

## Conference Paper

# The Effect of Marketing Mix on Loyalty Through Customer Satisfaction in PT. Merck Tbk Cabang Medan

Bernandus Simangunsong, Darwin Sitompul, and Isfenti Sadalia

Management Department, Universitas Sumatera Utara, Medan, Sumatera Utara

## Abstract

This study aims to find the effect of marketing mix, which consists of product, price, promotion, and place, on loyalty through customer satisfaction in PT. Merck, Tbk cabang Medan. The determining sampling technique is purposive sampling method. The number of samples is 60 respondents, gathered from the pharmacies that transact in Anugrah Pharmindo Lestari distributor with the most percentage or distribution. The data were conducted through questionnaire and the data analysis is performed by using path analysis. The result of the study shows marketing mix, which consists of product, price, promotion, and place, and is simultaneously and significantly affecting customer satisfaction. Customer satisfaction is significantly affecting loyalty. Lastly, marketing mix, which consists of product, price, promotion, and place, is simultaneously and significantly affecting loyalty. The result also shows that product and price are the most dominant variable in affecting loyalty.

Corresponding Author:  
Bernandus Simangunsong  
bernandus.sm@gmail.com

Received: 29 August 2018  
Accepted: 18 September 2018  
Published: 11 November 2018

Publishing services provided by  
Knowledge E

© Bernandus Simangunsong et al. This article is distributed under the terms of the [Creative Commons Attribution License](#), which permits unrestricted use and redistribution provided that the original author and source are credited.

Selection and Peer-review under the responsibility of the ICOI-2018 Conference Committee.

**Keywords:** marketing mix, product, price, promotion, place, satisfaction, loyalty

## 1. Introduction

Multivitamin products have been in Indonesia market for quite some time. The development of multivitamin products has progressed quite rapidly along with the increasingly dense daily activity of the people in Indonesia. In the beginning, people only take multivitamin when their health condition is declining, they consider taking multivitamin is not a necessary in supporting their daily activity. But in the end, the change in lifestyle and the level of people activity become a factor of the multivitamin industry increase in Indonesia, people are starting to realize the importance of taking multivitamin to maintain their immune system so as not to be tired easily and prone to disease.

With the intense increase of business competition these days, every company is generating a strategy to realize their vision and mission, in order to survive in the business world. For instance, PT Merck is globally performing a 3 x 3 strategy, which

## OPEN ACCESS

means each country has three superior products and 3% market share growth in order to accomplish the company's vision to become a company favored by its customers. Then each country is developing their superior products, whether it is an already existing product or launching a new product. With the growth of public awareness in Indonesia on the importance of health, then it becomes an opportunity to be taken by the company to launch a product that suits the needs of the customers.

On January 15, 2015, PT. Merck is launching a new product called Sangobion FIT with a purpose of adding a new variance of Sangobion products with a different market share, which is a multivitamin for the stamina. By using the Sangobion name, the company is hoping for the customers to be aware of the new product, but in reality there is a decrease in sales overtime. This shows the marketing mix strategy that has been performed previously is not generating an optimal result. Theoretically, marketing mix will affect customer satisfaction and then form loyalty. If a customer is satisfied, there is a chance the said customer will become loyal to the product. A loyal customer is a satisfied customer, but a satisfied customer will not necessarily become loyal, it depends on the satisfaction level of the customer in affecting the customer to become loyal (Risa, 2016).

## 2. Literature Review

### 2.1. Marketing mix

According to Kotler and Keller (2012), marketing mix is the distribution and communication of the customer value to the market. There are four components from marketing mix to enter the market, which are product, price, place, and promotion.

### 2.2. Product

A development of a product requires the company to determine the benefits given by the product. These benefits are being communicated and fulfilled by the attribute of tangible product, such as quality, features, and design. Product quality demonstrates the ability of a product to perform its function, product features is a competitive means to differentiate the product from its competitor, meanwhile design contributes the usefulness and the features of the product (Tjiptono, 2008).

### 2.3. Price

Kotler and Armstrong (2012) stated price is the amount of money the customers have to pay to be able to obtain the product. Generally, there are three strategies of price utilized by the company, as follows:

1. Pricing based on the cost
2. Pricing based on the value
3. Pricing based on the competition

### 2.4. Place

Place (distribution channel) is a channel utilized by the manufacturers to distribute the goods from the distributors to the industrial users (Dharmaesta and Irawan, 2007). Place includes the activity of the company in producing an available product for the target market. Choosing a right location can affect the overall profit increase of a company. The factors to be considered in choosing a location are close proximity to industrial region, offices, government centers, markets, housing, numbers of competitor, as well as an adequate facilities and infrastructures (Kotler and Armstrong, 2012).

### 2.5. Promotion

Promotion is an activity to communicate a product with an intention to coax the target market to purchase the product (Thahjono, 2013). Furthermore, Amalia (2012) posited promotion is an essential thing to be performed to open a new opportunity of a new market and expand the marketing network. There are several ways to conduct a promotion activity, such as: Advertising, Sales Promotion, Personal Selling, Public Relation, Direct Marketing (Kotler and Armstrong, 2012).

### 2.6. Customer satisfaction

Essentially humans are curious-beings and always want to try something new, therefore it is necessary to be acknowledged that a satisfied customer will not necessarily become a loyal customer. Thus, a right strategy is needed to prevent the customers from moving to other products, for example, by giving discount to the loyal customers.

## 2.7. Customer loyalty

Griffin (1995) uttered a loyal customer is a customer who is being reflected in the following characteristic: Repurchase regularly, Purchase between a product line and service, Give a reference to others, Demonstrate an immunity to other competitors.

## 2.8. The relationship of marketing mix and customer satisfaction

Dharmesta and Irawan(2007) proposed marketing mix is a combination from four variables, which are product, price structure, promotion activity, and distribution system. These four elements of marketing mix are related and affect each other, therefore an attempt to generate a marketing policy which leads to an effective service and customer loyalty is needed. In marketing mix, there are variables that mutually support each other, which later will be combined by the company to get a desired response from the target market. With such device, a company can affect the demand of its product. So, the more the company understands the demand of the customers, the more satisfied the customers will be.

## 2.9. The relationship of customer satisfaction and customer loyalty

The relationship of marketing mix and customer satisfaction is not always the same due to it is being affected by several factors, one of which is the product itself. In an industry where a product has a low involvement, satisfaction is often become the dominant driving factor in forming the customer loyalty. While, a product with high involvement, other factors are more dominant in forming their customer loyalty. Despite of that customer satisfaction becomes one of elements in forming the customer loyalty in spite of its influence. Thus, when a customer feels satisfied with a product with high involvement, a customer will not necessarily become loyal due to other dominant factors in forming customer loyalty (Rahmiati, 2012).

## 3. Previous Research

Research Analysis of Product Quality and Price In Improving Loyalty Through Customer Satisfaction In Prepared Fruit Juice Drink, by Wardani (2012). This study aims to obtains information about customer satisfaction Frutang drink in Gedangan, Sidoarjo. The study used primary data obtained from the answer of 112 respondents'. From the results of

causality exhibits that only quality of products that have a positive influence significant to customer satisfaction. And the other two hypotheses have not been able to give significant results because there are other factors in it.

Research the Effect of Customer Satisfaction Against Customer Loyalty, by Rahmiati (2012). This study aims to determine the effect of customer satisfaction through dimensional variables of product quality, price, and service quality to customer loyalty. The research data was obtained through questionnaires to 175 Honda vario buyers who are at least 17 years old and have performed service at least 2 times in Honda official dealer by using purposive sampling method. The results of this study exhibits that customer satisfaction has a positive and significant influence for customer loyalty, and their respective dimensions are product quality, price, and service quality also have a positive and significant impact on customer loyalty and price becomes the most dominant dimension of influence between the three.

Research The Effect of Marketing Mix On Consumer Loyalty Through Consumer Satisfaction, by Eka and Hening (2016). This study aims to find the effect of product, price, promotion, and location to customer loyalty through customer satisfaction at Matahari department store Delta Plaza Surabaya. Data collection using questionnaire method and data analysis method using path analysis. Menunjukkan bahwa produk, promosi, harga, dan lokasi secara langsung mempengaruhi kesetiaan konsumen, pengaruh kepuasan konsumen yang signifikan terhadap loyalitas konsumen, produk, harga, promosi dan lokasi secara tidak langsung mempengaruhi kesetiaan konsumen, melalui kepuasan konsumen.

The result of Lumintang (2013) research shows that the marketing mix consisting of price, product, distribution and promotion variables significantly influence consumer loyalty as simultaneously and partially.

With the existing problems, the conceptual framework in this research is Product ( $X_1$ ), Price ( $X_2$ ), Promotion ( $X_3$ ), and Place ( $X_4$ ) together affect the satisfaction of customers and Products ( $X_1$ ), Price ( $X_2$ ) Promotion ( $X_3$ ), and Place ( $X_4$ ) simultaneously affect customer loyalty through customer satisfaction as intervening variable.

The results of previous research, conceptual framework, and phenomenon that occur then the hypothesis in this study are as follows:

$H_1$ : Marketing mix consist of product, price, place and promotion simultaneously or together influential and significant to customer satisfaction Sangobion Fit

H<sub>2</sub>: Marketing mix consist of product, price, place and promotion simultaneously or together affect the customer loyalty of Sangobion Fit through satisfaction as intervening variable

## 4. Research Methodology

The methodology used in this study is correlational research method, which aims to find out the magnitude of variations significance on a factor affiliated with variations on one or more other factors based on correlation coefficient (Sinulingga, 2016). This study will analyze the influence of independent variables, consist of product, price, place, and promotion on dependent variable, which is loyalty through intervening variable, that is customer satisfaction of Sangobion Fit product in PT Merck, Tbk Medan branch.

Sugiyono (2012) declared population is a generalization consisting of object/subject with certain quality and characteristic applied by the reseacher to be studied and then concluded. The population of this study is the customers who purchase Sangobion Fit product in 2016 of 368. In this study the number of sample is based on the opinion of Roscoe in Sinulingga (2016), if the research is related to multivariate analysis (correlation analysis or multiple regression) then sample size is usually at least ten times the number of the variables studied. Seen from the conceptual framework, there are six variables, hence the sample in this study is at least 60 respondents. The respondents will be given a questionnaire in the pharmacies in Medan.

The data collection technique used in this study is documentation technique and interview, by gathering all the data needed to solve the problems formulated in the research aim, conducting interviews to the respondents, and documenting it.

This technique is usually used to analyze the data that can be stated in numbers. The data is obtained from the questionnaire response with Likert scale and processed using SPSS program Regression model with intervening variable is a multilevel relationship, hence for the regression analysis path analysis is used (Situmorang and Lutfi, 2012). Path analysis is used to test the magnitude of influence shown by path coefficient on every path diagram from the causal relationship between  $X_1$ ,  $X_2$ ,  $X_3$ , and  $X_4$  on  $Y$ . Correlation and regression analysis is the basis of path calculation.

Regression models that have fulfilled the classic assumption requirements will be used to analyze through hypothesis test, namely: Determination Coefficient, Partial Test ( $T$ -Test), Simultaneous Test( $F$ -Test).

The operational definition of research variables consists of Product ( $X_1$ ) is the subjective understanding of the producer for 'something' that can be offered as an effort

to achieve the organization’s goals through the fulfillment of consumer needs and desires, in accordance with the competence and capacity of the organization and purchasing power. Price (X<sub>2</sub>), that is, Monetary Unit or other measure (including goods and services) which exchanged in order to obtain the right of ownership or use of a good or service. Measurements of these variables are price affordability, product quality conformity and price competitiveness. Promotion (X<sub>3</sub>) is a marketing communication or marketing activity to disseminate information, influence, persuade and or remind company target markets and its products to be willing to accept, buy and loyal to the products offered by the company concerned (Tjiptono, 2008).

Place (X<sub>4</sub>) is a marketing activity to smoothen and facilitate the delivery of goods and services from producers to consumers, so that users in accordance with need. Customer satisfaction (Y) is the feeling somebody pleasure or disappointed who emerged after comparing the performance products that are thought to the expected performance. Customer Loyalty (Z) is a loyalty of the customer toward the product of multivitamins Sangobion Fit in fulfill customer needs. This loyalty is manifested in repeat purchases on Sangobion Fit products (Kotler and Keller, 2012).

## 5. Result

TABLE 1: Result of path analysis of marketing mix on customer satisfaction.

Hypothesis	Exogenous Variable	Endogenous Variable	B	t	Sig.	F	Sig.	Determination Coefficient (R <sup>2</sup> )
H1	Customer Satisfactory	Product	0.232	1.956	0.056	26.451	0.000 <sup>b</sup>	0.633
		Price	0.203	1.564	0.124			
		Promotion	0.968	4.711	0.000			
		Place	0.573	2.666	0.010			

Source: Processed Data (2018).

The determination coefficient obtained from table 1 is 0.633, showing there is only 63.3% of customer satisfactory variable can be explained by marketing mix variable, the remaining is explained by other factors and error. From the result of *F*-test, it is obtained the significance level = 0.000 < 0.05, then Ho is rejected and Ha is accepted. This means the marketing mix, which consists of product, price, promotion, and place, is simultaneously and significantly affecting customer satisfaction. The partial test or *t*-test demonstrates promotion and place are significantly affecting customer satisfaction and the most dominant variable to affect customer satisfactory is promotion.

TABLE 2: Result of path analysis of marketing mix on loyalty through customer satisfactory.

Hypothesis	Exogenous Variable	Endogenous Variable	B	t	Sig.	F	Sig.	Determination Coefficient (R <sup>2</sup> )
H2	Loyalty	Product	0.896	13.766	0.000	103.764	0.000 <sup>b</sup>	0.906
		Price	0.526	7.495	0.000			
		Promotion	0.271	2.101	0.040			
		Place	0.428	3.537	0.001			
		Product	0.225	3.144	0.003			

Source: Processed Data (2018).

From the result of *F*-test in Table 2, it is obtained the significance level = 0.000 < 0.05, which means *H*<sub>0</sub> is rejected and *H*<sub>a</sub> is accepted. This shows the marketing mix, which consists of product, price, promotion, and place, is simultaneously affecting loyalty. It indicates the rise and fall of the loyalty level is determined by the level of marketing mix, which consists of product, price, promotion, and place, with loyalty. The result of *t*-test exhibits that partially marketing mix is significantly affecting loyalty, and the most dominant variable is product and price.

From the result of validity test, exhibits that correlation value of each statement on product variable, price, promotion, place, satisfaction, and customer loyalty is bigger than *r*-count 0,250 so it can be concluded that all statements for each research variable have valid. Based on the reliability test results exhibits Cronbach's Alpha value 0.902 so that the reliability test results are then declared reliable because the value of Cronbach's Alpha is greater than  $\alpha \geq 0.60$

## 6. Discussion

Based on the result, it is revealed product, price, promotion, place, and customer satisfaction have effect on loyalty. Loyalty is a measurement of the customer attachment to a brand. Generally, a customer is said to be satisfied with the performance of a product or service. This is in accordance with Kotler and Armstrong (2012), who posited product is complex nature that can be touched, including the color, price, company's achievement, and retailer accepted by the customers to satisfy the needs and desire. This forces the company to produce a product with its own distinctive identity, value, and quality which is able to satisfy the customers and become strength for the company to generate loyalty.

Customers will choose a product with a good quality. In this study the customers assess Sangobion Fit product has a good quality and is suitable with the needs of the

customers. From this study, it is known Sangobion Fit product is suitable with the desire of the customers. This is in line with a study of Wardani (2012), who uttered product quality has a positive effect on customer satisfaction.

The result demonstrates marketing mix, which consists of product, price, promotion, and place, is affecting customer satisfactory. This can be seen from the level of relationship between the four variables of 0.658 is strong. Any change of product, price, promotion, and place can affect customer loyalty. From the result of *F*-test, it obtained product, price, promotion, and place are simultaneously and significantly affecting customer loyalty with *F*-value = 26.451, and significance value =  $0.000 < 0.05$ . From the study result, it is obtained promotion and place are positively and significantly affecting customer satisfaction.

The study result reveals marketing mix, which consists of product, price, promotion, and place, has an effect on loyalty. It can be viewed by R value =  $0.906 = 90.6\%$ . The higher the R value the closer the relationship will be. From the *F*-test, it can be seen product, price, promotion, place, and customer satisfactory are simultaneously has a positive and significant effect on the loyalty of Sangobion Fit customers in Medan, which can be seen from the *F*-value = 103.764, and significance value =  $0.00 < 0.05$ . This is in line with a research performed by Rahmiati (2012), that customer satisfaction has a positive and significant effect on the forming of loyalty.

## 7. Conclusion

1. The study result for *F*-test shows marketing mix, which consists of product, price, promotion, and place, is simultaneously has a positive and significant effect on the satisfaction of Sangobion Fit customers in PT Merck, Tbk Medan Branch.
2. Marketing mix, which consists of product, price, promotion, and place, has a direct and significant effect on loyalty, bigger than the effect of marketing mix on customer satisfaction.
3. From the result, it can obtained product and price are the most dominant variables in affecting loyalty. The direct effect of product on loyalty is bigger than the effect of product on loyalty through customer satisfaction. In performing its marketing strategy, PT Merck has to improve the quality of its product by increasing the composition of the product, and promotional price should be used in the pricing strategy.

## References

- [1] Amalia, A., Hidayat, W., and Budiatmo, A. (2012). Pengembangan Usaha pada UKM Batik Semarang di Kota Semarang. *Jurnal Ilmu Administrasi Bisnis*, pp. 1–12.
- [2] Dharmesta and Irawan. (2007). *Manajemen Pemasaran Modern* (Edisi kedua). Yogyakarta.
- [3] Darnawi. (2014). Pengaruh Konsep Bauran Pemasaran Terhadap Kepuasan Konsumen dan Keputusan Membeli Produk Batik di Megaria Batik Malioboro. *Jurnal Media Wisata*, vol. 12, no. 1.
- [4] Eka, D. H. and Hening W. O. (2016). Pengaruh bauran pemasaran terhadap loyalitas konsumen melalui kepuasan konsumen. *Jurnal Ilmu dan Riset Manajemen*, vol. 5, no. 11.
- [5] Griffin, J. (1995). *Customer Loyalti: How to Earn It, How to Keep It*. USA: Simon and Schuster Inc.
- [6] Kotler, P. (2002). *Manajemen Pemasaran*. Jakarta: Erlangga.
- [7] Kotler, P. and Keller, K. L. (2012). *Manajemen Pemasaran* (Edisi 12 Jilid 1). Jakarta: PT. Indeks.
- [8] Kotler, P. and Amstrong, G. (2012). *Manajemen Pemasaran*. Bandung: Alfabeta.
- [9] Lupiyoadi, R. and Hamdani, A. (2006). *Manajemen Pemasaran Jasa*. Jakarta: Salemba Empat.
- [10] Lumintang, A. A. (2013). Marketing Mix Pengaruhnya Terhadap Loyalitas Konsumen Sabun Mandi LifeBouy di Kota Manado. *Jurnal EMBA*, vol. 1.
- [11] Mardalis, A. (2006). Meraih Loyalitas Pelanggan. *Jurnal Fakultas Ekonomi Universitas Muhammadiyah Surakarta*.
- [12] Mevita, A. S. and Supriyadi, H. (2013). Pengaruh Bauran Pemasaran Terhadap Kepuasan Konsumen. *Jurnal Ilmu dan Riset Manajemen*, vol. 2, no. 9.
- [13] PT. Merck, Tbk. (2016). *Laporan Bulanan dan Product Knowlage*. Jakarta: Merck.
- [14] Risa, M. M. (2016). Pengaruh Bauran Pemasaran Terhadap kepuasan Konsumen Roti Merek Sari Roti. Thesis. Sekolah Pasca Sarjana Institute Pertanian. Bogor.
- [15] Rahmiati, M. (2012). *Pengaruh Kepuasan Pelanggan Terhadap loyalitas Pelanggan* (Studi kasus Honda vario). Fakultas Ilmu Sosial dan Ilmu Politik. Universitas Indonesia.
- [16] Sugiyono. (2012). *Metode Penelitian Bisnis*. Cetakan Ke 16, Penerbit Alfabeta Bandung.
- [17] Sinulingga, S. (2016). *Metode Penelitian*. Medan: USU Press.

- [18] Situmorang, S. H. and Lutfi, M. (2012). *Analisis data untuk Manajemen dan Bisnis*. Medan: USU Press.
- [19] Tjiptono, F. 2008. *Perspektif Manajemen dan Pemasaran Kontemporer*. Yogyakarta. Andi
- [20] Tjahjono, A., et al. (2013). Analisis Marketing Mix Lingkungan Sosial Psikologi Terhadap Keputusan Pembelian Online Pakaian Wanita. *Jurnal Manajemen Pemasaran Petra*, vol. 1, no. 2, pp. 1-9.
- [21] Wardani, N. I. K. (June 2012). Analisa kualitas Produk dan Harga Dalam Meningkatkan Loyalitas Melalui Kepuasan Pelanggan pada Minuman Sari Buah Frutang. *Jurnal Neo - Bis*, vol. 6, no. 1.