the extent to which customer satisfaction plays an intervening variable in the relationship between the 7P Marketing Mix and customer loyalty.
3. Identify the 7P Marketing Mix elements that have the most significant influence on customer satisfaction and loyalty.
4. Providing recommendations for effective marketing strategies based on Marketing Mix 7P to increase customer satisfaction and loyalty in the souvenir and gift industry.

The results of this research are expected to provide benefits for various parties, including:

1. Adding insight in the field of marketing related to the effectiveness of Marketing Mix 7P in increasing customer satisfaction and loyalty.
2. Providing strategic guidelines for souvenir business owners in designing more effective marketing strategies to increase customer satisfaction and loyalty.
3. It is the basis for further research that seeks to examine more deeply the relationship between marketing strategy and customer loyalty in various industry sectors.

METHOD

To carry out this research, one of the steps taken is to collect data as the basis for analysis. The data collection process was carried out by distributing questionnaires to the respondents in this study. The questionnaire is carefully designed based on factors and indicators to obtain information that is the focus of the research.

Data will be obtained from customers of Nanda Gift & Souvenir Shop in the North Bekasi area, using a non-probability sampling data collection method. Surveys will be conducted to explain causal relationships and test hypotheses.

Data collection in research has the purpose of uncovering facts about the variables to be studied. The data collection method is based on quantitative data collection techniques. In this study, an online questionnaire was used as a data collection tool.

In this questionnaire, a Likert scale of 1-5 is used, where respondents are given the freedom to determine opinions or opinions according to what they experience with the indicators in the questionnaire.

Research Population and Sample

a. Population

According to (Hair Jr et al., 2014), population refers to a generalization domain that includes objects or subjects with certain qualities and characteristics that have been determined by the researcher to be the focus of the study and followed by conclusions. Population is also defined as a set of elements that are the object of research. The population in this study is Nanda Gift & Souvenir Customers.

b. Sample

According to (Hair et al., 2017), the research sample is a representation of the number and characteristics that exist in the population. When the population is large and it is not possible to investigate all the elements in it due to resource limitations, researchers can use samples that represent that population. The conclusions drawn from the sample can be applied to the population in general. Therefore, the sample taken must be representative.

Research Flow

The steps used in this study are explained through the research flow as shown in Figure 1. Define the conceptual of the research:

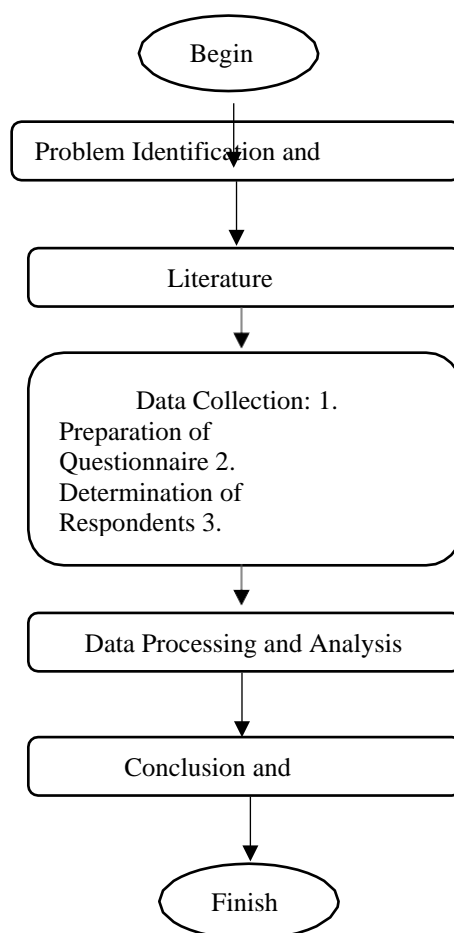


Figure 1 Flow of Research Methodology

RESULTS AND DISCUSSION

In this study, as many as 202 respondents have participated. Here is a summary of their statistical characteristics that reflect the demographics of customers who usually visit Nanda Gift & Souvenir Shop:

Table 1
Age Characteristics of Respondents

Characteristic	Number of Respondents	Percentage
Age:		
18-25 years old	51	25%

26-35 years old	93	46%
36-45 years old	36	18%
> 45 years	22	11%

Based on Table 1, it can be seen that the majority of respondents are in the age range of 26-35 years (46%), followed by the age group of 18-25 years (25%). The age group of 36-45 years and > 45 years old was 18% and 11% of the total respondents, respectively. This shows that the products of Nanda Gift & Souvenir Shop attract attention especially from young adults and those in the early phases of their careers. The age of the respondents reflects that the store has managed to attract the attention of the socially and economically active age segment, who tend to have an interest in gift and souvenir products for their lifestyle.

Research by (Suwarno et al., 2023) supports the idea that product quality has a significant impact on customer loyalty. The study found that customer-based brand equity and product quality positively affect customer loyalty, which emphasizes the importance of maintaining high-quality products to retain customers.

Many respondents gave a "Good" rating on stock availability, which was 39%, followed by "Adequate" (28%) and "Very Good" (21%). While a small percentage gave a rating of "Poor" (7%) and "Very Bad" (5%). The mean value of stock availability is 3.65, with the median and mode both at a score of 4. This shows that most of the customers consider that the products they want are well available in this store.

It can be concluded that most customers experience satisfaction in terms of the availability of products in this store. This mostly positive assessment reflects the effectiveness of inventory management from stores in meeting customer demand consistently. This can have a positive impact on the customer shopping experience and increase customer retention in the long run (Vemberain & Rakhman, 2024).

These results are in line with research that has shown that factors such as price, promotion, service quality, and product quality play an important role in influencing customer satisfaction (Anggraini & Budiarti, 2020). The study emphasizes that good product quality and adequate stock availability are crucial factors in creating a satisfying shopping experience for customers. This supports the findings from the study that show that the majority of customers are satisfied with the availability of products in this store, which can increase the positive perception of the brand and increase customer loyalty.

The variety of products in the Nanda Gift & Souvenir Shop shows a varied distribution in customer perception. Most respondents rated the product variety positively, with 42% rating the product as "Good" and 21% as "Very Good". Meanwhile, a small number of respondents gave low ratings such as "Very Bad" (3%) and "Bad" (7%). The mean value for product variation is 3.71, with the median and mode both on score.

Product variations have a significant role in influencing customer satisfaction. Research shows that a better understanding of customer preferences allows companies to present products or services

more effectively and continuously improve them to strengthen their competitive advantage. However, too much variety of products can also have a negative impact. The concept of "nonalignable assortment", which is a collection of brand variants that vary simultaneously in several dimensions that cannot be compensated, can demand inter-dimensional trade-offs, which can make consumers feel confused and ultimately reduce their satisfaction.

Structural Model (Inner Model)

Structural models are evaluated to assess causal relationships between latent variables. This evaluation includes several important steps to ensure the validity and reliability of the model, as well as to understand how well the model can account for variability in dependent variables.

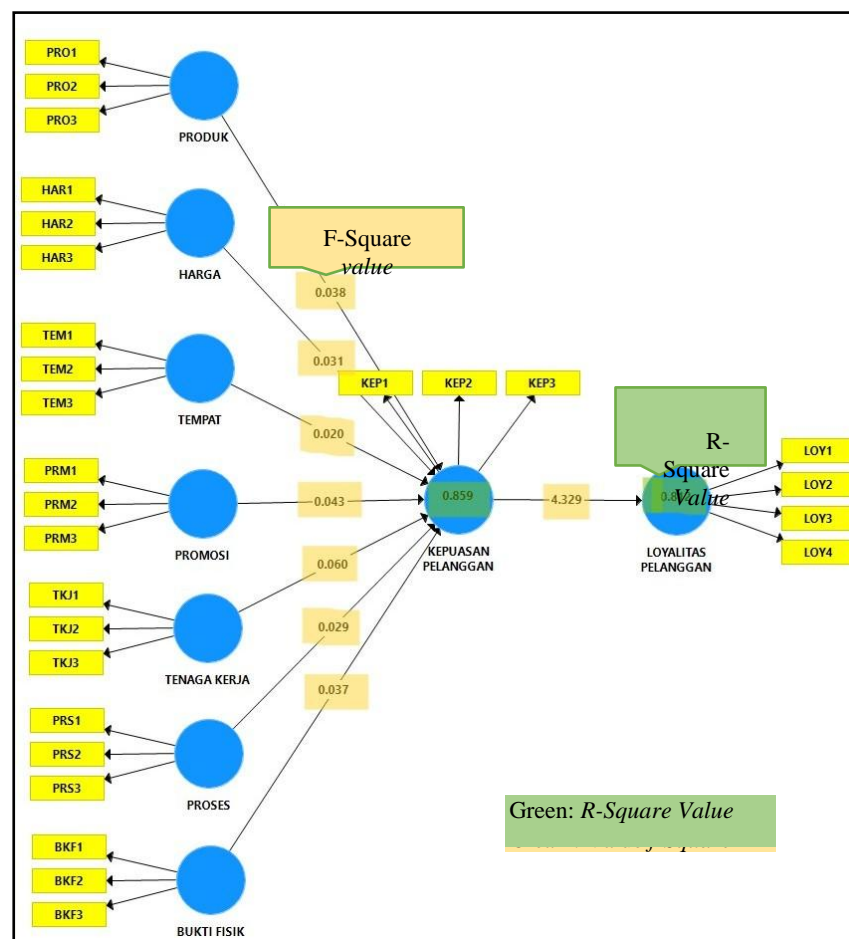


Figure 2 R-Square and f-Square

Value of R-Square (R^2)

The R^2 value indicates how much variation in the dependent variable can be explained by the independent variable in the model. Higher R^2 indicates a better model at explaining variation. From Figure 2, it can be seen that the R-Square value is as follows.

Table 2
R-Square (R²)

	R Square	R Square Adjusted	Research Model
Customer Satisfaction	0.859	0.854	Satisfaction = 0.159 Products + 0.140 Price + 0.110 Places + 0.154 Promotions + 0.184 Labor + 0.130 Processes + 0.145 Physical Evidence
Customer Loyalty	0.812	0.811	Loyalty = 0.901 Satisfaction

Evaluation of the R-Square value shows that the model has good predictive power. For the Customer Satisfaction (KEP) variable, an R² value of 0.859 indicates that 85.9% of the variation in customer satisfaction can be explained by independent variables in the model. It shows excellent predictive power. For Customer Loyalty (LOY), an R² value of 0.812 indicates that 81.2% of the variation in customer loyalty can be explained by customer satisfaction. These two values indicate that the model has strong explanatory capabilities, especially in explaining customer satisfaction. According to Hair et al. (2011), an R² value above 0.75 is considered substantial. Therefore, this model shows excellent predictive power for customer satisfaction and moderate for customer loyalty.

F-Square value (f²)

The value of f² is used to measure the magnitude of the effect of each independent variable on the dependent variable. From table 3, it can be seen that the value of f-Square is as follows.

Table 3
Value of f-Square (f²)

Indicators	f-square	Information
BKF -> KEP	0.037	Small effects
HAR -> KEP	0.031	Small effects
KEP -> LOY	4.329	Great effect
PRM -> KEP	0.038	Small effects
PRO -> KEP	0.043	Small effects
PRS -> KEP	0.029	Small effects
TEM -> KEP	0.020	Small effects
TKJ -> KEP	0.060	Small effects

f-Square (f²) criteria:

1. $0.02 \leq f \leq 0.15$ = small effect
2. $0.15 \leq f \leq 0.35$ = medium effect

3. $f^2 \geq 0.35$ = large effect

The f-Square analysis helps assess the magnitude of the effect of each independent variable on the dependent variable. Based on Cohen's (1988) guidelines, f^2 values of 0.02, 0.15, and 0.35 represent small, medium, and large effects, respectively. The results show that KEP has a very large effect on LOY ($f^2 = 4,329$), confirming the importance of customer satisfaction in influencing loyalty. BKF ($f^2 = 0.037$), HAR ($f^2 = 0.031$), PRM ($f^2 = 0.038$), PRO ($f^2 = 0.043$), PRS ($f^2 = 0.029$), TEM ($f^2 = 0.020$), and TKJ ($f^2 = 0.060$) have a small to moderate effect on KEP.

Predictive Relevance (Q2)

The Q2 test aims to assess how accurate the observation values generated by the model and its parameters are. From the analysis that has been carried out, the Predictive Relevance (Q2) value is obtained as follows:

Table 4
Predictive Relevance Values (Q2)

Variable	SSO	SSE	Q2 (=1- SSE/SSO)	Information
Cust omer Satis facti on	606.0 00	178.371	0.706	High predictive relevance
Cust omer Loya lty	808.0 00	410.101	0.492	High predictive relevance

Predictive Relevance Criteria (Q2):

1. $0.02 \leq Q2 < 0.15$ = low predictive relevance
2. $0.15 \leq Q2 < 0.35$ = moderate predictive relevance
3. $Q2 \geq 0.35$ = high predictive relevance

A model is considered to have predictive relevance if the value of Q2 is greater than 0. The higher the Q2 value, the greater the predictive relevance of the model. From the results of the analysis, it can be seen that the Q2 value for the Customer Satisfaction variable is 0.706, so it can be known that the Physical Evidence, Price, Product, Promotion, Process, Place, and Labor variables have a strong predictive relevance to the Customer Satisfaction variable. the Q2 value for the Customer Loyalty variable is 0.492, which means that the Customer Satisfaction variable has a strong predictive relevance to the Customer Loyalty variable.

Goodness of Fit Test

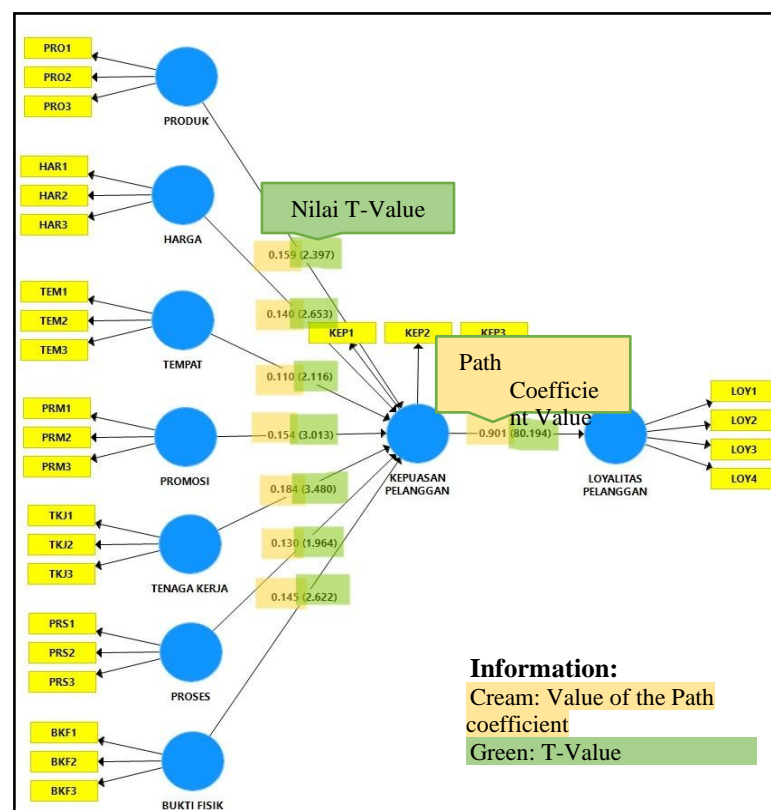
Before testing a hypothesis with a path coefficient test, it is important to confirm whether the model meets the goodness of fit criteria. The goodness of fit test refers to the SRMR (Standardized Root Mean Square Residual) value. From the analysis that has been carried out, the SRMR values are obtained as follows:

Table 5
SRMR Values

	Saturated Model	Estimated Model
SRMR	0.054	0.058

A model is considered *fit* if its SRMR value is below 0.08 (Hair et al., 2010). Based on the results of the fit model test, an SRMR value of 0.05 was obtained, which means that the model has met the *goodness of fit criteria*.

Hypothesis Test



From Figure 3, the results for the path coefficient and t-statistics can be detailed as follows.

Table 6Hypothesis Test

Hypothesis	Koefisien Path	t-Statistics	P-Value	Conclusion
H1: Product -> Customer Satisfaction	0.159	2.421	0.008	Products affect Customer Satisfaction
H2: Price -> Customer Satisfaction	0.140	2.597	0.005	Price affects Customer Satisfaction
H3: Where -> Customer Satisfaction	0.110	1.388	0.024	Place influences Customer Satisfaction
H4: Promotions -> Customer Satisfaction	0.154	2.919	0.002	Promotions affect Customer Satisfaction
H5: Workforce -> Customer Satisfaction	0.184	3.356	0.000	Workforce influences Customer Satisfaction
H6: Customer Satisfaction Process ->	0.130	1.994	0.023	Process affects Customer Satisfaction
H7: Physical Proof -> Customer Satisfaction	0.145	2.496	0.006	Physical Evidence affects Customer Satisfaction
H8: Customer Satisfaction -> Loyalty	0.901	75.655	0.000	Customer Satisfaction affects Loyalty

Based on the results of the hypothesis test, the following is the interpretation of each hypothesis:

1. H1: Product Variables have a positive and significant influence on Customer Satisfaction variables

Product quality has a positive and significant influence on customer satisfaction. This shows that improving product quality will increase customer satisfaction. This result is in line with research by (Anugrah, 2020) which found that product quality has a significant positive impact on customer satisfaction in the fast food industry.

Good product quality ensures that customer needs and expectations are met. This can include aspects such as reliability, durability, and product performance. When a product meets or exceeds customer expectations, they tend to be more satisfied and will probably become loyal customers. For example, (Anugrah, 2020) points out that in the fast food industry, product quality is a key factor that

affects customer satisfaction, because customers pay close attention to the taste, cleanliness, and presentation of the food they buy.

2. H2: Price variables have a positive and significant influence on the Customer Satisfaction variable

Price has a positive and significant influence on customer satisfaction. This indicates that the right pricing strategy can improve customer satisfaction. This finding is consistent with the study of (Salim, 2022) which showed that price has a significant influence on customer satisfaction in the telecommunications industry.

Competitive prices and in accordance with the value provided by the product or service will increase customer value perception. When customers feel that they are getting "value for money," they tend to be more satisfied. (Salim, 2022) identified that in the telecommunications industry, customers are looking for a balance between the costs they incur and the benefits they get from the services they use. Therefore, a pricing strategy that takes these factors into account will increase customer satisfaction.

3. H3: The Place variable has a positive and significant influence on the Customer Satisfaction variable

Location or place has a positive and significant influence on customer satisfaction. This shows that the accessibility and convenience of the location contribute to customer satisfaction. These results are supported by research by Jiang and Rosenbloom (2005) which found that ease of access and location have a positive effect on customer satisfaction in the context of e-commerce.

Accessibility and convenience of location are important factors that influence customer purchasing decisions. When the location of the store or service center is easy to reach, customers will feel more comfortable and satisfied. Jiang and Rosenbloom (2005) assert that in the context of e-commerce, the convenience of website access and navigation also plays an important role in customer satisfaction, pointing out that the same principle applies in both physical and digital environments.

4. H4: Promotion variables have a positive and significant influence on the Customer Satisfaction variable

Promotion has a positive and significant influence on customer satisfaction. This shows that an effective promotion strategy can increase customer satisfaction. This finding is in line with the research of Lovelock and Wirtz (2011) which stated that effective promotion can improve value perception and customer satisfaction.

Effective promotion not only increases product awareness but can also create a higher perception of value. Lovelock and Wirtz (2011) state that good promotion helps to clearly communicate the benefits of the product to customers, which in turn increases their satisfaction. Attractive and relevant promotions can create positive expectations and encourage purchases, which if the product or service meets those expectations, will increase customer satisfaction.

5. H5: The Labor variable has a positive and significant influence on the Customer Satisfaction variable

The quality of labor service has a positive and significant influence on customer satisfaction. This shows the importance of the employee's role in creating a satisfying customer experience. These results are consistent with the study of Parasuraman et al. (1988) which emphasized the importance

of service quality dimensions, including employee empathy and responsiveness, in influencing customer satisfaction.

Competent, service-oriented employees can significantly improve the customer experience. Parasuraman et al. (1988) emphasized that dimensions such as empathy, responsiveness, and reliability in service are very important in shaping customer satisfaction. When employees show genuine attention and responsiveness to customer needs, customers will feel valued and satisfied.

6. H6: Process variables have a positive and significant influence on the Customer Satisfaction variable

The service process has a positive and significant influence on customer satisfaction. This shows that the efficiency and effectiveness of the process contribute to customer satisfaction. This finding is supported by the research of Bitner et al. (2008) which emphasizes the importance of service process design in creating a positive customer experience.

An efficient and effective process ensures that services are delivered in a timely and frictionless manner. Bitner et al. (2008) show that good process design, including clarity of procedures and ease of use, is essential in creating a positive customer experience. A well-designed process can reduce customer frustration and increase their satisfaction in a smoother and more efficient way.

7. H7: The Physical Evidence variable has a positive and significant influence on the Customer Satisfaction variable

Physical evidence has a positive and significant influence on customer satisfaction. This indicates that physical evidence has an important role to play in customer satisfaction. According to Lupiyoadi and Hamdani (2006), because the nature of the service cannot be seen, smelled, or felt, the aspect of physical evidence is crucial as an indicator of service quality. Customers use their sense of sight to assess the quality of service. Strong physical evidence has an effect on customer perception and is also a factor that shapes their expectations. Good quality physical evidence can increase customer expectations, so it is important for companies to understand the extent of the right physical aspects in order to create a positive impression on the quality of service without raising expectations excessively, so as to be able to meet needs and provide satisfaction to customers.

According to Wong and Sohal (2003), physical evidence is the only element of visible service quality, which makes it easier for customers to evaluate their loyalty to the services provided by the company. When the service is ongoing, physical evidence such as the use of equipment according to the rules and optimal performance to support a service, can be felt directly by the customer which is the basis for understanding customer expectations and building long-term loyalty that has an impact on future purchases.

8. H8: The Customer Satisfaction variable has a positive and significant influence on the Customer Loyalty variable

Customer satisfaction has a positive and very significant influence on customer loyalty. This shows that satisfied customers tend to be loyal. These results are very consistent with a meta-analysis

conducted by Kumar et al. (2013) which found a strong positive relationship between customer satisfaction and loyalty across various industries.

Customer satisfaction is a key determinant of customer loyalty. Kumar et al. (2013) showed that when customers are satisfied with a product or service, they are more likely to return for a repeat purchase and recommend the product or service to others. Customer loyalty is the result of a consistently positive experience, where satisfaction plays a central role in shaping long-term relationships with customers.

The results of this study confirm the importance of a holistic approach in marketing management, where most elements of the marketing mix (7P) contribute significantly to customer satisfaction. This finding is in line with the concept of integrated marketing put forward by (Kotler & Keller, 2016), which emphasizes the importance of integrating all aspects of marketing to create superior customer value. In practice, companies should focus on improving product quality, competitive prices, strategic locations, effective promotions, quality workforce services, as well as efficient processes to achieve high customer satisfaction and ultimately increase customer loyalty.

Based on the results of SEM-PLS analysis, it was found that all elements of the 7P Marketing Mix had a significant influence on customer satisfaction. The elements that show a positive and significant influence are product, price, place, promotion, labor, process, and physical evidence. The following are details of the discussion of each of these elements, along with a comparison with previous research:

1. Product

The product has a significant and positive influence on customer satisfaction with a path coefficient of 0.159 (p-value = 0.008). These findings show that product quality is very important in creating customer satisfaction. High-quality products meet or even exceed customer expectations, potentially increasing their satisfaction levels. Research by Kotler and Keller (2016) confirms that product quality is a key factor in creating customer satisfaction. Products that are durable, have good function, and are in accordance with customer needs will increase their satisfaction. Attractive additional features also provide significant added value for customers. High-quality products not only build a positive reputation for the company but also increase customer trust, trigger repeat purchases, and increase product recommendations to others.

2. Price

Price is also proven to have a significant and positive influence on customer satisfaction with a path coefficient of 0.140 (p-value = 0.005). While the study found a positive influence, it's important to remember that a price that is considered reasonable and commensurate with the value received by customers is the main key. Competitive pricing can increase customer satisfaction because they feel they are getting value for their money. Research by Monroe (2003) shows that price perceptions that are not balanced with product value can significantly affect customer satisfaction. In this context, competitive and fair pricing has become very important to maintain customer satisfaction.

3. Place

Place showed a significant and positive influence on customer satisfaction with a path coefficient of 0.110 (p-value = 0.024). A strategic location that is easily accessible to customers

plays a crucial role in increasing customer satisfaction. Research by Zeithaml, Bitner, and Gremler (2018) emphasizes that location accessibility and convenience are important factors in improving customer satisfaction. A location that is easily accessible with various modes of transportation, close to crowded areas, and has good visibility and visual appeal can create convenience and customer interest in visiting the place of business. A strategic location can increase customer visits, strengthen customer loyalty, and enhance the company's brand image as an easy-to-reach place and focused on customer satisfaction.

4. Promotion

Promotion also had a significant and positive influence on customer satisfaction with a path coefficient of 0.154 (p -value = 0.002). However, the effectiveness of the promotion largely depends on the strategy used. An effective promotion is one that is able to convey a clear message and in accordance with the value expected by the customer. Research by Belch & Belch (2018) shows that the effectiveness of promotion is highly dependent on how the promotional message is conveyed and received by the audience. The right promotion can increase brand awareness and attract customer interest, which in turn can increase their satisfaction. In today's digital era, promotion through social media platforms is also an important part of marketing strategies, as shown by Sari and Hastuti's (2022) research on smartphone brand promotion through social media.

5. People

Labor has a significant and positive influence on customer satisfaction with a path coefficient of 0.184 (p -value = 0.000). The quality of interaction between employees and customers plays a crucial role in creating a satisfying service experience. Research by Bitner, Booms, & Tetreault (1990) shows that positive interactions between employees and customers play a crucial role in creating a satisfying service experience. Employees who are well-trained and have sufficient knowledge of the product or service can increase customer satisfaction. Motivation and good communication skills also contribute to the quality of services provided. Research by Lestari and Sari (2020) highlights the importance of competencies such as communication skills, product knowledge, and problem-solving skills in increasing customer satisfaction.

6. Process

The process has a significant and positive influence on customer satisfaction with a path coefficient of 0.130 (p -value = 0.023). Efficient and effective process design and implementation can have a significant impact on increasing customer satisfaction. Previous research such as those conducted by Bitner, Booms, and Mohr (1994) emphasized that efficient service processes are a key factor in creating a positive customer experience. Fast, easy-to-understand, and uncomplicated processes can reduce customer waiting time and increase their convenience. Research by Lemon and Verhoef (2016) emphasizes the importance of a smooth and transparent service process in the context of online services. A good process not only improves customer satisfaction but also strengthens their loyalty as well as builds the company's brand image as a professional and customer satisfaction-focused organization.

7. Physical Evidence

Physical evidence shows a path coefficient of 0.145 with a p -value of 0.006, which shows that the effect is positive and significant on customer satisfaction. Physical evidence plays an important role in shaping the perception of service quality and customer satisfaction. Complete and well-

maintained facilities, aesthetic store appearance, and the use of modern and functional equipment can create a positive first impression and increase customer comfort. Research by Lovelock and Wirtz (2016) confirms that physical evidence plays a central role in shaping the perception of service quality and customer satisfaction.

8. The Effect of Customer Satisfaction on Loyalty

In addition to understanding the factors that affect customer satisfaction, it's also important to look at how customer satisfaction impacts their loyalty. Based on the analysis of existing data, it was found that customer satisfaction had a significant influence on customer loyalty with a path coefficient of 0.901 (p-value = 0.000). Customers who are satisfied with the product or service they receive tend to show a higher level of loyalty. Satisfied customers are more likely to make repeat purchases, recommend products or services to friends and family, and are more tolerant of occasional mistakes or shortcomings. Research by Oliver (1999) and Anderson (1998) supports these findings, suggesting that satisfaction is a key factor in establishing repeat purchase behavior and word-of-mouth recommendations. Consistent satisfaction can build strong brand loyalty, as Aaker's (1996) research shows.

CONCLUSION

Based on the results of data analysis and research findings, two main problem formulations can be answered clearly. First, the results of the SEM-PLS analysis show that factors such as product, price, venue, promotion, labor, process, and physical evidence have a significant influence on customer satisfaction. The labor factor proved to have the most dominant influence, followed by product, promotion, and physical evidence. This shows that customers highly value the quality of the workforce, the products offered, effective promotions, as well as adequate physical evidence. In addition, competitive prices, efficient service processes, and strategic locations also contribute positively to customer satisfaction. Second, customer satisfaction has been proven to have a significant and positive influence on customer loyalty. Customers who are satisfied with the products and services they receive tend to be more loyal, make repeat purchases, and even recommend products or services to others, which in turn can expand the company's customer base. Therefore, companies must focus on improving product quality, reviewing the pricing structure to remain competitive, and improving service processes to be more efficient and able to satisfy customers. In addition, evaluating and improving promotion strategies and training of the workforce is essential to ensure that all aspects of marketing have a positive impact on customer satisfaction. Increased customer satisfaction will have a direct impact on their loyalty, which will support the growth and sustainability of the company's business.

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Dwi Shinta Ananda, Vita Ratnasari

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