

# **Among Marketing Mix and Customer Satisfaction: Does Brand Image Have Intervening Effect?**

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## **ABSTRACT**

The efforts of the firm in anticipating the increasing trend of fierce competition recently is to apply proper marketing strategies, and one of such strategies is so called marketing mix strategy. As a result of proper marketing mix strategy implementation, once customer satisfaction greatly influences purchasing decisions, it will create the opportunities for customers to make subsequent purchases. Through a literature study, this study finds that there are many studies explain the role of marketing mix on customer satisfaction. Nevertheless, this study finds that there are lesser prior studies explain the mediating role of brand image on the relationship of marketing mix and customer satisfaction. Additionally, for the novelty of this study, many studies have been conducted in explaining the role marketing mix on customer satisfaction, however, such studies only focus on the Western countries, and lack of prior studies have been highlighted on the Asian region, especially within the developing countries. This study then intends to conduct an investigation that mainly focuses on the mediating role of brand image on the relationship between distribution, price, and promotion, and customer satisfaction. As a research novelty and theoretical contribution of this study, interestingly, this study finds that brand image becomes one of critical factor in influencing customer satisfaction, whereas, distribution, price, and promotion have no significant impact on customer satisfaction. For managerial contribution, this study elaborates in the particular sections of this paper.

*Keywords: marketing, customer satisfaction, brand image, distribution, price, promotion*

## **1. INTRODUCTION**

Along with the growth of economic and technological development, the business world is also currently experiencing a rapid development with the emergence of various companies that compete in creating products and services to meet the needs and desires of the potential customers [1]. One of the crucial steps that has a great prospective in order to meet the needs and desires of the potential customers is by carrying out marketing activities [2]. Marketing relates to the process of identifying and meeting the needs of the potential customers. Through the fulfilment of customers' needs, there will bring a great opportunity for a firm to influence customers' purchase decisions, and eventually to satisfy customer's needs. If a customer is satisfied, a firm has a great potential to increase its sales level and profit [3].

Subsequently, a product, in marketing perspective, must have a good brand image because brand image is a perception that lasts for some particular periods and is shaped through experience, and is relatively consistent [4]. Therefore, customers' attitudes and actions towards a brand image greatly influence their purchasing decisions. Without a strong brand image, it is very difficult for a firm/firm to attract customers in making purchasing decisions, especially in a rapid development of business world recently.

Furthermore, the efforts of the firm in anticipating the increasing trend of fierce competition recently is to apply proper marketing strategies, and one of such strategies is so called marketing mix strategy. [5]. Marketing mix contains four factors, which are products, especially product availability, distribution, promotion, and price. These four elements of the marketing mix then have the potential to affect customer satisfaction. As a result of proper marketing mix strategy implementation, once customer satisfaction greatly influences purchasing decisions, it will create the opportunities for customers to make subsequent purchases [2, 6]. If the customer is satisfied with a product brand, the product will be recorded in the customer's memory, so the potential to switch to another product is very small. Customer satisfaction is also influenced by making the right decisions when choosing products which is also a benchmark of the success of marketing activities. If customer satisfaction is achieved, it will have positive implications for customer loyalty and increased sales level of a product/service [7].

In regard with the discussions above, through a literature study, this study finds that there are many studies explain the role of marketing mix on customer satisfaction. Nevertheless, this study finds that there are lesser prior studies explain the mediating role of brand image on the relationship of marketing mix and customer satisfaction. Additionally, for the novelty of this study, many studies have been conducted in explaining the role marketing mix on customer satisfaction, however, such studies only focus on the Western countries, and lack of prior studies have been highlighted on the Asian region, especially within the developing countries. Following the lack of literature above, this study then intends to conduct an investigation that mainly focuses on the mediating role of brand image on the relationship between a product's distribution, price, and promotion, and customer satisfaction in Indonesia.

## **1.1 Literature Review**

### **A. Customer Satisfaction**

Customer satisfaction is considered as a feeling of pleasure or disappointment of an individual (customer) whether a product/service, which has been bought and used, fulfils such individual's expectation [8-10]. If the customer is satisfied, then the product/service meets the customer expectation, vice versa. Customer satisfaction is also a key driver for customer retention and loyalty [9]. Some customers base their satisfaction solely on price, while most other customers base their satisfaction on purchasing decisions on the level of satisfaction of the product they need. The indicators of customer satisfaction, based on the study of Mustafa, Akbar [1], are: (a) feeling of satisfied or dissatisfied, which is considered as an expression of satisfaction or dissatisfaction from the customers after buying and using a product/service; (b) a positive growth of repurchasing behavior, which is the customers will continue to use and buy a product/service; (c) recommendation to others, which is the customers who feel satisfied after buying and using a product/service will tell it to others and it can potentially create a new customer for a company; and (d) the fulfillment of customer expectations after purchasing and using a product/service.

### **B. Distribution**

According to the study of Keller [11], distribution in marketing mix is considered as a company's decision in determining how its products can be accessed by customers and a company must develop strategies to ensure that products are distributed properly and conveniently to the customers. Additionally, the study of Thabit and Raewf [12] implies that distribution channel is an intermediary to move product/service from producers to customers. Distribution channel is an important activity that facilitates the delivery of product/service so that sales can be achieved according to the desired target. Khan [13] also states that there are two types of distribution channel, which are direct distribution channel that is a form of distribution of product/service from producers to customers by not going through several

intermediaries/agents; and indirect distribution channel that is a form of distribution channel that uses the services of intermediaries/agents to distribute goods or services to customers. The indicators of distribution are also divided into two kinds: (a) the product is available; and (b) the product is unavailable.

## **B. Price**

The study of Mustafa, et al. [1] suggests that price is the amount of money needed to obtain a certain amount of product/service. Things that need to be considered in setting prices are costs, advantages of competitors, and changes in the needs of market. Understanding the form of price in marketing is distinguished from two kinds of price: (a) an affordable price that is a price meets the expectation of the customers; and (b) unaffordable price that is a price beyond the expectation of the customers. Additionally, Kotler [3] states that the more quality products and services received by consumers, the greater the price of products and services paid. Additionally, a pricing technique is very important considering that price is one of the causes of product/service offered, are sold or not.

## **C. Promotion**

Scholars, such as, Musa, Haeruddin [5] and Mustafa, Mustafa [14] suggest that a promotion is one of the variables in the marketing mix that is very important to be implemented by firm in order to sell its product/service to customers. Promotional activity is not only function as a means of communication between companies and consumers, but also as a tool to influence customers in the activity of purchase decision in accordance with their wants and needs. There are four indicators of a promotion which are derived from the approach of both the promotional strategies, one focuses on consumer goods and other is on industrial goods. A promotional strategy, which focuses on consumer goods tends to apply (a) an advertising equipment, and (b) display dealers, considering that such goods are widespread, so they do not require any demonstrations of promoted product/service. While on the industrial goods, it will be more effective to use a promotional strategy through personal program channels, such as (c) sales promotion; and (d) personal selling [5].

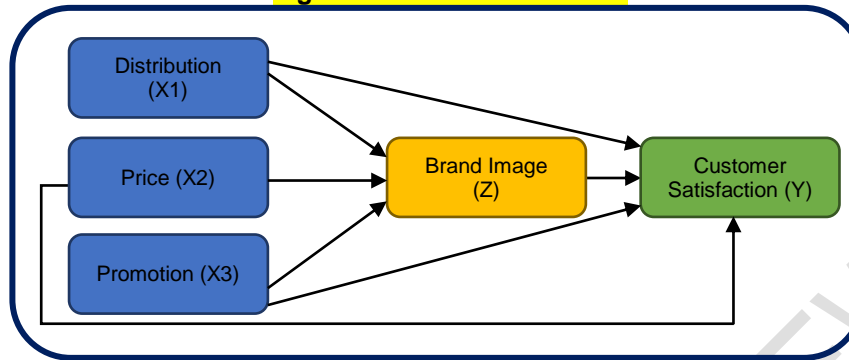
## **D. Brand Image**

Brand is a mark, symbol, design or combination of these, which is intended to identify a product/service of a person or group of sellers and to distinguish them from product/service of competitors. Brand image can be also a source of information for the customer in determining something that is desired and needed for a particular brand and can be a differentiator from competitors' product [4]. Falahat, Ramayah [6] as well as Mohammed and Rashid [15] also recommend that brand image can be grouped into several indicators, namely: (a) perceived quality, which is the customer's perception of the overall quality or excellence of a product/service with respect to the customer's intention and expectation; (b) product image, which is something related to the customer's memory of a product/service; and (c) brand loyalty, which is a measure of a customer's loyalty to a brand.

## **1.2. Research Framework**

Based on research framework in Figure 1, this study aims to explore the role of distribution, price, and promotion on customer satisfaction as well as the role of brand image as the moderating variable on the relationship of distribution, price, as well as promotion, and customer satisfaction. As shown in Figure 1, distribution represents the first independent variable (X1), price is the second independent variable (X2), and the third variable is promotion (X3). For dependent variable is customer satisfaction (Y) and brand image as the moderating or intervening variable (Z).

**Fig. 1. Research Framework**



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### 1.3. Research Hypothesis

Based on the discussions within the earlier sections of this study, this study then constructs the research hypothesis of this study in the following Table 1 below.

**Table 1. Research Variables and Indicators**

Hypothesis	
H1	There is a direct effect of distribution, price, and promotion on brand image.
H2	There is a direct effect of distribution, price, and promotion on customer satisfaction.
H3	There is an indirect effect of distribution, price, and promotion on customer satisfaction with the mediation role of brand image.
H4	Brand image mediates the relationship between distribution and customer satisfaction.
H5	Brand image mediates the relationship between price and customer satisfaction.
H6	Brand image mediates the relationship between promotion and customer satisfaction.

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### 1.4. Research Methods

This study applies a quantitative method approach. Quantitative method is a research method, which is based on the philosophy of positivism, that is used (a) to examine the population of a particular sample; (b) to determine the appropriate sampling technique; (c) to define a suitable data collection method e.g. through the application of several research instruments; and (d) to apply a correct statistical data analysis [16-18].

#### 1.4.1. Research Design and Data Analysis

The data sources used in this study are as follows: (a) the primary data is a data source, which is from Nestle's sales product report. The product is called Susu Beruang of Nestle that is sold at two supermarkets called, Toko Satu Sama and Grand Toserba in Makassar,

Indonesia; and (b) the secondary data is a data source, which is from the reports of a company called PT Nestle Indonesia. Additionally, this study also distributes a questionnaire as well as conducts an interview and the acquirement of any informative and useful documents. Furthermore, the location of this study is in two shops located in Makassar, Indonesia, called Toko Satu Sama and Grand Toserba. The reason to conduct a research on those shops is because those shops are considered as big shops in Makassar and they are always full of abundant customers every day. The period of this study is from January 2023 to June 2023. The population of this study is all the customers who have come and purchased anything for two times at Toko Satu Sama and Grand Toserba, and there are 135 people as the sample size of this study. The sampling technique of this study is a purposive sampling of non-random sampling technique. This study also applies a quantitative test approach, especially through the application of a statistical measurement tests, which is called the test of partial least square (PLS) in order to come up the result of outer model test or model assessment, and path coefficients test or hypothesis test.

### 3. RESULT AND DISCUSSION

#### 3.1. The Results of Outer Model Test

Table 2 and Figure 2 demonstrate the results of outer model test, which show that the score of the loading factor from each variable is higher than 0.6. This means that all variables and indicators are valid and reliable to be measured with the outer model test.

Furthermore, this study finds that every indicator of each variable has different result in terms of the score of loading factor. To be more specific, this study finds that for distribution (X1), the results within Table 2 and Figure 2 show that, the indicator of distribution, namely the availability of product/service (X1.1) has 0.968 loading factor score. This means that the availability of product/service affects the distribution.

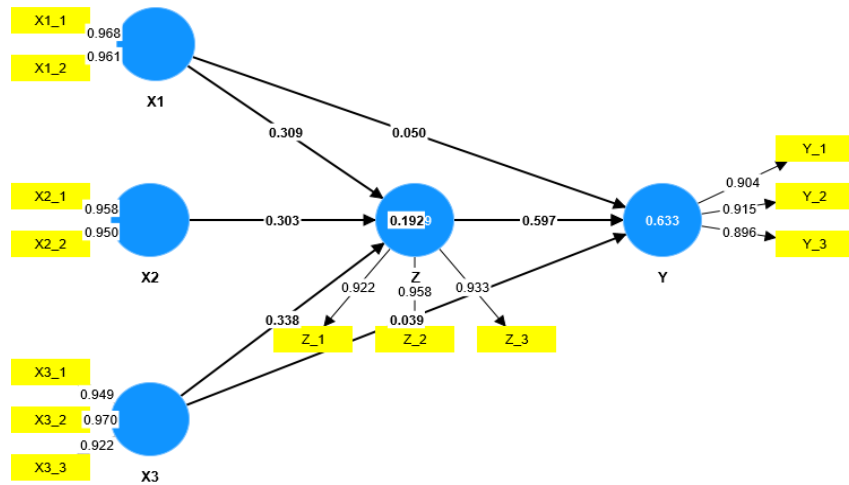
**Table 2. The Result of Outer Model Test**

Variable	Indicator	Loading Factor	Cronbach's Alpha	rho_A	CR	AVE
Distribution (X1)	X1.1	0.968	0.925	0.932	0.964	0.93
	X1.2	0.961				
Price (X2)	X2.1	0.958	0.902	0.907	0.953	0.91
	X2.2	0.950				
Promotion (X3)	X3.1	0.949	0.942	0.945	0.963	0.896
	X3.2	0.910				
	X3.3	0.970				
	X3.4	0.922				
Brand Image (Z)	Z1	0.922	0.74	0.88	0.847	0.62
	Z2	0.958				
	Z3	0.933				
Customer Satisfaction (Y)	Y1	0.904	0.931	0.935	0.956	0.879
	Y2	0.915				
	Y3	0.896				

Data Generated (2023)

The result in Table 1 also shows that that for price (X2), the highest loading factor score is from the affordable price (X2.1), which is 0.958. This study then indicates that affordability affects the price. For the promotion (X3), the highest score of loading factor is from sales promotion indicator (X3.3), with the score is 0.970. Based on this finding, this study then confirms sales promotion influences promotion.

**Fig. 2. Diagram of Outer Model Test Result**



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### 3.2. The Results of Path Coefficients Test

The rule of thumb in guiding this study to conduct a hypothesis test is focused on the score that comes from the result of path coefficients test, such as mean, standard deviation (STDEV), and t-values. This test tries to disclose the score of significance level of a variable on other variables that can be found inside the P-values and T-statistic score. This test uses a bootstrapping algorithm that helps to find out whether the proposed hypothesis is accepted or rejected through the identification of T-statistic score. If T-Table score is 1.67, and T-statistic score is lower than T-table, then H0 is rejected. However, If Cronbach's Alpha score is 10% and T-Table score is 1.657, and T-statistic score is higher than T-table, then H0 is accepted. The results of path coefficients of this study are shown in the following Table 3 and Table 4.

**Table 3. The Result of Path Coefficients Test**

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Distribution (X1) -> Customer Satisfaction (Y)	0.007	-0.007	0.125	0.052	0.959
Distribution (X1) -> Brand Image (Z)	0.313	0.323	0.144	2.179	0.029
Promotion (X3) -> Customer Satisfaction (Y)	0.194	0.203	0.145	1.339	0.181
Promotion (X3) -> Brand Image (Z)	0.324	0.313	0.144	2.248	0.025
Price (X2) -> Customer Satisfaction (Y)	-0.004	-0.017	0.106	0.041	0.968
Price (X2) -> Brand Image (Z)	0.344	0.339	0.122	2.815	0.005
Brand Image (Z) -> Customer Satisfaction (Y)	0.715	0.729	0.161	4.431	0.000

Data Generated (2023)

Based on the results found in Table 3 and Table 4, this study confirms that the T-count scores of distribution, price, and promotion are higher than T-Table score. Hence, this study verifies that H1 of this study (Table 1) is accepted and H0 is rejected. In other words, this study confirms that there is a direct effect of distribution, price, and promotion on brand image. This result is also similar with the several prior studies, for example, the recent study of Widiarto and Hardiana [19] that discloses marketing mix has a direct effect on brand image. Subsequently, following the results in Table 3 and 4, this study also finds that there is no mediation role of brand image on the relationships between distribution, price, promotion, and customer satisfaction. In other words, there is no any significant effect of brand image in influencing the relationships between distribution, price, promotion, and customer satisfaction or else there is no indirect effect of distribution, price, and promotion on customer satisfaction through the intervening role of brand image. This is due to in Table 4, from number 8 to 10, the T-count score of each path is lower than 1.657. Hence, H4, H5, and H6 are rejected. Interestingly, this study also finds that the direct effects of distribution, price, and promotion on customer satisfaction do not significant, i.e. distribution, price, and promotion do not have any direct effect on customer satisfaction.

**Table 4. The Result of Hypothesis Test**

No.	Hypothesis Path	T-count	T-table	Result
1	Distribution (X1) -> Brand Image (Z)	2.179	1.657	Accepted
2	Price (X2) -> Brand Image (Z)	2.248	1.657	Accepted
3	Promotion (X3) -> Brand Image (Z)	2.815	1.657	Accepted
4	Distribution (X1) -> Customer Satisfaction (Y)	0.052	1.657	Rejected
5	Price (X2) -> Customer Satisfaction (Y)	1.339	1.657	Rejected
6	Promotion (X3) -> Customer Satisfaction (Y)	0.041	1.657	Rejected
7	Brand Image (Z) -> Customer Satisfaction (Y)	4.431	1.657	Accepted
8	Distribution (X1) -> Brand Image (Z)-> Customer Satisfaction (Y)	0.397	1.657	Rejected
9	Price (X2) -> Brand Image (Z) -> Customer Satisfaction (Y)	1.247	1.657	Rejected
10	Promotion (X3) -> Brand Image -> Customer Satisfaction (Y)	0.366	1.657	Rejected

Data Generated (2023)

## 4. CONCLUSION AND RECOMMENDATION

### 4.1. Conclusion

In line with the findings of this study, this study therefore offers several conclusions, namely:

- a) Some variables that affect customer satisfaction are distribution, price, and promotion of product/service.

- b) Brand image becomes one of critical factor in influencing customer satisfaction, whereas, distribution, price, and promotion have no significant impact on customer satisfaction.
- c) There is no strong indication is found within this study's findings that supports distribution, price, and promotion affect customer satisfaction, either with a direct relationship or with the mediation role of brand image.

## **4.2. Recommendation**

### **4.2.1. Recommendation for Theoretical Contribution**

The findings of this study are considered to be as one of a solution in fulfilling the research gap found in the body of literature, especially a lack of research conducted in Asian countries with the emphasis on developing countries. As such, this study comes up with result that a Susu Beruang of Nestle as a product and its distribution, price, and promotion of marketing mix are considered to be critical for the firm in order to develop its brand image. By planning, implementing, and evaluating periodically a proper marketing mix, a firm may potentially increase its sales level due to the inclination of brand image also bring the development of customer satisfaction level.

Although this study offers several benefit contributions theoretically, however, this study has several limitations, especially, the limitation of research time span. As such, this study recommends the academicians, researchers, and/or scholars to conduct a future research in explaining in-detail either the mediating and/or moderating role of brand image on the relationships of marketing mix elements and customer satisfaction with a more research period.

### **4.2.1. Recommendation for Managerial Contribution**

For PT Nestle Indonesia, this study offers several recommendations, namely:

- This study suggests that PT Nestle Indonesia, in developing its brand image, it is vital to improve the level of current distribution performance, promotion strategy, as well as the price stability of its product, which is Susu Beruang, that eventually it may bring Susu Beruang becomes one of the most people choices for a ready to drink (RTD) fresh milk product.

For business owners/policy makers/government:

- This study suggests that the findings of this study are becoming one of important tools to assist any organization to plan, organize, actuate, and evaluate their marketing strategies, e.g. especially marketing mix strategy improvement that eventually provide a better sales level of product/service.

Furthermore, there is several limitations are found within this study, namely: (a) the limitation of research sample size; and (b) the limitation of research time span. Following these limitations, this study then strongly suggests the academicians, researchers, or scholars to conduct a future research in explaining the role of business communication on customer satisfaction with an adequate of research sample size and time span. Additionally, the future research is also suggested to explore the role of business communication on other variables that may be benefit to enrich the marketing literature in particular, and management literature in general.

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