

Customer Satisfaction as a Mediator in the Relationship Between Islamic Marketing Mix and Loyalty Among Shopee's Muslim Customers in Jember

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Abstract

The proliferation of the internet has led to the emergence of numerous e-commerce platforms in Indonesia, with Shopee being one of the leading e-commerce platforms boasting a large loyal customer base. Shopee has secured its market leader position in Indonesia by leveraging an Islamic marketing mix. This study aims to analyze the effect of the Islamic marketing mix (product, place, price, promotion, process, people, physical evidence) on customer loyalty, with customer satisfaction acting as a mediating variable. This quantitative research employs both random sampling and convenience sampling methods, collecting data from 159 usable questionnaires completed by millennial Muslim customers in Jember. The data were analyzed using path analysis. The results indicate that the product, place, promotion, and people elements of the Islamic marketing mix have a significant positive effect on customer satisfaction. In contrast, price, process, and physical evidence do not significantly impact customer satisfaction. Furthermore, the study finds that product, promotion, and physical evidence significantly and positively influence customer loyalty, while price, place, process, and people do not have a significant effect on loyalty. Additionally, the study reveals that customer satisfaction does not mediate the relationship between the Islamic marketing mix elements (product, price, place, promotion, process, people, and physical evidence) and customer loyalty. This suggests that while certain elements of the Islamic marketing mix directly impact customer loyalty, the role of customer satisfaction as a mediating factor is not significant. Based on these findings, the study provides several recommendations for improving elements of the Islamic marketing mix to better attract and retain customers. These recommendations include enhancing product quality, developing effective promotional strategies, and reinforcing the physical evidence aspect to strengthen brand perception and loyalty among customers. In conclusion, the study underscores the importance of specific elements of the Islamic marketing mix in influencing customer satisfaction and loyalty, offering valuable insights for e-commerce platforms aiming to maintain a competitive edge in the Indonesian market.

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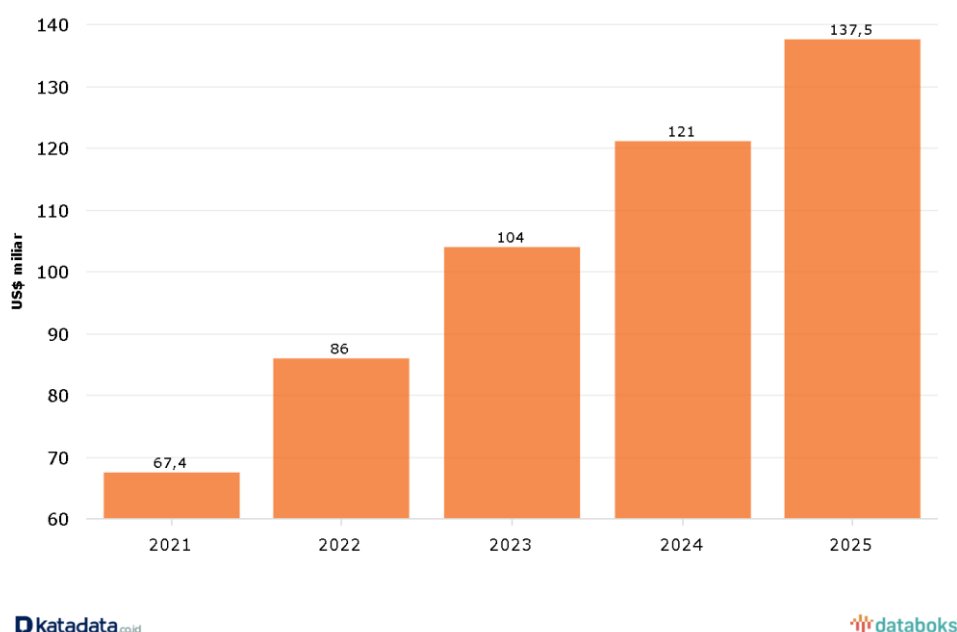
INTRODUCTION

In Indonesia, information technology is growing very quickly. This progression is characterized by the demand for information technology, particularly the internet. Internet has been becoming 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 place which gave 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).

Graphic 1. E-commerce transaction in Indonesia



Sources: Katadata.co.id

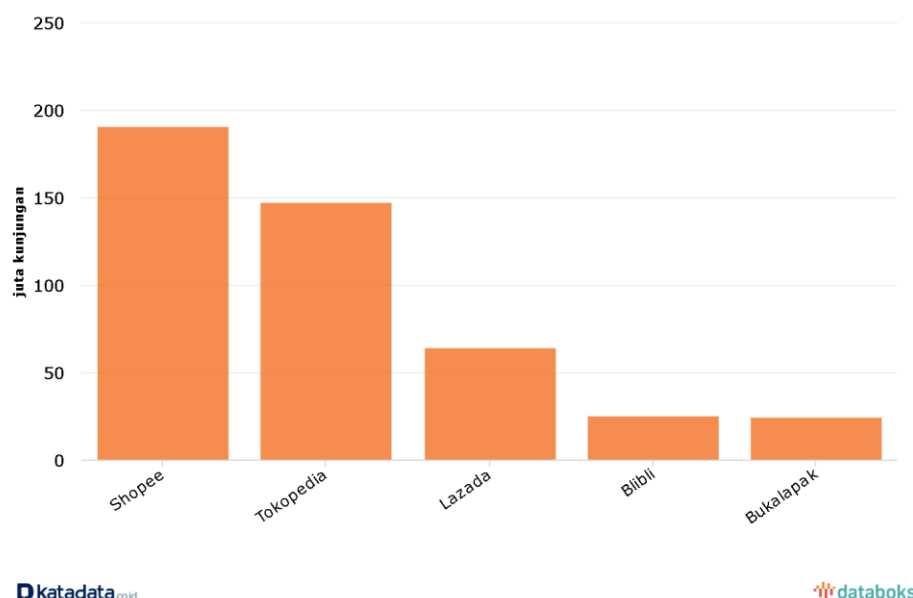
Based on Red Seer data, total value of e-commerce transactions in Indonesia has reached 44.6 billion USD in 2020 and is expected to reach 137.5 billion USD in 2025. This data demonstrates how potential e-commerce in Indonesia. The reason millennial Muslim leaved offline store to e-commerce was ease and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

There are five e-commerce which have many user in Indonesia. This five is Shoppe, Tokopedia, Lazada, Blibli and Bukalapak. And Shoppe is the most chosen e-commerce in Indonesia. Based on graphic 2, Shopee 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. Shoppe 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 by the

desired target market and marketing planning is used as a form of service to predetermined target markets.

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



Sources: Katadata.co.id

Marketing strategy that used by Shopee was 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 in a target market (Kotler and Armstrong, 2008). There are seven tools that used on marketing mix conventional. It was 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 Shopee has use 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. This is because Shopee is a marketplace that acts as an intermediary between buyers and sellers to facilitate transactions online. Shopee developed the Shopee Barokah feature, which incorporates halal services to ensure that the products featured in the service are halal products, to give its 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 must be a reflection of its quality. In Shopee e-commerce, product prices are a reflection of the quality of the products being sold. Shopee also requires 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. This allows goods purchased from Shopee to reach remote villages in a short time with 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 so on. Shopee has also been the main sponsor of the highest football competition in Indonesia (League 1). Of the various promotional methods carried out by Shopee, there is no promotional process that conflicts with Islamic law.

e. Process

To build customer trust, Shopee provides features that customers can use. For example, the COD (cost on delivery) system 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 if the product does not match what was ordered.

f. People

At 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, in order to satisfy customers. These things have also been implemented in e-commerce at Shopee. Shopee has also provided rules for employees and business people at Shopee to be patient, fair, honest, and measurable when serving customers.

g. Physical Evidence

At 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. This is because in the data released by the Central Statistics Agency for Jember Regency, the population of Jember City is a city that has a 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 these customers choose Shopee again for transactions instead of having to switch to Tokopedia, Bukalapak, BliBli.com, and so on. This makes Shopee the market leader in e-commerce and marketplaces in Indonesia. Furthermore, Shopee wants to maintain its market leadership position. Thus, this is the problem that will be examined through the research.

LITERATURE REVIEWS

Islamic Marketing Mix

The Islamic marketing mix is a conventional marketing concept combined 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).

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 as to meet needs and satisfy wants. (Kotler and Armstrong, 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:

1. Ordering ease
2. Value durability
3. Deliverable
4. No Product Obsolescence

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 referred to as Qimah Al-adl, or fair compensation for the goods or services received (Rivai dkk, 2018). Ibn Taymiyah thinks that the price is Qimah al-Adl (an equivalent price). A fair price means that the determination of prices may not lead to the exploitation of other people 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:

1. Price affordability
2. Compatibility of price with product quality
3. Price competitiveness
4. Price compatibility with benefits

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 can not only be interpreted as a place for transactions. But it can also be interpreted as distribution, or the way companies distribute their goods and services so that they reach 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 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:

1. No unnecessary delays
2. Trust in distributing ordered goods
3. Don't charge customers

Promotion

Promotion can be defined as a form of distributing information to persuade customers to make a 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 an impact on customer disappointment 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:

1. No concealment of fact and information
2. No manipulative promotional behavior
3. No deception

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 Armstrong, 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, which 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 what is included in the process category 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 will impact customer loyalty. (Abuznaid, 2012).

Based on Abuznaid (2020) research, there are four indicators in Islamic process:

1. Honesty, fairness and respect customers
2. Right marketing information

3. Proper use of customer waiting time
4. Right and proper delivery

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, namely:

1. A sense of responsibility towards Allah SWT
2. A sense of responsibility to the surrounding community
3. A sense of responsibility for his own welfare
4. and a sense of responsibility to the environment (Asnawi & Fanani, 2017)

Based on Abuznaid (2020) research, there are four indicators in Islamic people:

1. Polite and friendly
2. Smiley, honest
3. No harm to customer

Physical Evidence

Physical evidence is defined as various company attributes needed to be a complement to a product, where these attributes can strengthen the quality of the product and service that will be obtained by customers. Physical heritage 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 that also apply Islamic business concepts. (Abdullah, 2018)

Based on Abuznaid (2020) research, there are four indicators in Islamic physical evidence:

1. Provide Documentation during transactions
2. Provide guarantees to customers
3. There are features that represent Islam (halal products)

Customer Satisfaction

Kotler and Keller define customer satisfaction as a customer's feeling of pleasure or disappointment caused by the comparison they make of the performance of a product 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:

1. Hope Confirmation
2. Repurchase intention
3. Dissatisfaction

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 you can build customer loyalty, namely:

1. Strengthening Brands
Strengthening the brand aims to form an emotional bond with customers through the company's brand.
2. Repair service
Good service will provide a unique experience for customers. The better the service provided, the more valued the customer will be, and the more loyal the customer will be to the company or product.
3. Improving Product Quality
Customers certainly expect the products offered to be of good quality. Good product quality will make customers return to buy the product and reduce the risk of product failure.

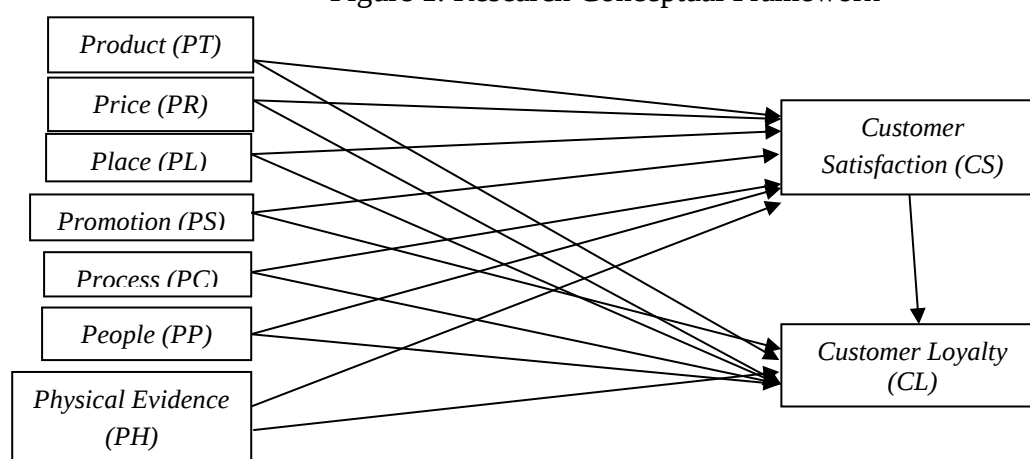
Based on Kotler and Keller (2008) research, there are four indicators in customer loyalty:

1. Make regular repeat purchases
2. Buy outside the product or service offered
3. Referring to others

Research Model

The conceptual framework in this study is as follows figure 1.

Figure 1. Research Conceptual Framework



Based on conceptual framework on figure 1, 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.

Hypotheses

The hypothesis in this study is as follows:

- H₁: Product partially affects customer satisfaction
H₂: Price partially affects customer satisfaction
H₃: Place partially affects customer satisfaction

- H₄: Promotion partially affects customer satisfaction
H₅: Process partially affects customer satisfaction
H₆: People partially affects customer satisfaction
H₇: Physical Evidence partially affects customer satisfaction
H₈: Product partially affects customer loyalty
H₉: Price partially affects customer loyalty
H₁₀: Place partially affects customer loyalty
H₁₁: Promotion partially affects customer loyalty
H₁₂: Process partially affects customer loyalty
H₁₃: People partially affects customer loyalty
H₁₄: Physical Evidence partially affects customer loyalty
H₁₅: Customer satisfaction can mediate Product, Price, Place, Promotion, Place, Process, People and Physical Evidence Variables on Customer Loyalty.

METHOD

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. With this aim mind, the population selected for this research consists of Shoppe millennial Muslim customers in Jember who have bought in Shoppe more than two times previously. The sampling method was determined by using Ferdinand's theory for the minimum of samples which can be used. Based on the theory, minimum sample are 150 samples.

This research employed random sampling and convenience sampling method to collect the data. Random sampling method is used to 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

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.

Table 3. Variable Indicator and Research Question

Variable	Sub Operational Variables	Research Question
Product	Ordering ease	Customers can easily order goods (products) at Shopee
	Value durability	Goods (products) in Shopee do not cause harm
	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 Shoopee 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	Shoopee is trustworthy in distributing (sending) ordered goods to customers

Promotion	Don't charge customers	Sending goods by Shopee to customers is very easy
	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
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
Physical Evidence	No harm to customer	There is no coercion from Admin and sellers at Shopee to customers to buy a product (goods)
	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
Customer Loyalty	Dissatisfaction	I am dissatisfied with the services and products at Shopee
	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

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 will application could analyze and investigate validity of research model and it can be used for small-sized sample or complex sample (Byrne, 2001). There are five test that will do in this research. Those five are validity test, reliability test, path analysis, hypothesis test (or T test) and trimming test.

RESULTS AND DISCUSSION

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:

1. Based on gender characteristic, majority respondents are male with 93 people or 58,49% while the female respondents are 66 people or 41,51%.
2. 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.
3. 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%.

Data

Validity Test

The questionnaire validity test consists on convergent validity and discriminant. 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), means 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
	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

Physical Evidence (PH)	PP2	0.879	Valid
	PP3	0.756	Valid
	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 inside the overview of validity to analyses all variables conclude that 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 cross loading variable indicator 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.

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 must be more than 0,6 for the value of cronbachs alpha must. The value of composite reliability and cronbachs alpha is as the explanation inside 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

The acknowledgement concluded over the data on table 4.23, is that the value of composite reliability and cronbachs alpha is more than 0,70 to cover all variables above. It means that 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.

Path Analysis

in this sub-chapter, we 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
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:

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

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

Description

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

Hypothesis Test

The hypothesis test in this study will use the t test (partial). The t test aims to individually determine the effect of each independent variable on the dependent variable. The t test results (partial) are as follows:

Table 8. Structural Model Results

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 use 0,05 (5%) as alpha value (a)

Two star (**) : It describe significant when use 0, 10 (10%) as alpha value (a)

Sources: Smart-PLs data processed

DISCUSSION

The Effect of Product on customer satisfaction

Based on data from Table 4.25, 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 (0.0310.05). So, the first hypothesis is proven. So it can be concluded that the product partially has a significant effect on customer satisfaction.

The Effect of Price on customer satisfaction

Table 4.25 shows that the p-value of the price variable on customer satisfaction is 0.320. This value is bigger than the value of alpha (a) (0.320> 0.05). So, the second hypothesis is not proven. So that, the price has a partial but not significant effect on customer satisfaction.

The Effect of Place on customer satisfaction

Table 4.25 shows the data that the p-value of the place variable on the customer satisfaction variable is 0.060. This value is still larger than the alpha value when the alpha value is set at 0.05 or 5% (0.060>0.05) and smaller when the alpha value is set at 0.10 or 10% (0.060<0.10). It means,

price partially has no significant effect on customer satisfaction when the alpha value is 0.05 but has a significant effect when the alpha value is 0.10. So, the third hypothesis is proven

The Effect of Promotion on customer satisfaction

Based on data from table 4.25 it is known that the p-value of the promotion variable on customer satisfaction is 0.063. This value is still greater than the alpha value when the alpha value is set at 0.05 or 5% ($0.0603 > 0.05$) and smaller when the alpha value is set at 0.10 or 10% ($0.063 < 0.10$). So it can be concluded that price partially has no significant effect on customer satisfaction when the alpha value is 0.05 but has a significant effect when the alpha value is 0.10. So, the fourth hypothesis is proven.

The Effect of Process on customer satisfaction

In the data in Table 4.25, it is explained that the p-value of the process variable on customer satisfaction is 0.398. This shows that the value is greater than the alpha value ($0.398 > 0.05$). So, the fifth hypothesis is not proven. From this data, it can be concluded that the partial process does not have a significant effect on customer satisfaction.

The Effect of People on customer satisfaction

Based on the data in Table 4.25, it is explained that the p-value of the people variable on customer satisfaction is 0.001. This means that the value is smaller than the predetermined alpha value ($0.001 < 0.05$). So, the sixth hypothesis is proven. It can be concluded that the people variable partially has a significant effect on customer satisfaction.

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 4.25 is 0.621. This value is still greater than the alpha value ($0.621 > 0.05$). So, the seventh hypothesis is not proven. So the conclusion is that partially physical evidence has no significant effect on customer satisfaction.

The Effect of Product on customer loyalty

Based on the data in Table 4.25, 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 value ($0.038 < 0.05$). Then, the eighth hypothesis is proven. So that partially the product has a significant effect on customer loyalty.

The Effect of Price on customer loyalty

It is known from the data in Table 4.25 that the p-value of the effect of price on customer loyalty is 0.897, which is far greater than the alpha value ($0.897 > 0.05$). Then, the ninth hypothesis is not proven. So it can be concluded that price has no significant effect on customer loyalty.

The Effect of Place on customer loyalty

Based on the data in Table 4.25, it is shown that the p-value of the place variable on the customer loyalty variable is 0.693. So, this value is bigger than the alpha value ($0.693 > 0.05$). Then, the tenth hypothesis is not proven. It can be concluded that partially place has no significant effect on customer loyalty.

The Effect of Promotion on customer loyalty

It is known 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 value ($0.040 < 0.05$). Then, the eleventh hypothesis is proven. So it can be concluded that promotion partially has a positive effect on customer loyalty.

The Effect of Process on customer loyalty

According to the data in Table 4.25, the p-value of the effect of the process variable on customer loyalty is 0.339. This figure is much greater than the predetermined alpha value ($0.339 > 0.05$). Then, the twelfth hypothesis is not proven.. This means that the partial process has no significant effect on customer loyalty.

The Effect of People on customer loyalty

Based on data from Table 4.25, it is known that the p-values of the people variable on customer loyalty are 0.857. This shows that the p-values are smaller than the alpha values ($0.857 < 0.05$). Then, 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 Effect of Physical evidence on customer loyalty

Table 4.25 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 5% ($0.000 < 0.05$). Then, the fourteenth hypothesis is proven. So it can be concluded that physical evidence partially has a significant effect on customer loyalty.

The Effect of costumer satisfaction on customer loyalty

From table 4.25, 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 ($0.587 > 0.05$). Then, 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.

CONCLUSION

Based on the results of the data processing, several key conclusions can be drawn regarding the impact of various marketing mix elements on customer satisfaction and loyalty. Firstly, it is evident that product, place, promotion, and people each have a significant effect on customer satisfaction when considered individually. This indicates that the quality of the product, the accessibility and convenience of the location, the effectiveness of promotional activities, and the behavior and competence of the staff all play crucial roles in ensuring customers are satisfied with their purchases and overall experience. Conversely, the variables of price, process, and physical evidence do not have a significant effect on customer satisfaction when examined separately. This suggests that while these factors are important, they may not be as critical in determining customer satisfaction as the other elements of the marketing mix. Regarding customer loyalty, the analysis shows that product, promotion, and physical evidence significantly impact loyalty when considered individually. This underscores the importance of a strong product offering, effective promotional strategies, and tangible aspects that reinforce the brand's image and value in retaining customers and fostering loyalty. However, the elements of price, place, process, and people do not have a significant effect on customer loyalty when examined individually. This indicates that while these factors contribute to the overall customer experience, they may not directly influence the decision of customers to remain loyal to a brand or company. Additionally, the study finds that

customer satisfaction does not mediate the relationship between the marketing mix variables (product, price, place, promotion, process, people, and physical evidence) and customer loyalty. This suggests that the direct influences of these marketing mix elements on customer loyalty are not significantly altered by the level of customer satisfaction. In summary, the research highlights the critical role of product quality, promotional effectiveness, and physical evidence in driving both customer satisfaction and loyalty. It also suggests that while other elements of the marketing mix are important, their direct impact on customer loyalty may be less pronounced, and customer satisfaction alone does not mediate these relationships. These findings provide valuable insights for businesses aiming to enhance customer satisfaction and loyalty through targeted marketing strategies.

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