

The Effect of the 7P Marketing Mix and Service Quality on Customer Satisfaction

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Abstract

This study aims to describe and analyze the marketing mix and service quality on customer satisfaction at BRI Palopo Branch. The research sample was taken using the Simple Random Sampling Technique. Data analysis used variant-based structural equation modeling (VB SEM) with the help of Smart PLS software version 3.3. The results of this study indicate that the marketing mix has a significant effect on customer satisfaction of 0.619 units with a t count value: $8,400 > t \text{ table } 1,666$ with a P-value of $0.000 < 0.05$. Service quality has no significant effect on customer satisfaction of 0.103 units with a t-value: $0.632 < t \text{ table } 1,666$ with a P-value of $0.527 > 0.05$. The joint influence of the marketing mix (X1) and service quality (X2) on customer satisfaction (Y) is 40.6 percent, while 59.4 percent is influenced by other variables not observed in this study.

Keywords: marketing mix; service loyalty; customer satisfaction; BRI.

1. Introduction

In the current era of economic and business development, Bank Rakyat Indonesia has a central vision and mission: to become a commercial bank that prioritizes customer service to become the large leading company engaged in the financial sector. Service priority is given to middle-lower customers to help improve people's lives and the economy through banking and finance.

Customer satisfaction is the main priority for BRI to survive and seize the financial market share in the current era of intense competition. As a financial institutions, banks must know what consumers need and do their best to provide satisfaction. Matters related to consumer satisfaction or dissatisfaction have always been a hot national and global discussion topic in domestic business, industry, and services. Quality assurance for services that impact satisfaction is one of the benchmarks in all businesses and is an indicator of competitive advantage.

Banking plays an essential role as one of the locomotives of the national economy. There are many types of loans in the form of capital assistance to the community, one of which is through Bank Rakyat Indonesia Nurhakim et al., (2014). One form of capital assistance loan from BRI, the Kredit Usaha Rakyat (KUR), is a micro-credit program initiated by the government. Still, the financing is only sourced from bank funds. The government launched KUR on November 5, 2007, which allows small and medium business owners to increase business capital (Sudjinar & Jayanti, 2015). The BUMN risk guarantee KUR is 70%, and the operational bank bears the remaining 30%. The KUR guarantee is provided to increase access to financial resources for MSEs to encourage national economic growth.

Several studies examine the relationship of the marketing mix to customer satisfaction. Research Farida et al., (2016) states that simultaneously the 7P marketing mix variables significantly affect customer satisfaction at Pekanbaru Prudential Life Insurance inc. This study discusses the effect of the product, price, place, promotion, human, and physical evidence of the company's variables on customer satisfaction. Furthermore, the research Sudjinar & Jayanti, (2015) suggests a close relationship between the independent and the dependent variable. The data results where seven independent variables significantly influence the F-count value is more significant than F-table. And is described by calculating R squared on the marketing mix variable, namely product, price, location, promotion, proactive service, people, and physical evidence that affect customer satisfaction for Personal Corporate Credit

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people. Subsequent research by Zulhelmi & Lestari, (2017) states that simultaneously the 7P marketing mix variable significantly affects customer satisfaction at PT. Pekanbaru Prudential Life Insurance.

However, it turns out that not all marketing mix variables can affect customer satisfaction. Several studies discuss this; research Wijaya, (2014) states that price and promotion do not positively affect customer satisfaction at the Bank Rakyat Indonesia Tangerang branch office. Product, distribution, and service quality have a positive effect on customer satisfaction at the branch office of Bank Rakyat Indonesia Tangerang. Furthermore, based on the results of research by Hamdali & Melinda, (2021), product, price, location, people, and process variables significantly influence Kozko Digital Printing consumer satisfaction, while promotion variables and physical evidence do not affect Digital Printing consumer satisfaction. Kozko and consumer satisfaction affect consumer retention. Subsequent research by Larasati & Aji, (2019) suggests that place, process, and physical evidence variables influence customer satisfaction. Still, the product, price, promotion, and people have no influence on customer satisfaction at BRI Syariah Malang Branch Office. Research Hasballah Sofyan Sardi, (2019) states that product, price, and place variables significantly affect customer satisfaction at Bank Muamalat Indonesia Branch Offices. At the same time, the promotion variable does not substantially affect customer satisfaction Bank Muamalat Indonesia Branch Office.

Customer satisfaction will increase customer retention or maintain sustainable business relationships with customers in the long term. The high increase in customer retention is inversely proportional to customers leaving the company (defection). Based on the results of the research Rumiya & Syafarudin, (2021) stated that customer satisfaction has a significant positive impact on customer retention. Customer satisfaction affects the service portfolio's reliability, efficiency, security, price, and accessibility.

The application of the marketing mix to increase customer satisfaction is used as a concept as a strategy to achieve company goals. Achmad & Agustin, (2021) stated that various strategies are needed to increase customer satisfaction through the marketing mix and service quality, one of which is the product sales method as a comprehensive and structured main plan (Achmad & Agustin, 2021). Many corporate organizations use the marketing mix concept as a strategy to attract potential customers (Putra & Sulistyawati, 2013). Furthermore, the results of research by Silvia et al., (2020) concluded that the marketing mix and strategy simultaneously significantly influence consumer decisions.

2. Methods

The research method used is descriptive quantitative, which aims to explain the relationship between variables. Primary data sources were obtained through answers from questionnaire instruments completed by consumers and secondary data obtained from customer information on People's Business Credit at the BRI Palopo Branch Office from January to December 2021. The research population of all customers in that period was 94 people. The sampling technique used is a probability sample through a simple random sampling approach and using the Slovin formula to obtain a sample of 76 customers.

Information collection strategy is through questionnaires; in this process, questionnaires are distributed by submitting several written statements and completed by 76 respondents according to the answers in the options section. This research involves a measurement instrument, namely the Likert scale. The polling model is closed because the responses are already available. The data analysis technique is in the form of SEM analysis with the help of the Smart-PLS application version 3.3.

3. Result and Discussions

3.1. Descriptive Analysis

As presented in the table 1, the majority of the marketing mix is in a low category, namely 52.6 percent, 26.3 percent is classified as medium, and 21.1 percent is considered high marketing mix. Overall, the average marketing mix is 1.68 on a scale of 1 to 5.

As presented in the table 2, the majority of service quality is in the medium category, which is 56.6 percent, 31.6 percent is high, and 11.8 percent is low. Overall, the average service quality is 2.19 on a scale of 1 to 5.

Table 1. Distribution of respondents based on the Marketing Mix

Category (Skala 1-5)	Frequency	Percentage
Low (<1,66)	40	52.6
Medium (1,66-3,33)	20	26.3
High (>3,33)	16	21.1
Total	76	100.0
Average	1.68	

Table 2. Distribution of respondents based on Service Quality

Category (Skala 1-5)	Frequency	Percentage
Low (<1,66)	9	11.8
Medium (1,66-3,33)	43	56.6
High (>3,33)	24	31.6
Total	76	100.0
Average	2.19	

Table 3. Distribution of respondents based on customer satisfaction

Category (Skala 1-5)	Frequency	Percentage
Low (<1,66)	20	26.3
Medium (1,66-3,33)	44	57.9
High (>3,33)	12	15.8
Total	76	100.0
Average	1.89	

As presented in the table 3, the majority of customer satisfaction is in the moderate category, which is 57.9 percent, 26.3 percent is classified as low, and 15.8 percent is high. Overall, the average customer satisfaction is 2.92 on a scale of 1 to 5.

3.2. Outer Model Test Results

Model evaluation is an evaluation design to assess the validity (valid) and reliability (reliability) of a model. The outer test model consists of:

3.2.1. Model Validity Test

1) Outer Model

The Outer Model is an SEM model that shows the Loading Factor of each variable indicator observed on the latent independent variable. At the same time also offers the value of the coefficient of the influence of the independent variable (X) on the dependent variable (Y).

2) Convergent Validity (Loading Factor)

A Convergent validity test determines the value of the loading factor on the latent variable with its indicators (Table 4).

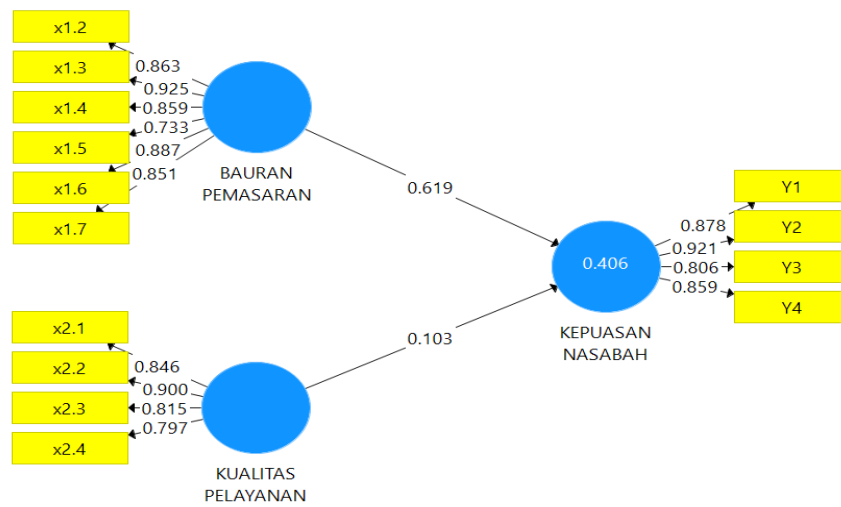


Figure 1. Outer SEM Model (Smart-PLS Output)

Table 4. Outer Loading (Convergent Validity)

Indicator	Maketing Mix (X1)	Customer Satisfaction (X2)	Service Quality (Y)
Product Quality (Y1)		0.878	
Service Quality (Y2)		0.921	
Emotional Factor(Y3)		0.806	
Price (Y4)		0.859	
Price (x1.2)	0.863		
Location (x1.3)	0.925		
Promotion (x1.4)	0.859		
Proces (x1.5)	0.733		
People (x1.6)	0.887		
Physical evidence (x1.7)	0.851		
Tangibles (x2.1)			0,846
Reliability (x2.2)			0.900
Responsiveness (x2.3)			0.815
Assurance (x2.4)			0.797

Source: Smart PLS analysis results

Based on the table 4, it is found that all indicators have an outer loading value of < 0.7 (the minimum value for the specified indicator validity level). Therefore, it can be concluded that the SEM model as described above is valid because all indicators have an outer loading value > 0.7 .

3) Discriminant Validity

The discriminant validity of the model aims to see the level of validity of the indicators in the reflective model. Average Variance Extracted (AVE) is the value that becomes the measure, with an expected value of > 0.5 .

Table 5. Value of Average Variance Extracted (AVE) on SEM. model variables

Variable	Average Variance Extracted (AVE)
Marketng Mix (X1)	0.731
Customer Satisfaction (Y)	0.751
Service Quality (X2)	0.707

Based on the table 5, the AVE value of each variable in the study is > 0.5, so it can be concluded that all the variables in the analyzed SEM model are declared valid.

3.2.2. Model Reliability

The values used to determine the level of reliability of the SEM model are Composite Reliability and Cronbach Alpha. This type of reliability serves to assess the level of internal reliability of the indicator variable.

Table 6. Composite Reliability and Cronbach Alpha values for each Variable

Variable	Cronbach's Alpha	Composite Reliability
Marketng Mix (X1)	0.925	0.942
Customer Satisfaction (Y)	0.889	0.923
Service Quality (X2)	0.897	0.906

The table 6 declared reliable is > 0.6, while the standard value for Composite Reliability is >0.7. Therefore, based on the table above, it is known that all variables have Cronbach's Alpha values > 0.6 and Composite Reliability values > 0.7, so it can be stated that the SEM model analyzed is reliable.

3.3. Inner Model Analysis Results

1) Inner SEM Model

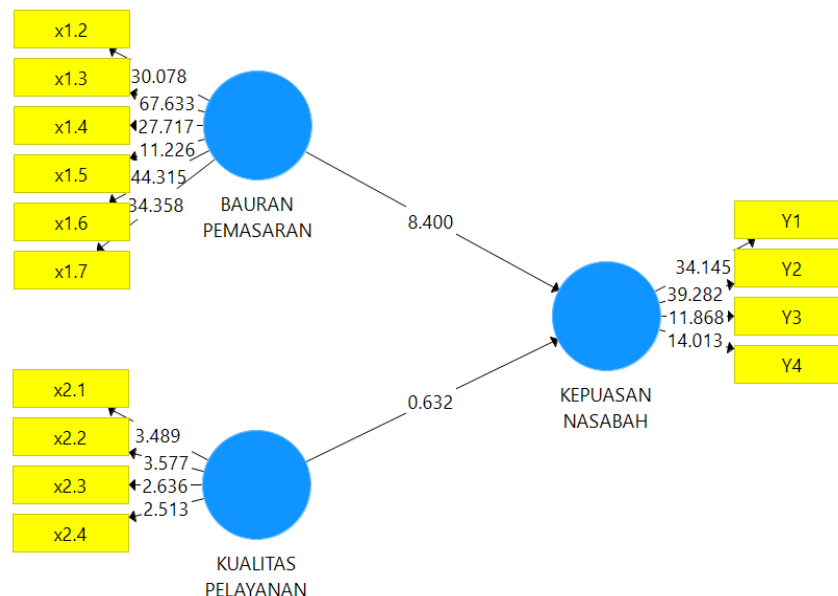


Figure 2. Inner SEM Model

The inner model is an SEM model that aims to determine the calculated T value, which helps assess the significant influence of the independent variable (X) on the dependent variable (Y), which is used to test the research hypothesis.

2) T Statistical Analysis

The t-Statistical analysis aims to determine the significant value of the effect between the variables tested. The calculated T value is greater than the T value. The table shows the influence of the variable is quite strong. The analysis of the inner SEM model is used to see the magnitude of the calculated T value and P-Value, which is also a measure of the strength of the influence of the Independent variable on the dependent variable.

Table 7. T Value of the Independent Variable to the Dependent Variable

Variable	T Statistic	T tabel	P Values	Cut off P Value
Marketing Mix → Customer Satisfaction	8.400	1.666	0.000	0.05
Service Quality → Customer Satisfaction	0.632	1.666	0.527	0.05

Based on the results of the T-statistical analysis (Table 7), as shown in the table above, the hypothesis test that there is a dependent variable can be stated as follows:

- 1) Hypothesis 1: It is assumed that the marketing mix significantly affects customer satisfaction. It means that the marketing mix has a significant effect on customer satisfaction. The results of the statistical T analysis obtained t count: $8,400 > t$ table $1,666$ with a P-value of 0.000 or less than the Cut off Value of 0.05 . So it can be stated that hypothesis 1 is accepted.
- 2) Hypothesis 2: It is assumed that service quality significantly affects customer satisfaction. It means that service quality has no significant effect on customer satisfaction. The results of the statistical T analysis obtained t count: $0.632 < t$ table 1.666 with a P-value of 0.527 or greater than the Cut off Value of 0.05 . So it can be stated that hypothesis 2 is not accepted.

3) Determinant Analysis Results (R Square)

Determinant analysis aims to see the magnitude of the influence of the independent variables jointly affecting the dependent variable. The results of the analysis of the determinants of the SEM model are presented in the following table.

Table 8. The results of the analysis of the determinants of the independent variables

Variable Effect	R Square	R Square Adjusted
Customer Satisfaction (Y)	0.406	0.389

Based on the table 8, it is known that the marketing mix variable (X1) and service quality (X2) affect customer satisfaction (Y) by 40.6 percent. In comparison, 59.4 percent is influenced by other variables not observed in this study.

3.4. Discussion

3.4.1. Effect of Marketing Mix on Customer Satisfaction

The results of the respondent's response analysis revealed that, on average, the respondents showed a high response to the marketing mix at Bank Rakyat Indonesia Palopo Branch, which had a large (significant) impact on customer satisfaction where the significance value was $0.000 > = 0.05$. It means that the marketing mix determines customer satisfaction at Bank Rakyat Indonesia Palopo Branch.

The research results above align with the study submitted by Sudjinan & Jayanti, (2015) entitled "The Effect of the Service Marketing Mix on Customer Satisfaction at KUR BRI Balik Papan Branch," which states that the marketing mix has a significant effect on customer satisfaction.

The results of the SEM analysis also explain that the indicator that contributes the most to the marketing mix is Place, which is 92.5 percent. Meanwhile, the indicator that gives the most minor contribution among the indicators of the marketing mix variable is Process, which is 73.3 percent.

3.4.2. *The Effect of Service Quality on Customer Satisfaction*

The results of the respondent's response analysis showed that most respondents responded highly to the quality of service at the Palopo Branch of Bank Rakyat Indonesia. Still, it had no significant effect on customer satisfaction, with a significance value of 0.527, more significant than the value of $= 0.05$. It means that service quality does not determine customer satisfaction at Bank Rakyat Indonesia Palopo Branch.

The results of this study are not in line with the research submitted by Wijaya, (2014), which states that service quality has a significant effect on variables of customer satisfaction of Bank BRI Tangerang Branch.

The results of the SEM analysis also explain that the indicator that contributes the most to service quality is Reliability, which is 90 percent. Meanwhile, the indicator that gives the smallest contribution among the service quality variable indicators is Assurance, 79.7 percent.

4. Conclusions

Based on the results and discussion, it is concluded that the average marketing mix is at a score of 1.68, service quality is at a score of 2.19, and customer satisfaction is at a score of 1.89 on a scale of 1 to 5. The marketing mix has a significant impact on customer satisfaction, which is evidenced by a significance level of $0.000 < 0.05$. Service quality has no significant effect on customer satisfaction, evidenced by a significance level of $0.527 > 0.05$.

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