Proposed Marketing Strategy to Increase Customer Loyalty with Customer Satisfaction at Restaurant

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ABSTRACT: The restaurant industry is a highly competitive space, with a large number of businesses vying for customers and trying to stand out in a crowded market. There are several factors that contribute to the competitiveness of the industry, including the abundance of options available to consumers, the increasing popularity of food delivery and takeout services, and the use of technology to enhance the customer experience. In order to succeed in this industry, restaurants must offer high-quality food and service, and also differentiate themselves from their competitors through unique offerings, strong branding, and effective marketing strategies. Additionally, restaurants must be mindful of trends and changes in consumer preferences and adapt their business models accordingly in order to stay competitive. To address these issues, the company must devise a strategy that addresses the underlying causes. This could entail conducting a market analysis and determining the needs of the target customer base. The restaurant's strengths, weaknesses, opportunities, and threats were identified using a SWOT analysis. Based on this analysis, it was determined that changing the company's TOWS strategy would be the best course of action. This could be accomplished by implementing a revised service marketing mix. The purpose of this study was to better understand the relationship between the 7P marketing mix, customer satisfaction, and customer loyalty in order to retain customers. According to the findings, there are four variables that can influence customer satisfaction (Product, People, Process, and Physical Evidence). Customer satisfaction has a significant impact on customer loyalty and should be incorporated into restaurant marketing mix strategy.

KEYWORDS: Customer Satisfaction, Customer Loyalty, Marketing Strategy, Marketing Mix, Restaurant.

INTRODUCTION

[3] Indonesia has the potential to grow rapidly as an emerging market and developing country. The culinary industry contributes the most to Indonesia's GDP in terms of the creative economy. In 2020, the culinary subsector will account for approximately 41% of total GDP of IDR 1,134.9 trillion. With the passage of time, there has been an increase in the number of new restaurants and cafes.

[8] With rising customer acquisition costs, businesses must innovate in order to retain customers. Acquiring new customers can be five to seven times more expensive than retaining existing customers. An increase in customer retention rates of 5% will increase profits by 25% to 95%.

[1] Companies must invest in customer retention strategies because attracting and retaining customers is critical to an organization's success. Customer satisfaction has been shown to be a common predictor of customer retention. A satisfied customer is also a free source of customer retention. This saves the company money on advertising to gain new customers.

[10] Numerous marketing strategy factors, such as product, price, promotion, place, people, process, and physical evidence, can influence customer satisfaction in the service sector, such as restaurants. These elements are thought to be critical in providing customer satisfaction and retaining customers.

[6] In order to determine the optimal business strategy, the SWOT analysis was utilized in this study. It is typically used to evaluate the internal and external factors that can influence the success of a business or project. The TOWS matrix is a four-quadrant matrix that assists businesses in analyzing their internal strengths and weaknesses as well as their external opportunities and threats. A company can develop strategies that capitalize on its strengths and opportunities, while mitigating its weaknesses and threats, by considering the intersection of these four factors.

LITERATURE REVIEW

[1] A marketing strategy is a long-term plan to achieve marketing goals. It describes how a company will reach its target market and achieve its marketing objectives. Typical components of a marketing strategy include the target market, the value proposition,

and the marketing mix. The 7Ps marketing mix is an extension of the traditional 4 Ps marketing mix (product, price, promotion, and place) that adds people, process, and physical evidence. The 7Ps commonly referred to as the Service Marketing Mix.

[7] The 7Ps marketing mix provides businesses with a strategic framework for marketing their products or services to their target customers. The 7Ps enable businesses to consider the various factors that can affect product demand and to develop marketing strategies that are tailored to the needs and preferences of their target markets.

Not only does the marketing mix in this study intend to be distributed to customers so they can express their opinion on each marketing mix variable owned by the company, but it also aims to provide insight into the company's internal conditions. In addition to analysing the marketing mix, this study employs internal and external company analysis methods including STP, PESTLE, and competitor analysis.

[12] Customer satisfaction mediates the relationship between marketing mix and customer loyalty to retaining customer.

[11] If it is determined that service marketing is not in accordance with customers' needs and desires, the customer will assess and determine customer loyalty or switching to another company. Customer satisfaction is the key to customer retention. Customers are less interested in competing products, less price sensitive, and it costs less to serve new customers because transactions are carried out routinely if they are more satisfied.

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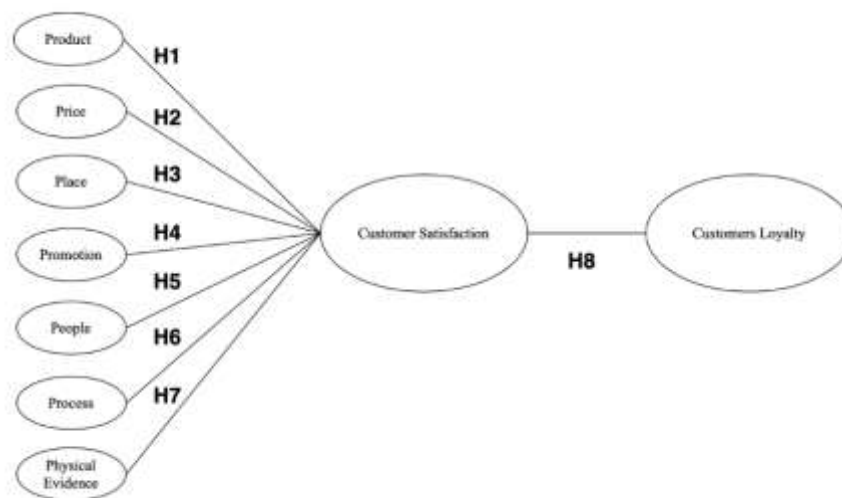The conceptual framework as can be seen in Figure 1 below:

Figure 1. Conceptual Framework

METHODOLOGY

[4] A quantitative research method with a descriptive approach was used in this study. Quantitative research methods are based on questionnaires distributed to respondents with multiple alternative answers, so that the data obtained can be analyzed using statistical methods, whereas descriptive research is a research method in which researchers describe or define a subject, subject what is meant being the relationship between two or more research variables. This study includes all of the restaurant's customers. The study collected the necessary data from the study areas using questionnaires.

[9] The minimum sample size for a marketing study is 200 respondents. According to the calculation of the Malhotra formula, which has been explained, the total number of respondents in this study met the minimum sample size requirements. Based on this, the researchers analyzed 205 samples using PLS-SEM in this study.

ANALYSIS

A. *Marketing Strategy*

A marketing strategy is a long-term strategy for achieving specific marketing goals. The marketing strategy outlines the steps that a company will take to reach its target market and meet its marketing objectives. It emphasizes the importance of aligning marketing efforts with the organization's overall goals, as well as developing a plan that is well-suited to the specific needs and characteristics of the target market. A marketing strategy typically consists of several components, such as the target market, the value proposition, and the marketing mix. It may also include a competitive environment analysis, a review of the company's resources and capabilities, and a strategy for monitoring and adjusting the strategy as necessary. Overall, a marketing strategy is an important part of a company's overall business plan because it ensures that marketing efforts are focused and effective in achieving the desired results. Marketing mix analysis (7P), analysis segmenting, targeting, and positioning (STP), PESTLE analysis, competitor and consumer analysis were all used in this study.

B. *Marketing Mix*

[1] The 7Ps marketing mix adds three new elements to the traditional 4Ps marketing mix (product, price, promotion, and place): people, process, and physical evidence. 7Ps, also known as the Service Marketing Mix. The 7Ps marketing mix is designed to help businesses think strategically about how to market their products or services to their target customers. The 7Ps assist businesses in considering the various factors that can influence demand for their products or services and developing marketing strategies tailored to the needs and preferences of their target markets.

RESULTS AND DISCUSSIONS

A. *PLS-SEM Analysis*

To find out whether customer satisfaction to loyalty depends on marketing mix 7P (product, price, people, promotion, people, process, and physical evidence), a PLS SEM analysis was conducted as shown in Table 1.

Table 1. Output Path Coefficients, T Statistics, and P-Value

Variable	Path Coefficient	T-Statistics	P Values	Outcomes
PROD > CUSA	0.211	3.623	0.000	Significant
PRIC > CUSA	0.023	0.376	0.707	Not Significant
PLAC > CUSA	0.045	1.057	0.291	Not Significant
PROM > CUSA	-0.044	0.803	0.422	Not Significant
PEOP > CUSA	0.422	6.633	0.000	Significant
PROC > CUSA	0.133	1.970	0.049	Significant
PHYS > CUSA	0.237	4.284	0.000	Significant
CUSA > CULO	0.795	13.803	0.000	Significant

B. *Descriptive Statistics Analysis*

Based on the data that is conducted, the descriptive statistics explained about average answer as explained in Table 2 below:

Table 2. Descriptive Statistics Based on Questionnaire

Item	Mean	StDev
The meal served by the restaurant is tasty	4.36	0.77
The restaurant offers variety of foods	4.50	0.72
The restaurant offers variety of drinks	4.39	0.75
The restaurant had good packaging of food	4.16	0.84
The restaurant has good brand name	4.46	0.72

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Item	Mean	StDev
Overall mean variables of product	**4.37**	**High**
Item	**Mean**	**StDev**
The restaurant has polite staff	4.22	0.75
The restaurant has courteous staff	4.19	0.81
The restaurant has neatly dressed staff	4.27	0.69
The restaurant have staff were knowledgeable about the product and services	4.22	0.76
The restaurant have staff were good services	4.25	0.79
Overall mean variables of people	**4.23**	**High**
Item	**Mean**	**StDev**
The restaurant offers speed deliver of service	4.11	0.83
The restaurant opens and closes at convenient time	4.21	0.74
The process of selecting products is relatively comfortable	4.29	0.73
Easy payment mechanism	4.46	0.67
There is diversity of payment	4.42	0.68
Overall mean variables of process	**4.30**	**High**
Item	**Mean**	**StDev**
The restaurant has well decorated environment	3.86	0.93
The restaurant has spacious parking space	4.09	0.95
The restaurant has good speed WIFI	3.84	0.99
The restaurant has comfortable VIP room facilities	4.08	0.92
The restaurant has music that make me comfortable	4.07	0.89
The restaurant has a comfortable prayer room	4.00	0.95
The restaurant has an open air zone for smokers who do not disturb the no smoking zone	4.33	0.79
Overall mean variables of physical evidence	**4.06**	**High**
Item	**Mean**	**StDev**
I am satisfied with the performance of the staff.	4.19	0.79
I am satisfied with the overall quality products offered by this restaurant	4.29	0.79
I am satisfied with the overall service quality offered by this restaurant	4.27	0.75
I am satisfied that I have purchased products at the restaurant	4.34	0.77
Overall mean variables of customer satisfaction	**4.27**	**High**
Item	**Mean**	**StDev**
I say positive things about this restaurant to other people	4.36	0.70
I would post positive messages about the restaurant on social media	4.21	0.78
I would encourage friends and relatives to try this restaurant	4.43	0.66
I plan to repeat purchase in this restaurant continuously	4.36	0.76
Overall mean variables of customer loyalty	**4.34**	**High**

C. Implementation

The previous analysis that has been explained in this chapter explains the problems that restaurants face, namely a decrease in monthly income due to a decrease in customer satisfaction and loyalty. As a result, the authors propose several solutions using the TOWS matrix to correct these deficiencies from a variety of alternatives, as shown in Figure 2 below:

TOWS Matrix	Strength	Weakness
	Variety of food and drink Strategic location and easy to reach Has a good brand name Has a good customer loyalty	Lack of promotion Not have a marketing strategy program Lack of physical evidence
Opportunity	**SO Strategies**	**WO Strategies**
Increasing social media users	Promotion the important point at social media (S1,S2,S3,O1,O2)	Improve promotion on social media and food online platform (W1,W2,O1)
Dine out trends or lifestyle	Makes an event to raise a community (S3,S4,O2)	Make a new marketing strategy program (W1,W2,O1,O2)
		Improve several facilities and design (W3,O1,O2)
Threats	**ST Strategies**	**WT Strategies**
Increase competitors	Make innovation product different from another competitor (S1,S2,T1,T2,T3)	Do competitor analysis to know about their condition (W1,W2,W3,T1,T2,T3)
Established competitors Product characteristics	Make a promotion with existing customer to review and promote restaurant (S1,S2,S3,T1,T2)	Hire new employee for handling marketing and promotion (W1,W2,T1,T2)

Figure 2. TOWS Matrix Results

CONCLUSIONS

According to the findings of the consumer analysis survey, four variables (Product, People, Process, and Physical Evidence) out of seven in the marketing mix had a significant influence on consumer loyalty, with customer satisfaction serving as a connecting variable. Through customer satisfaction as a connecting variable, there was no significant relationship between price, place, and promotion on customer loyalty. As a result, it is preferable to prioritize focusing on improving these four influential variables. As a connecting variable for customer loyalty, the people variable has the highest significant influence on customer satisfaction (42%).

[1] This finding supports previous research, which found that people in the marketing mix have a significant influence on customer choice of repeat purchase.

This is because repeat purchases are a form of customer satisfaction that keeps customers loyal to the company. Restaurant employees should receive regular training and workshops in order to provide superior customer service. In this study, the relationship between customer satisfaction and customer loyalty has a significant effect of 79%. Overall, if the 7 marketing mix variables fulfill customer desires or exceed customer expectations, customer satisfaction is created, causing consumers to be loyal to Restaurant.

[5] Customer satisfaction has a significant and positive impact on customer loyalty. Because a loyal customer will create a good relationship between restaurants and customers, customers can tell good things about the company to others, customers can repurchase products continuously from the restaurant if they are already loyal to the restaurant, and the restaurant's market share will increase.

Several recommendations for businesses include implementing a new marketing mix, improving delivery speed, and increasing restaurant performance based on the TOWS matrix in Table 3.

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