

Conference Paper

The Effect of Marketing on Consumer Loyalty to the Cosmetic Business Beautyessence with Customer Satisfaction as an Intervening Variable

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Abstract

This research was conducted with the aim of analyzing the influence of marketing mix on consumer loyalty to the cosmetic business Beautyessence with consumer satisfaction as an intervening variable. The variables examined were the marketing mix (X), consumer satisfaction (Y1) and consumer loyalty (Y2). The indicators used for the marketing mix were the product, price, place and promotion. Data were analyzed using the Structural Equation Model (SEM). The sample of 97 respondents were Beautyessence consumers who had made purchases a minimum of 2 times; they were recruited using simple random sampling. The marketing mix had a significant positive effect on consumer satisfaction and consumer loyalty; consumer satisfaction had a significant positive effect on consumer loyalty; and marketing mix had a significant effect on consumer loyalty with consumer satisfaction as an intervening variable with a mediation effect of 30.7%.

Keywords: Marketing mix, consumer satisfaction, consumer loyalty, SEM

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1. Introduction

Beautyessence is a business engaged in natural cosmetics which started its business in 2017 with its main product are eyelash and eyebrow growth serum. It can be seen that sales of eyelash growth serum by beautyessence have stagnated, so it is necessary to do business development and innovation. Beautyessence sales are not growing compared to one of the online shop engaged in the same field, namely the online business "X" which has positive sales growth.

The development of the natural beauty product industry is increasingly fast, making the competition even tighter so that the right marketing strategy is needed to win the competition. The strategy used must be effective in order to influence potential

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consumers to buy products and the business can continue to run if consumers are satisfied with the product purchased and show loyalty. Satisfaction is a critical factor for consumers in making repeat purchases, which is the most considerable portion of the company's sales volume. Kotler and Keller (2007: 177)

Knowledge of consumer satisfaction and loyalty needs to be understood by producers in order to determine the marketing strategies that will be used in the company. One of the marketing strategies that can be used is the Marketing Mix. Philip Kotler defines the marketing mix as a series of controlled marketing variables used by the company to generate company-controlled responses from its target market. The marketing mix consists of everything a company can do to influence the demand for its products, known as the "four P's," namely the product., price, promotion, and place". (Kotler and Keller, 2009: 189) [1].

In promotional activities, management must be able to determine suitable media to promote products. 4Ps have a significant impact on the process of consumer purchasing decisions (Payson and Karunanithy, 2016) [2].

2. Methods

2.1. Research Approach

This thesis approach applies a quantitative approach. The research method used in this research is the explanatory method.

2.2. Place and Time of Research

This research was conducted in January 2020 by distributing questionnaires to Beautyessence consumers. The distribution of questionnaires was carried out online, namely through the WhatsApp and Line applications, to make it easier and more efficient in time.

2.3. Sample Taking Methods

2.3.1. Population

This study's population were all consumers who had purchased at least two times of Beautyessence products in the period from May 2019 to November 2019, namely 371 consumers.

2.3.2. Samples

In this study, researchers used simple random sampling. To determine the size of the sample taken from the population, the researcher used the formula proposed by Slovin in Mustafa (2010: 90) with a 95% confidence level with a value of $e = 0.5$. From the calculations performed, it can be concluded that the sample in this study used 97 respondents.

2.4. Data Collection Method and Procedure

2.4.1. Data Type

The data type in this study is ordinal data. Each research variable was measured using a measuring instrument in the form of a questionnaire that fulfilled the Likert scale type statements.

2.4.2. Data Sources

Data sources obtained from primary data and secondary data. Primary data used in this study were obtained from questionnaires given to the sample, while secondary data in this study were obtained from books, journals, and others.

2.4.3. Measurement Scale

The scale of data measurement collected through questionnaires is to use the Likert scale.

2.5. Variables and Operational Definition

2.5.1. Variables

The independent variables in this study are price, product, place, and promotion. The dependent variable in this study is consumer loyalty. The intervening variable (mediation) referred to in this study, is customer satisfaction.

2.5.2. Operational Definition and Variable Measurement

TABLE 1: Variable Operational Definition

Latent Variable	Definition	Latent Indicator Variable
Marketing Mix	According to Kotler and Armstrong (2016: 51) the definition of the marketing mix is: "marketing mix is the set of tactical marketing tools that the firm blends to produce the response it wants in target markets." [3] This definition states that the marketing mix is a set of tactical marketing tools in the company combining the two to produce the desired response in the target market.	1. Product (X11) 2. Price (X12) 3. Place (X13) 4. Promotion (X14)
Consumer Satisfaction (Moderation)	According to Kotler in Sunyoto's book (2013: 35), consumer satisfaction is the level of a person's feelings after comparing (performance or results) that is felt compared to expectations. Satisfaction in this study is the satisfaction of consumers who have repurchased Beautyessence products. [4]	1. Overall, Beautyessence has live up to econsumer expectations (Y11) 2. Consumers feel happy to buy Beautyessence products (Y12) 3. Consumers are satisfied to buy Beautyessence products (Y13)
Consumer Loyalty (Y)	A firmly held commitment by consumers to repurchase a preferred product or service regardless of the situation that may influence behavior change. (Kotler & Keller, 2016: 153) [3]	1. Make repeat purchases 2. Keep buying even if the price increases 3. Recommend to others

2.6. Data Analysis Techniques

The data analysis technique used in this study is to use SEM (*Structural Equation Modeling*) because this study aims to develop a theory.

2.6.1. Assessment Criteria

In PLS, there are several evaluations of the structural model (inner-outer) and measurement model (outer model). In evaluating the measurement model, testing for convergent validity, discriminant validity, composite reliability, and Average Variance Extracted (AVE) was conducted. Meanwhile, in the structural model evaluation, the R-squared (R2) test and the path coefficient estimation test are carried out.

The formulation of the hypothesis on the significance test is as follows:

H0: The independent variable does not have a significant effect on the dependent variable
 H1: The independent variable has a significant effect on the dependent variable.

3. Results

3.1. Characteristics of Respondents

TABLE 2: Profile of Respondents

Profile	Frequency	Percentage	
Gender	Female	97	100%
Age	17-20	16	16,49%
	21-24	46	47,42%
	25-28	26	26,80%
	>28	9	9,28%
Occupation	Student	47	48,45%
	High school student	5	5,15%
	Entrepreneur	15	15,46%
	Private employee	12	12,37%
	Civil servant	8	8,25%
	Housewife	6	6,19%
	Others	4	4,12%
Pendidikan	High school/equal	16	16,49%
	Diploma	13	13,40%
	Graduate	62	63,92%
	Postgraduate	6	6,19%

3.2. Analysis of Partial Least Square (PLS)

Structural Models to describe relationships between variables research is presented as follows.

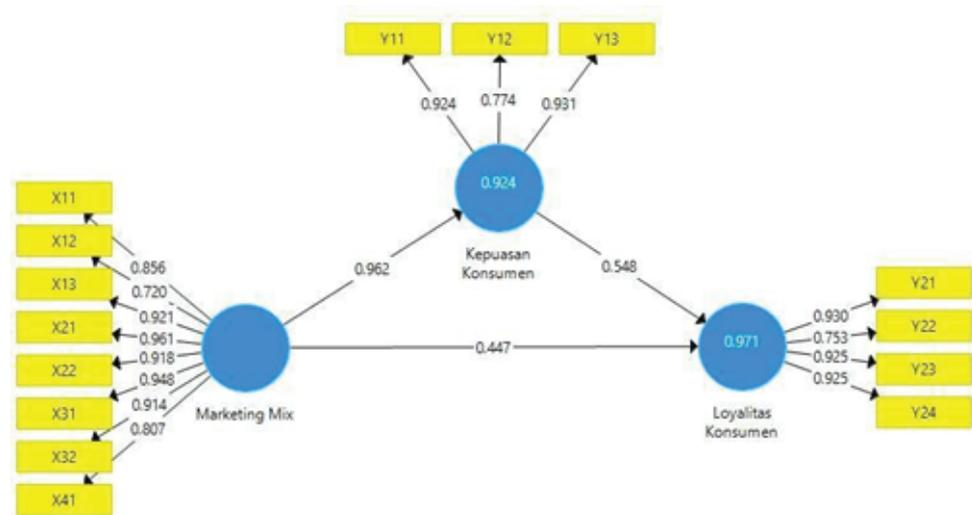


Figure 1: Structural Model PLS (Source: Data processed in 2020)

3.3. Outer Evaluation Model

3.3.1. Convergent Validity

Based on the research result, note that the value outer loading of each indicator on research and AVE three variables, each variable indicating that indicators used in this study meet convergent validity.

3.3.2. Discriminant Validity

Based on the results of the study, it can be seen that the cross-loading value of each indicator measuring each research variable has met the discriminant validity of the AVE root value of each variable has a bigger value than the correlation value between variables, so it can be said that each The variables in this study have met the discriminant validity.

3.3.3. Reliability

Based on the results of the Cronbach alpha value of each research variable and the composite reliability value, it can be concluded that each variable is reliable.

3.4. Inner Model Evaluation

3.4.1. R-Square

Value The R-Square value of the customer satisfaction variable is 0.851, which means that the marketing mix can affect customer satisfaction by 85.1%. The consumer Loyalty variable has an R- Square value of 0.949, which means, marketing mix and customer satisfaction affect consumer loyalty by 94.9%.

3.4.2. Q-Square

From the results of the above calculations, it can be seen that the value of Q-Square is 0.992, which indicates that this research model can predict 99% of Beautyessence consumer loyalty.

3.5. Hypothesis Testing

The hypothesis is accepted when the significance level is less than 0.05 or has a t-statistic exceeding its t-table value(Hair et al., 2014). The t-statistic value for the 5% significance level, with a sample of 97 is 1.98. Based on the results of the t-statistic value assessment, it can be concluded that the indicators can explain the corresponding variables.

3.5.1. Analysis of Direct Effect

Based on research results, it can be seen that the marketing mix has a significant effect on customer satisfaction in a positive direction. The original sample value is 0.467, which indicates that the direction of the relationship between the marketing mix has a positive effect on consumer loyalty. Thus, the first hypothesis is accepted.

The second hypothesis is that the marketing mix has a significant effect on Beautyessence consumer loyalty. The original sample value is positive, with a value of 0.925, which indicates that the direction of the relationship between the marketing mix and customer satisfaction is positive. Thus the second hypothesis is accepted.

The third hypothesis is that customer satisfaction has a significant effect on consumer loyalty Beautyessence. The original sample value is 0.467, which indicates that the direction of the relationship between the marketing mix has a positive effect on consumer loyalty. Thus, the third hypothesis is accepted.

3.5.2. Analysis of the Indirect Effect (Intervening)

Based on research results, it is known that the fourth hypothesis, namely the indirect effect of the marketing mix on consumer loyalty, has a significant value. Marketing mix has an effect on consumer loyalty with customer satisfaction as an intervening variable is positive. Thus, the fourth hypothesis is accepted.

4. Discussion

4.1. Relation between Marketing Mix and Customer Satisfaction

Based on the test results of the research, there is a positive and significant influence between the marketing mix and customer satisfaction, which can be seen through the t statistical value of 3,640, which has a value above the t table value of 1.98 and the p-value of 0.000 below 0.05. So it can be said that the marketing mix has a significant effect on customer satisfaction and has a positive direction by looking at the value of the original sample, namely 0.467. These results can be interpreted that the better the marketing mix is carried out, the consumer satisfaction will increase and vice versa. If the marketing mix is terrible, consumer satisfaction is low.

Based on the results of the research, the highest mean value is 4.57 on item X31, namely the place variable, with a statement that Beautyessence products are easy to find and buy online. This means that consumers find products from Beautyessence easy for them to find and buy online. In addition, with the same mean value, item X11, with the product statement from Beautyessence carries out its functions and benefits well. This means that consumers feel the benefits of using Beautyessence products. By fulfilling the indicators place and product properly, customer satisfaction is achieved.

This study is in accordance with research conducted by Raharjo, et al. (2019), Kurniawan, et al (2016) and Nuseir, et al (2015) [5-6], which stated that the place or distribution channel affects customer satisfaction. In addition to place, products also affect customer satisfaction according to research conducted by Oktaviani (2014), which stated that the marketing mix that affects customer satisfaction is a product variable. Consumers judge the price and product of a business based on their experience. As a result, businesses will be remembered by consumers if they are satisfied with the ease of purchase and products that benefit from it.

4.2. Relation Marketing Mix with Consumer Loyalty

Based on the test results, there is a positive and significant influence between the marketing mix and customer loyalty, which can be seen through the t statistical value of 53.363, which has a value above the t table value of 1.98 and a p-value of 0.000 below 0.05. So it can be said that the marketing mix has a significant effect on consumer loyalty and has a positive direction by looking at the original sample figure, namely 0.925. These results can be interpreted that the better the marketing mix is done, the consumer loyalty will increase. If the marketing mix is bad, then the consumer loyalty is low.

The results of this study are in line with research conducted by Sya'idah and Jauhari (2018), which stated that consumer loyalty can be formed from product variables and place of distribution (place [7]). Distribution is a marketing activity that facilitates the delivery of goods and services from producers to consumers. So that consumers will loyal by buying products again and even recommending products to others if they feel the product is functioning properly and has good distribution channels.

4.3. Relation between Customer Satisfaction and Consumer Loyalty

Based on the test results, there is a positive and significant influence between customer satisfaction and customer loyalty, which can be seen through the t statistical value of 113.194 has a value above the t table value of 1.98 and a p-value of 0.000 below 0.05. So it can be said that consumers have a significant effect on consumer loyalty and have a positive direction by looking at the original sample figure, namely 0.965. These results can be interpreted that the better consumer satisfaction increases, customer loyalty will also increase and vice versa. If customer satisfaction decreases, consumer loyalty will also decrease.

These results are in accordance with research conducted by Dewi, et al. (2012), Yanto and Trianasari (2015) and Hermawan (2015), which stated that consumer satisfaction has a positive and significant effect on consumer loyalty [8-9].

4.4. Relation between Marketing Mix and Consumer Loyalty with Customer Satisfaction as an Intervening Variable

Based on the research result, there is a positive and significant influence between customer satisfaction and customer loyalty, which can be seen through the t statistical value of 113.194, which has a value above the t table of 1,98 and a p-value of 0.000 below 0.05. So it can be said that consumers have a significant effect on consumer loyalty and have a positive direction with an original sample value of 0.432. These results can be interpreted that the better customer satisfaction increases, the more consumer loyalty will be increased and vice versa and vice versa. If customer satisfaction decreases, then consumer loyalty will decrease.

The results of this study are in line with research conducted by Sawitri, et al. (2017), which found that the marketing mix (product, promotion, place, person, process) has a positive effect on consumer loyalty through customer satisfaction as a mediator variable (intervening) [10]. Herawati and Qomariyah (2017) also have similar research results, which stated that customer satisfaction can be used as an intervening variable in the relationship between price and customer loyalty.

5. Conclusion

The conclusions from this study are as follows:

1. Based on the results of data analysis using the PLS method, the t-statistic value of the marketing mix effect on the consumer satisfaction test is above 1.98, so it can be said that the marketing mix has a significant effect on consumer satisfaction. So that if the company carries out the marketing mix strategy well, consumer satisfaction will be achieved as well.
2. Based on the results of data analysis using the PLS method, the t-statistic value of the marketing mix effect on the consumer loyalty test has a value above 1.98. This shows that the marketing mix has a significant effect on consumer loyalty. So that if the company carries out the marketing mix strategy well, consumer loyalty will be achieved well too.
3. Based on the results of data analysis using the PLS method, the t-statistic value of the test of the effect of customer satisfaction on consumer loyalty has a value above 1.98. This shows that customer satisfaction has a significant effect on customer

loyalty. So that if customer satisfaction is achieved, consumer loyalty will also be obtained by the company.

4. Based on the results of the PLS test with the effect of mediation, the results show that customer satisfaction is able to mediate some of the effects of the marketing mix on consumer loyalty.

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Conflict of Interest

The authors have no conflict of interest to declare.

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