SERVICE MODEL LOYALTY FOR SCHOOL YEARBOOK PRODUCTION AT PT XYZ

Luni Aulia Safwani[*][1], Hartoyo[*], Budi Suharjo[**]

[*] School of Business, IPB University
Jl. Padjajaran, Bogor 16151, Indonesia
[**] Departement of Mathematics, Faculty of Mathematics and Natural Science, IPB University
Jl. Meranti, Campus IPB Dramaga Bogor 16680, Indonesia

ABSTRACT

Background: Customer loyalty is a crucial aspect in the world of business and marketing, influencing sales, brand reputation, and company profits. The focus on customer loyalty is increasingly becoming a priority for many companies, including PT XYZ, a creative design company specializing in the production of School Yearbooks.

Purpose: This research aims to identify the level of satisfaction and loyalty among PT XYZ customers, analyze the influence of marketing mix and service quality on customer satisfaction and loyalty, and formulate managerial implications for enhancing satisfaction and loyalty.

Design/methodology/approach: The study involves 200 respondents purposively selected from 373 users of PT XYZ's services. Data collection was done through self-completion by respondents using an online questionnaire via Google Forms. Data analysis was conducted using modeling techniques that explain the relationship between loyalty, customer satisfaction, and the performance of the marketing mix and service quality. The estimation of model coefficients used the SEM-PLS rule. Descriptive analysis results indicate high satisfaction with the final product outcomes, while high loyalty is reflected in repeat purchases and recommendations to others.

Findings/Result: The research findings show that all attributes of the marketing mix have a direct impact on customer satisfaction and loyalty. On the other hand, service quality has a direct impact on customer satisfaction but an indirect impact on loyalty, with customer satisfaction acting as a mediator.

Conclusion: Managerial implications that can be formulated include improving marketing in Java Island, implementing marketing strategies through social media, maintaining consistency in product quality, enhancing service quality, implementing co-creating processes, and establishing a customer service division. These efforts are expected to address declining revenue and maintain customer loyalty for PT XYZ.

Originality/value (state of the art): This study uniquely explores customer satisfaction and loyalty in the niche market of school yearbook production. It integrates the marketing mix and service quality, using SEM-PLS to analyze their impacts. The research fills a gap by providing actionable insights specifically for creative design businesses, offering practical strategies to enhance customer loyalty and business performance.

Keywords: consumer loyalty, customer satisfaction, marketing mix, service quality, School Yearbooks

[1] Corresponding author:
 Email: luniauliasafwani@gmail.com

INTRODUCTION

The creative industry is an economic activity that is engaged in the creation of innovation, creativity, ideas, and concepts aimed at creating goods or services that have added value. The creative industry is a diverse and dynamic sector, encompassing a wide range of fields such as design, photography, and printing (Bujor, 2015; Earnshaw, 2017; Kraus, 2014). Design can be categorized as a creative industry because it involves ideas, thoughts, and creativity to form a product, which can later be produced through a printing process. Likewise with the field of photography, photography can be said to be a creative industry because it requires ideas, skills and creativity in capturing an image into a valuable product that can be applied in the printing process.

School Yearbooks are products produced by creative industry services in the fields of photography, design, and printing. The school yearbook is intended for students or final year students as a memento of the class in the form of a physical book or soft file. School Yearbooks are personally designed according to the request of consumers and have various shapes and packaging according to the demand of consumers.

PT XYZ is a creative design company specializing in the field of School Yearbooks. PT XYZ was founded in 2009 as a national vendor that has collaborated with many schools. PT XYZ has a mission as an Innovation Leader in the creative world of School Yearbook design by continuing to increase creativity and create unique products. The School Yearbook produced by PT XYZ not only captures all the memories from three years of school but also makes the book a media branding school.

PT XYZ is headquartered in Yogyakarta and has a branch office in Bintaro, South Tangerang. To date, more than 3000 schools have collaborated with PT XYZ. Client PT XYZ comes from 6 islands in Indonesia, namely Sumatra, Java, Kalimantan, Sulawesi, Bali, and NTB. Figure 1 shows that turnover in the 2021-2022 period to the 2022-2023 period decreased from IDR17,293,184,000 to IDR16,728,637,000. Many factors can cause a decrease in turnover, one of which is consumers or consumers who are disloyal and/or marketing targets that are not achieved.
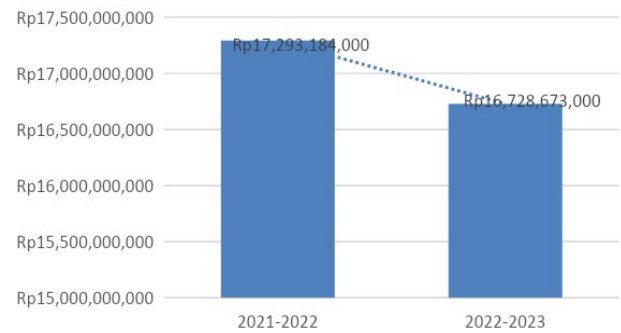

Figure 1. PT XYZ Turnover for the 2021-2022 and 2022-2023 Periods

The issues experienced by PT XYZ include challenges in formulating the right marketing mix, perceived low service quality, difficulties in maintaining customer loyalty, and also obstacles in enhancing customer satisfaction. Considering the challenges faced by PT XYZ, interviews were conducted with the marketing team to gather data on complaints and feedback. Based on the interview results, several schools switched to other vendors due to dissatisfaction with the services provided and the products received. Therefore, research is needed regarding customer loyalty and satisfaction, as well as strategies for marketing mix and service quality improvement.

Loyalty is an important concept in business and marketing, referring to a consumer's allegiance to a particular brand or company. Based on Mustaqimah et al. 2019, consumers will repurchase a product if they are satisfied with the product. Islam, et al. (2013) found that customer service quality mediates the relationship between marketing mix and customer loyalty. Abu-Alhaija (2019) emphasized the importance of understanding the complex relationship between customer satisfaction and loyalty, particularly in the context of Islamic values. Customer loyalty also helps reduce business costs such as advertising, promotions and other sales activities (Zhang et al. 2021). It can also facilitate increased purchase quantities, reduced customer service costs, customer promotions, word of mouth, reduced price sensitivity, and amortization of acquisition costs over time (Wirtz and Lovelock, 2022). Customer loyalty also benefits businesses because customers prioritize others and word of mouth to make repeat purchases and transactions (Molinillo et al. 2022). Customer loyalty can be categorized into attitudinal loyalty and behavioral loyalty. Attitudinal loyalty is a psychological process that encourages

customers to spend money on a brand and turns them into brand advocates (Casper and Thaichon, 2021).

In an era of increasingly fierce business competition, building and maintaining consumer loyalty is becoming increasingly important for the long-term success of a company. Therefore, companies need to continue to innovate in their marketing strategies to meet consumer needs and build stronger relationships with them.

The marketing mix is a marketing strategy to disseminate information widely, introduce products, goods, and services, attract consumers to buy, and even create personal preferences for the product image. Therefore, the marketing mix is considered one of the most potential strategic elements in product marketing. In most organizations, the marketing mix is known as the 4Ps: product, price, place, and promotion. In addition, customer involvement, physical environment, time, and processes are also effective factors in service delivery. Therefore, the "services marketing mix" or 7Ps includes those mentioned above (Product, Price, Place, and Promotion) with the addition of People, Physical Evidence, and Process (Ravangard et al. 2020). Compared with the 4 Ps, the 7 Ps model provides a more comprehensive and detailed framework for analyzing the marketing mix of service products (Loo and Leung, 2018).

Service quality is an important factor in the success of a company. Good service quality can increase consumer satisfaction, build consumer loyalty, and improve the company's brand reputation. Conversely, poor service quality can cause consumer disappointment, damage a company's brand reputation, and potentially lead to customer loss.

According to Arianto (2018), service quality is an action that focuses on fulfilling needs and requirements as well as timeliness in meeting customer expectations. Services apply to all types of services provided by the current company client being in the company (William and Purba, 2020). Model Service Quality using five dimensions of service quality, that is Tangible, Reliability, Responsiveness, Assurance, dan Empathy, to calculate the average score for the level of importance (expectations) and performance (perception) of services in each dimension (Parasuraman, 1985).

Based on the background and problem formulation outlined, the objectives of this research are as follows: (i) To identify the factors influencing customer loyalty based on the marketing mix theory and service quality at PT XYZ, (ii) To construct a causality model depicting the relationship between the marketing mix and service quality towards customer satisfaction and loyalty.

METHODS

This research was conducted from October to November 2023 at PT XYZ Yogyakarta and in the areas of Sumatra, Java, Kalimantan, Bali, Madura, and Sulawesi. The regions chosen as areas in the research are the regions where PT XYZ customers place their orders. The data used in this research includes primary data. Primary data was obtained through distributing questionnaires to client PT XYZ for the period 2019-2020 to 2022-2023 as the respondent for this research.

The sample size was determined by distributing questionnaires to clients. In the last four years there were 200 clients. Data collection was done through self-completion by respondents using an online questionnaire via Google Forms. The sampling technique used in this study is purposive sampling, as defined by Sugiyono (2017), wherein the researcher intentionally selects individuals or specific groups deemed to have characteristics or qualities relevant to the research objectives. This study involves 200 respondents selected purposively from 373 users of PT XYZ's services.

Descriptive analysis is used to look at the characteristics and describe the variables that form a general picture of respondents. According to Sugiyono (2010), the data that has been collected can be presented in the form of tables, graphs, median calculations, mean calculations, mode calculations, and percentage calculations. In this research, the results of questionnaires that have been filled in regarding respondents are presented in the form of a simple table with the same grouping of answers. This method is used to analyze respondents' characteristics, both general characteristics and specific purchase characteristics.

SEM (Structural Equation Modeling) is a statistical model that explains the relationship between several variables (Hair et al. 2017). SEM is usually used to examine the structure of relationships expressed in

a series of equations. This equation describes all the relationships between the constructs (dependent and independent variables) and the variables involved in the analysis. SEM essentially offers the capability for path analysis using latent variables (Ghozali and Latan, 2020). In this research, SEM which is used is Partial Least Square (PLS).

Partial Least Square (PLS) is an analytical method used to test weak theories and weak data, such as small samples or data normality problems. PLS is also used to explain whether or not there is a relationship between latent variables (Ghozali and Latan, 2020). Description of variable indicators is carried out using frequency distribution analysis of answers to client or respondents in each indicator with techniques top two boxes. Answers strongly disagree with a score of (1), and answers disagree with a score of (2) are grouped into disagree, neutral with a score of (3), and answers (4) agree and (5) strongly agree are grouped as agree. Operational definitions and indicators in Table 1. Here are the hypotheses in this study:

H1:   Marketing mix significantly influences customer satisfaction.
H2:   Marketing mix significantly influences loyalty.
H3:   Service quality significantly influences customer satisfaction.
H4:   Service quality significantly influences loyalty.
H5:   Customer satisfaction significantly influences loyalty.

Based on Figure 2, the problem faced by Creative Industry companies is the failure to achieve annual project targets due to customers opting to use services from other companies, influenced by various factors or indicators. Therefore, further research is needed to increase sales by re-examining the marketing mix and Service Quality to determine customer satisfaction and loyalty. It will enable the company to formulate new strategies or enhance existing ones for better performance, ensuring that sales targets in the Creative Industry company continue to be met.

RESULTS

Respondent Characteristics

Based on descriptive results on the characteristics of respondents (Table 2), the results show that clients dominated the respondents in this study from the 2022-2023 period. Of the 200 respondents, they were divided into four frequencies of purchasing PT XYZ services. Seventy-two respondents only made one purchase. Then, 73 respondents made two purchases, 22 respondents made three purchases, and 33 respondents made four purchases. Respondents who made a single purchase can be categorized into clients who are disloyal or can also fall into the category of clients who are using PT XYZ services for the first time.

Table 1. Operational definitions and indicators

Variable	Operational Definition	Indicator	Source
Marketing Mix	Things that companies can do to influence demand for the products they produce	Product Price Place Promotion Process	Kotler dan Armstrong (2008)
Service Quality	The service received is with the expected level of service	Tangible Reliability Responsiveness Assurance Empathy	Parasuraman et al. (1990)
Customer Satisfaction	The feeling that arises when consumer hopes or expectations are achieved	Satisfied with the product Satisfied with the quality of service Overall satisfied	Rahardjo et al. (2019)
Loyalty	Feelings of satisfaction from consumers, indicated by repeat purchases (repeat orders), continuing to visit even though there is a price increase (retention), and recommending the product or company to other people (referral)	Make a repeat purchase Recommend PT XYZ to the next class or other schools Maintain good cooperation	Rahardjo et al. (2019)

Table 2. Respondent Characteristics

Variable	Category	Count (n)	Percentage
Year of Project	2019	43	10.3%
	2020	66	15.9%
	2021	149	35.8%
	2022	158	38.0%
Purchase Frequency	1 time	72	36.0%
	2 times	73	36.5%
	3 times	22	11.0%
	4 times	33	16.5%
Education Level	Junior High	8	4.0%
	Senior High	190	95.0%
	College	2	1.0%
Location	Bali	18	9.0%
	Java	154	77.0%
	Kalimantan	12	6.0%
	Sulawesi	8	4.0%
	Sumatra	8	4.0%

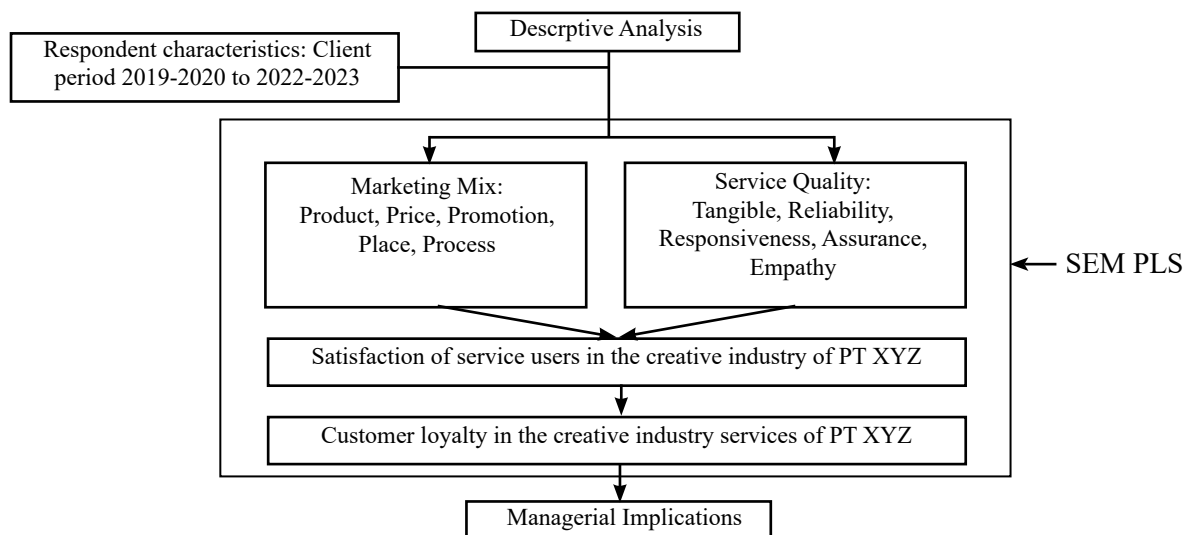| Variable	Category	Count (n)	Percentage
School Type	Public	171	85.5%
	Private	29	14.5%
Decision Maker	Principal	34	17.0%
	Student	166	83.0%
Book model	hardcover book + packaging	119	59.5%
	tunnel book + packaging	81	40.5%
Quantity Order	< 200	2	1.0%
	200–250	14	7.0%
	> 250	184	92.0%
Reason for choosing PT XYZ	price	28	14.0%
	Personal relationship	19	9.5%
	Books quality	125	62.5%
	Service quality	24	12.0%
	others	4	2.0%

Figure 2. Research framework

Based on Table 2, In terms of education level, 95% of client PT XYZ is a Senior High School equivalent. The three levels of education taken in this research were then re-categorized into two categories of school types, namely private school and state school. 85% of respondents in this study came from State Schools and Universities. In terms of location, based on the data obtained, 77% of respondents in this study were clients from the Java region. When determining vendor selection in a school or university, each school and university has its policy regarding who the decision maker is. Of the 200 respondents taken, 83% of the decision-makers in determining vendors were students, and 17% of the decision-makers were school principals.

The students in question are from the School Yearbook and OSIS committee.

In this research, customer behavior is respondents who have used the services of PT XYZ in making school yearbooks. Of these two categories (Table 2), 59.5% of schools chose the model Hardcover book + Packaging, and then 40.5% of schools chose the model Tunnel book + Packaging. From the results of the research conducted, 92% of respondents or clients placed orders for more than 250 books. The main reason that dominates the use of PT XYZ services is the quality of the books as much as 62.5%.

Variable Indicator Description

Based on Table 3, the marketing mix variable has five dimensions. For the product dimension, 99% of respondents said PT XYZ offers varied designs, suggesting clients find their products unique. Regarding price, most feel PT XYZ's pricing matches client needs and competes well, but 4.5% are neutral, feeling prices do not meet expectations. In terms of promotion, 85.5% feel PT XYZ offers good promos, but 14% don't, and 0.5% feel they receive no promos. In the process dimension, 88.5% feel PT XYZ meets production timelines, but 10% disagree due to occasional delays, and 1.5% strongly disagree due to significant delays.

In the dimensional description promotion, as many as 85.5% of respondents stated that PT XYZ provided the best promos or discounts (Tabel 3). It means that respondents feel that PT XYZ provides benefits to their clients in the form of promotions and discounts. However, apart from that, there are still 14% of respondents who feel they do not get promos and discounts, and even 0.5% of respondents feel they do not get promo offers or discounts from PT XYZ.

Based on Table 3, as many as 88.5% of respondents in the dimensional indicator description test process feel timeline production is in strict accordance with the agreed agreements. It means that from the process of taking photos to sending the book there is no delay. However 10% of respondents felt timeline production has not fully complied with the agreement. Several respondents or clients stated that there was a delay in delivery, even less than a week. However, 1.5% of respondents stated that PT XYZ violated the agreement timeline production because the delivery of the book was more than a month late.

The description of variable indicators of service quality consists of five dimensions (Table 4). On the description of dimensional indicators tangible, Most respondents stated that PT XYZ had complete shooting equipment and property with a percentage of 98.5%. In the indicator description reliability As many as 85.5% of respondents stated that making school yearbooks using PT XYZ in the production process had minimal errors (Tabel 4). On the indicator description responsiveness, As many as 87% of respondents stated that PT XYZ provided fast responsive service in responding to messages and telephone calls client and PT XYZ marketing is easy

to find. In the description of dimensional indicators assurance (Table 4), the majority of respondents stated that PT XYZ issued a cooperation agreement with a percentage of 99.5%. On the dimensional description empathy, As many as 90.5% of respondents felt that PT XYZ was quick and responsive in resolving problems and providing solutions to problems that occurred during production.

Analysis SEM-PLS

Analysis Structural Equation Model with the method Partial Least Square (SEM-PLS) was carried out to test the influence of each variable. Influence of marketing mix variables (X1) and service quality (X2) on customer satisfaction (Y1) and loyalty (Y2), the influence of customer satisfaction (Y1) on loyalty (Y2).

Evaluation of the Measurement Model (Outer Model)

The measurement model or outer model is a model that connects latent variables with manifest variables. In this research stage, validity and reliability tests were carried out. Indicator validity consists of convergent validity and discriminant validity. Convergent validity testing is seen from the AVE value and then seen from the value cross-loading.

Table 3. Distribution of marketing mix variable indicators

Indicator	Percentage (%)		
	Do not agree	Neutral	Agree
X1.1 Product	0.00	1.00	99.00
X1.2 Price	0.00	4.50	95.50
X1.3 Place	11.50	58.50	30.00
X1.4 Promotion	0.50	14.00	85.50
X1.5 Process	1.50	10.00	88.50

Table 4. Distribution of variable indicators of service quality

Indicator	Percentage (%)		
	Do not agree	Neutral	Agree
X2.1 Tangible	0.00	1.50	98.50
X2.2 Reliability	2.00	12.50	85.50
X2.3 Responsiveness	2.50	10.50	87.00
X2.4 Assurance	0.50	0.00	99.50
X2.5 Empathy	2.50	7.00	90.50

Based on Hair et al. (2017) evaluation of the measurement model for convergent validity criteria, namely reflective indicators have a value loading factor > 0.7. If there is an indicator with a loading value < 0.7, then the initial model must be recalculated to produce the results loading factor. All reflective indicators have a value of > 0.7 as a criterion for the convergent validity test of latent variables. Figure 3 shows the loading factor. The Place (X1.3) and Assurance (X2.4) indicators have a value of <0.7. So, according to Asari et al. (2023), this indicator is considered less important (less important). Apart from that, this indicator can also be said not to meet the convergent validity criteria and can be removed from the model. Furthermore, the final model obtained shows that all indicators have a loading value > 0.7 (Figure 4).

Dimensional reasons Place with the indicator "location workshop" can be excluded from the model because in this industry, dimensions place does not measure the marketing mix because the company has been able to achieve marketing targets, not only those within reach

workshop but it can also reach markets beyond reach. The marketing carried out is also in nature, door-to-door and digital, which the Company comes to each client, up to the location workshop not too influential in the marketing process of PT XYZ. As for dimensions Assurance, the indicator "there is a cooperation contract" can also be excluded from the model on the grounds that the data obtained is homogeneous. As many as 99.5% of respondents agreed that there was a cooperation contract with PT XYZ client. It indicates that assurance PT XYZ does not measure service quality.

Concerning the marketing mix variable, it can be observed that the indicators with the highest loading factors are "price," with a loading factor value of 0.884, followed by "process," with the same loading factor value of 0.884. It indicates that pricing and marketing processes significantly contribute to the model, highlighting the importance of proper pricing strategies and efficient operational processes in influencing other variables.
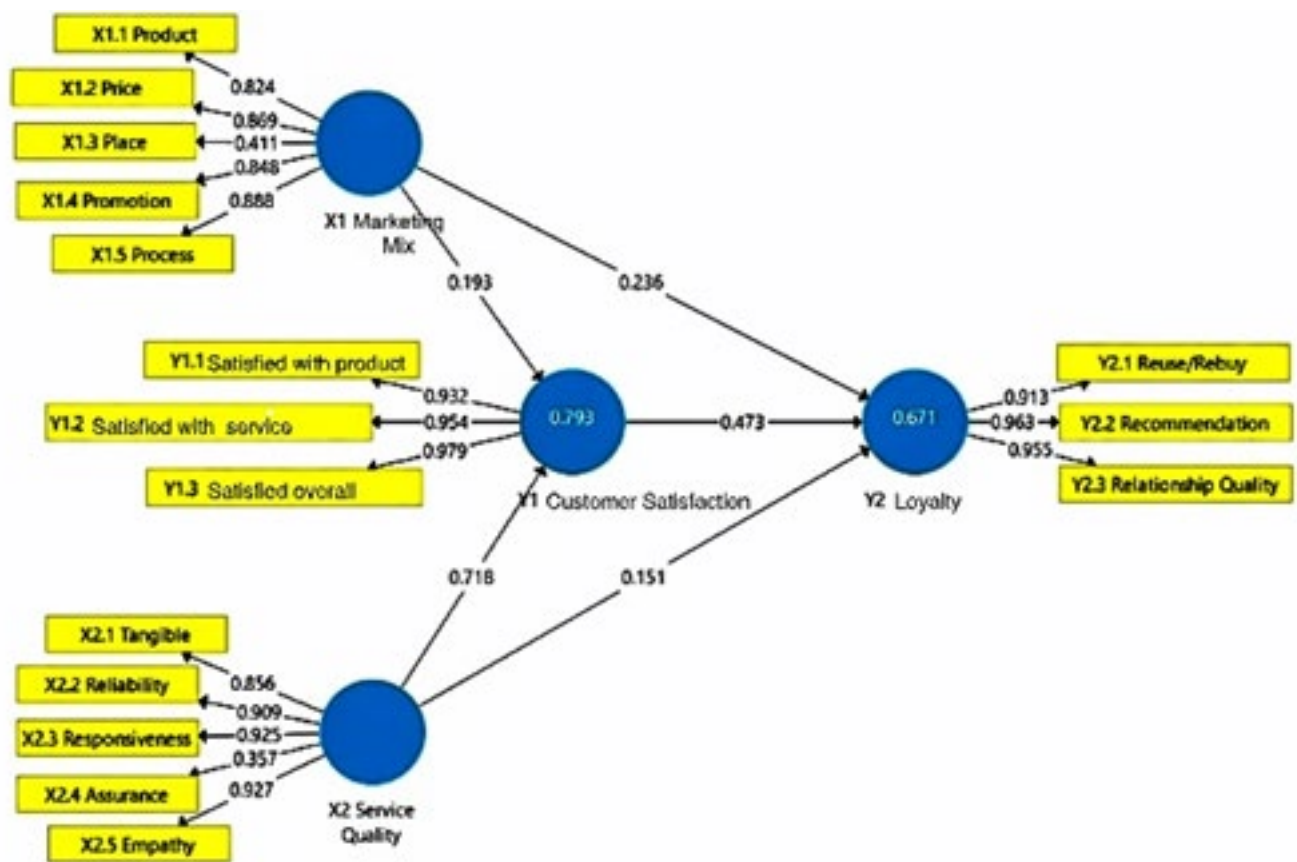

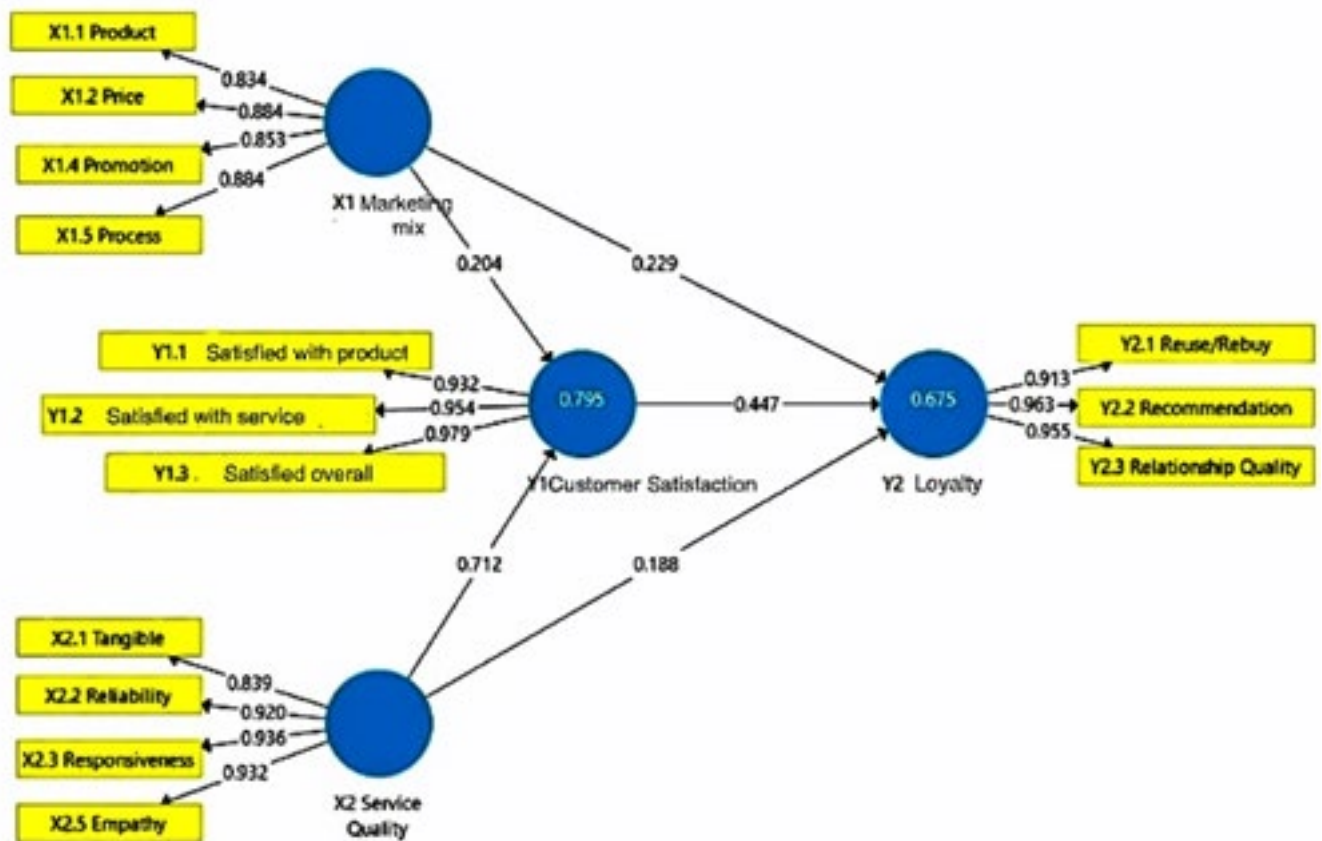Figure 3. Loading factor in the initial measurement model

Figure 4. Loading factor in the final measurement model

Next, regarding service quality, the "responsiveness" indicator has the highest loading factor value of 0.936, followed by the "empathy" indicator with a loading factor of 0.932. It suggests that service responsiveness and the ability to empathize with customer needs strongly influence other variables, such as customer satisfaction and loyalty.

Moreover, the "overall satisfaction" indicator has the highest loading factor value of 0.979, followed by "satisfaction with service quality" with a loading factor of 0.954 and "satisfaction with the product" with a loading factor of 0.932. It indicates that overall customer satisfaction, particularly regarding service quality, has the strongest influence on other variables, including customer loyalty.

Lastly, concerning loyalty, the "recommendation" indicator has the highest loading factor value of 0.963, followed by "relationship quality," with a loading factor of 0.955, and "reuse/rebuy," with a loading factor of 0.913. It suggests that the willingness to recommend to others and the quality of the relationship with the company are the strongest factors influencing customer loyalty.

Alain, et al. (2021) validate the convergent validity of their models, with AVE values exceeding 0.5. It is a key requirement for good convergent validity, as noted by Mehmetoglu (2015). Dijkstra (2010) further supports the use of PLS algorithms in such cases, as they typically converge when the covariance matrix of the indicators satisfies the "basic design". These findings collectively indicate that the PLS models in the studies meet the requirements for good convergent validity.

Discriminant validity testing is carried out with the principle that different measures (manifest latent variables) should not be highly correlated (Ghozali, 2008). Discriminant validity testing in Table 5 shows that all indicators have value cross-loading greater for the latent variable compared to other latent variables, it can be said that the model has met the requirements for discriminant validity. Apart from that, it can also be seen from the value √AVE is more than the correlation value between latent variables, meaning the model has met discriminant validity.

Structural Model Evaluation (Inner Model)

On SEM-PLS, bootstrapping is used to overcome the problem of non-normality and asymmetry of the distribution of data, as well as to obtain more reliable estimates of confidence intervals. By using bootstrapping, researchers can obtain more accurate and reliable estimates of model parameters SEM-PLS, as well as quantifying the uncertainty in those estimates. The structural model of customer satisfaction produces an R-value square of 79.5% means that the variation in customer satisfaction that the model can explain is 79.5%, while other factors outside the model explain the remaining 20.5%.

In addition, the loyalty structural model produces an R-value square of 67.5% (Table 6) means that the diversity of loyalties that the model can explain is 67.5%, while other factors outside the model explain the remaining 32.5%.

The Effect of Marketing Mix on Customer Satisfaction

Hypothesis one tests the effect of the marketing mix (X1) on customer satisfaction (Y1) PT XYZ. Based on Table 7, the marketing mix has a significant influence on customer satisfaction with a coefficient of 0.204, and a value p-value of 0.039 is smaller than alpha (0.05) at the 5% level so that the decision to reject H_0 is obtained, meaning that based on the test results it can be concluded that empirically it states that there is an influence of the marketing mix on customer satisfaction. The more the marketing mix increases, the more customer satisfaction will increase. Research conducted by Fauzi and Mandala (2019), Anggraini and Budiarti (2020), Hariono and Marlina (2021), and Putra et al. (2022) shows that the marketing mix has a positive influence on customer satisfaction. The marketing mix will directly affect customer satisfaction.

The Influence of Marketing Mix on Loyalty

Based on Table 7, hypothesis two tests the influence of the marketing mix (X1) on loyalty. Customer (Y2) PT XYZ. The marketing mix influences loyalty with a coefficient of 0.229, and the value p-value 0.049 is smaller than alpha (0.05) at the 5% level, so the result is negative H_0. It means that the more the marketing mix increases, the more loyalty will increase. This hypothesis is in line with the results of research conducted by Anggraini and Budiarti (2020), Hariono and Marlina (2021), and Putra et al. (2022), which states that the marketing mix has a direct effect on customer loyalty.

The Influence of Service Quality on Customer Satisfaction

Hypothesis three tests the effect of service quality (X2) on customer satisfaction (Y1) PT XYZ. Based on Table 7, service quality has an effect on customer satisfaction with a coefficient of 0.712, and the value p-value 0,000 is smaller than alpha (0,01) at the 1% level until the results of negative H_0 are obtained. It means it is increasing service quality, and then customer satisfaction will increase. This hypothesis is in line with the results of research conducted by Fauzi and Mandala (2019), Anggraini and Budiarti (2020), and Rahmayanti and Ekawati (2021), which stated that customer satisfaction or service quality has a direct effect on customer satisfaction.

Table 5. Correlation values between latent variables and values √AVE final measurement model

	X1 Marketing Mix	X2 Service Quality	Y1 Customer Satisfaction	Y2 Loyalty
X1 Marketing Mix	0.864			
X2 Service Quality	0.848	0.908		
Y1 Customer Satisfaction	0.808	0.885	0.955	
Y2 Loyalty	0.750	0.778	0.798	0.944

Table 6. R-Square Value

	R Square
Y1 Customer Satisfaction	0.795
Y2 Loyalty	0.675

Table 7. Values Path coefficient and t-statistic of direct effect and indirect effect

		Path coefficient	T Statistics	P Values
H1	X1 Marketing Mix → Y1 Customer Satisfaction	0.204	2.070	0.039*
H2	X1 Marketing Mix → Y2 Loyalty	0.229	1.977	0.049*
H3	X2 Service Quality → Y1 Customer Satisfaction	0.712	7.162	0.000**
H4	X2 Service Quality → Y2 Loyalty	0.188	1.516	0.130
H5	Y1 Customer Satisfaction → Y2 Loyalty	0.447	4.096	0.000**
H6	X1 Marketing Mix → Y1 Customer Satisfaction → Y2 Loyalty	0.091	1.841	0.066
H7	X2 Service Quality → Y1 Customer Satisfaction → Y2 Loyalty	0.318	3.462	0.001**

Note: **) significant effect at the 1% level (P-Values < 0.01); *) significant effect at the 5% level (P-Values < 0.05)

The Influence of Service Quality on Loyalty

Hypothesis four tests the effect of service quality (X2) on customer loyalty (Y2) of PT XYZ. Based on Table 7, value service quality has no direct effect on loyalty, with a P value of 0.130 > 0.05, meaning the effect is not significant. Based on Table 7 shows that service quality has an indirect positive influence on loyalty through customer satisfaction. It shows that customer satisfaction is a mediating variable for the influence between service quality towards loyalty. The value service quality of 0.318, meaning it is increasing service quality then customer satisfaction will increase so that indirectly loyalty will also increase.

The Influence of Customer Satisfaction on Loyalty

The fifth hypothesis tests customer satisfaction (Y1) on loyalty (Y2). Based on Table 7, customer satisfaction influences loyalty with a coefficient of 0.447, and the value p-value 0.00 is smaller than 0.01 in the 1% level until the negative H result is obtained. It means that the higher customer satisfaction, the greater the loyalty. In Table 4, the marketing mix has no indirect effect on loyalty, with a P value of 0.07 > 0.05, meaning that the indirect effect is not significant.

Based on descriptive analysis, 83% of vendor decision-makers are students. It can be recommended that PT One of these marketing strategies be carried out actively and massively through digital marketing or social media. The results of another descriptive analysis of PT XYZ customer behavior are regarding the reasons for using PT XYZ, Book quality was the dominant reason, namely 62.5%. From this data, it can be suggested that PT XYZ always maintains the quality of books because this is their main concern client in determining the School Yearbook vendor.

The managerial implication that can be conveyed to the management of PT XYZ Company to increase customer satisfaction is to look at the marketing mix, price and process has a big impact in increasing customer satisfaction. Based on the results of this analysis, it can be recommended that PT XYZ implement Co-creating within the Company. Co-creating is a process where the Company can collaborate with customers, users, or other stakeholders to create shared value through developing products, services, and experiences.

A range of studies have confirmed the influence of marketing mix variables, including product quality, on customer satisfaction. Naibaho et al. (2020) found that the marketing mix of services, including product, price, location, promotion, people, process, and physical evidence, significantly affects customer satisfaction. Vipul (2012) emphasized the importance of a strong product mix, including product quality, in driving customer satisfaction.

Apart from the marketing mix, strategies can also be seen to increase customer satisfaction and service quality. It can be recommended to PT XYZ that intensive communication with clients is an important thing that always needs to be paid attention to. Form divisions' customer service within the Company can also be a solution to make communication more responsive. Providing solutions to production problems and resolving complaints must also be a special concern within the Company in order to increase customer satisfaction with service.

Maintaining customer loyalty within the Company is a very important thing to do. From the results of research conducted, recommendations are a form of loyalty to the client. Most of the clients make recommendations through the process of Word of Mouth (WoM) or Electric Word of Mouth (E-WoM). Word of Mouth, or what is also commonly called word of mouth promotion, is a

form of communication from someone that contains recommendations to individuals or groups regarding information about a service or product that has been tried with the aim of providing information (Masruroh et al.. 2023). It can be recommended to PT XYZ to improve digital marketing within the Company and increase content on social media so that products and services are more easily recognized and recommended by a client who once used the services of PT XYZ in making their School Yearbook.

Managerial Implications

The managerial implications of this research are multifaceted. They include the need to improve marketing strategies in Java Island, maintain consistency in product quality and service, implement co-creating processes, and establish a dedicated customer service division. Enhancing interaction and cooperation with customers can also strengthen marketing relationships. These steps are crucial for addressing declining revenue and ensuring sustained customer loyalty for PT XYZ. Focusing on these strategic areas will help the company to improve its market position and customer retention rates.

CONCLUSION AND RECOMMENDATIONS

Conclusion

Based on the results of the descriptive analysis, in terms of customer satisfaction, it can be concluded that respondents have high satisfaction with the final results of the School Yearbook making service, particularly with the book products produced. From the loyalty perspective, it can be concluded that respondents exhibit high loyalty because they make repeat purchases and recommend the service to others. The SEM-PLS analysis further supports these findings, revealing that the factors of price and process in the marketing mix significantly influence customer satisfaction and loyalty, highlighting the importance of appropriate pricing and efficient operational processes. Additionally, responsiveness and empathy in service quality also have a significant impact, indicating the crucial role of these factors in enhancing customer satisfaction. These combined factors underscore the need for PT XYZ to focus on these elements to maintain high levels of satisfaction and loyalty.

From the descriptive analysis, it is evident that customers are highly satisfied with the school yearbook products. This satisfaction translates into high levels of loyalty, as demonstrated by their repeat purchases and recommendations to others. The analysis shows that all aspects of the marketing mix directly influence both customer satisfaction and loyalty. However, while service quality has a direct impact on satisfaction, its influence on loyalty is indirect and mediated through customer satisfaction. This distinction emphasizes the necessity for PT XYZ to ensure high service quality to maintain overall customer satisfaction.

Recommendation

In researching customer loyalty, this study only utilized variables such as the marketing mix, service quality, and customer satisfaction. For future research, it is recommended to conduct a more in-depth study specifically focused on customer satisfaction. It should be done by separating the analysis based on different decision-maker categories, namely school principals and students. By doing so, researchers can gain a clearer understanding of how each group's satisfaction influences their loyalty and decisions. This approach will provide more nuanced insights into the use of vendors for creating school yearbooks, allowing for more targeted strategies to enhance customer satisfaction and loyalty.

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