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THE ANALYSIS OF 7P MARKETING MIX STRATEGY ON POWDER HERBAL PRODUCTS AND RED GINGER CANDY IN BATU CITY HOME INDUSTRY

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ABSTRACT

This study is to examine the effect of 7P marketing mix strategy on customer satisfaction through purchase decision as mediation variable. The samples are customers of 55 customers of of herbal powder and red ginger candy products in Batu home industry. The data is collected by questionnaires. The research result shows that 7P marketing strategy affects on customer satisfaction, both directly and indirectly through purchase decision. The purchase decision also has positive and significant effect on customer decision of herbal powder and red ginger candy products in Batu home industry.

Keywords: Marketing Mix, Powder Herbal Product, Red Ginger Candy.

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INTRODUCTION

Any company in any field should concern to how to satisfy customers, because this will guarantee the company sustainability. There are many efforts made by company's management to achieve this, including implementing the right marketing strategy to sell the products. There are many marketing strategies known in marketing science, such as the introduction by Philip Kotler with 4P concept (product, price, promotion, and place). The concept of Kotler's 4P marketing strategy has been dominant in marketing management teaching and various trainings. Further developments, experts including Philip Kotler added it to 7P, with addition to Participant, Physical Evidence, and Process. There is also a name with term marketing mix, as expressed by Kotler and Armstrong (1997) that marketing mix as the set of controllable marketing variables that the firm bleads to produce the response it wants in the target market.

Batu City is one city in East Java, which is progressing rapidly. Batu city is a tourist destination that triggers the acceleration of this city's development. Automatically all sectors will reap the blessings of this progress, including the home industry of herbal and ginger candy. This research is to analyze 7P marketing mix strategy in herbal and ginger candy industry in some home industry in Batu City.

This study will answer the following questions:

- 1. Does the marketing mix strategy (7P) directly affect the purchase decision of herbal powder products and red ginger candy in home industry of Batu City?
- 2. Does the marketing mix strategy (7P) directly affect on consumer satisfaction of herbal powder products and red ginger candy in home industry of Batu City?
- 3. Does the purchase decision directly affect on consumer satisfaction of herbal powder products and red ginger candy in home industry of Batu City?

4. Does the marketing mix strategy (7P) have an indirect effect on consumer satisfaction of herbal powder products and red ginger candy in home industry of Batu City?

LITERATURE REVIEW

The results of relevant empirical studies of marketing mix strategies, purchase decisions, and customer satisfaction are shown in table 1 below.

Table 1: The results of previous empirical studies

	Table 1: The results of previous empirical studies					
No	Researchers	Topic		Variables	Research Results	
1	Puspitasari, Safitri, dan Irwansyah (2012)	Analyzing the customer satisfaction on Speedy usage	1. 2. 3.	Service quality Price Customer satisfaction	Service quality and price affect on customer satisfaction	
2	Sembiring, Suharyono, dan Kusumawati (2013)	Analyzing the effect of product quality and service quality on customer loyalty	1. 2. 3.	Product quality Service quality Customer loyalty.	 Product Quality variable has a direct and significant effect on Satisfaction variable Service Quality variable has a direct and significant effect on Customer satisfaction variable has a direct and significant effect on Customer Loyalty Product Quality variable has no significant effect on Customer Loyalty. Service Quality variable has a significant effect on Customer Loyalty. 	
3	Bayu Hadyanto Mulyono (2014)	Analyzing the effect of Product quality and dan Service quality on customer satisfaction	1. 2. 3.	Product excellence Service excellence Customer satisfaction	Higher product excellence can increase the consumer satisfaction. Higher service excellence can increase the consumer satisfaction.	
4	Archi C. Ruslim (2015)	Analyzing the effect of advertising and Brand image on Purchase Decision	1. 2. 3. 4.	Advertising Perceived price Brand image Purchase decision	Price Perception and Brand Image have a significant effect on Purchase Decision	

Source: Observation Results, 2017.

METHODS

Above research, result shows that marketing strategy and purchase decision has relationship with customer satisfaction. Therefore, the research model can be stated in figure 1 as follows.

Figure 1. Conceptual Framework

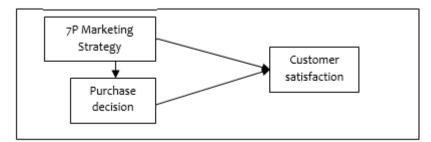


Figure 1 shows the model to explain the relationship among variables within this research. Based on the relation, the research hypotheses can be stated below.

- H1: Marketing mix strategy (7P) has a direct effect on purchase decision of herbal powder and red ginger candy products in Batu home industry.
- H2: Marketing mix strategy (7P) has a direct effect on Customer satisfaction of herbal powder and red ginger candy products in Batu home industry.
- H3: Purchase decision has a direct and significant effect on Customer satisfaction of herbal powder and red ginger candy products in Batu home industry.
- H4: Marketing mix strategy (7P) has an indirect effect through purchase decisions on consumer satisfaction of herbal powder and red ginger candy products in Batu home industry.

Sample

Umar (2013) explained that sample is part of number and characteristics of population. The sampling decision is based on theory expressed by Arikunto (1998), namely: "If the subject is less than 100 they should be taken all, it is a population study. Furthermore, the large subject can be taken between 10% - 15% or more ". Therefore, this study samples are 55 people.

Descriptive Analysis

Descriptive analysis in this research describes the frequency, amount of data, minimum value, maximum value, average, and assessment criterion, as shown in table 2 below.

Table 2. Category Scale

Scale	Category
1.00 - 1.80	Very low
1.81 - 2.60	Low
2.61 - 3.40	Medium
3.41 - 4.20	High
4.21 - 5.00	Very high

Source: Adapted from Arikunto (2006).

Inferential Analysis

The research model proposes four hypotheses. It consists of three direct effect analysis and one indirect effect analysis. This study used structural equation model (SEM) to analyze the research hypotheses.

RESULTS

The results of descriptive statistical analysis

Consumer response shows good response to herbal powder product and red ginger candy in home industry for encapsulated in Marketing Strategy (7P) variable. It consisting of 14 items of question. The "disagree" and "strongly disagree" answer percentages are very small. The highest average score is the X15 question item (Product introduction through the family planning meeting), and the lowest is the X14 question item (adequate parking area).

Consumer response shows good response to herbal powder product and red ginger candy in home industry for encapsulated in Purchase Decision. It consists of 10 items question. The "disagree" and "strongly disagree". Percentage is very small. The highest average score is X29 question item (consumer repurchase), and the lowest is the X23 question item (product information for consumers is easy to find).

Consumer response shows good response to herbal powder product and red ginger candy in home industry for encapsulated in Consumer Satisfaction. It consists of six items of

questions. Meanwhile, "disagree" and "strongly disagree". The percentage is very small. The highest average score is Y15 question item (the customer will repurchase in future), and lowest is the Y12 question item (the employee's service performance is consistent with my expectations).

Test Reliability

The research instrument is considered reliable if the Cronbach Apha coefficient is greater than or equal to 0.60 (Malhotra, 2004). Cronbach Apha coefficient values of each research variables are explained below.

- 1. Cronbach Apha coefficient value of Marketing Strategy variable with 14 items questions is 0.778.
- 2. Cronbach Apha coefficient value of Purchase Decision variable with 10 items of question is 0.774.
- 3. Cronbach Apha coefficient value of Consumer Satisfaction variable with six items of questions is 0.795.

The Cronbach Apha values of three research variables are greater than 0.60. Therefore, it can be said that the research instruments are reliable and can be used for the subsequent analysis.

Test Validity

The instrument validity of this study is tested by the loading factor. The instrument is valid if the probability of loading factor \leq 0.05, or loading factor \geq 0.30, or the critical ratio \geq 2. The testing results are shown in table 3, 4 and 5 below.

	Table 3. Validity of Marketing Strategies					
Item	Item Loading Critical		Probability	Description		
	Factor	Ratio				
X11	0.784	7.657	0.000	Valid		
X12	0.812	8.162	0.000	Valid		
X13	0.824	7.918	0.000	Valid		
X14	0.469	5.632	0.000	Valid		
X15	0.452	4.726	0.000	Valid		
x16	0.583	6.447	0.000	Valid		
X17	0.700	7.190	0.000	Valid		
x18	0.759	8.086	0.000	Valid		
x19	0.683	8.235	0.000	Valid		
X110	0.822	8.267	0.000	Valid		
X111	0.786	8.371	0.000	Valid		
X112	0.951	7.937	0.000	Valid		
X113	0.858	7.926	0.000	Valid		
X114	1.000		0.000	Valid		

Source: Primary Data Processed, 2017

	rable 4. Validity of Fulctiase Decision Variable						
Item	Loading	Critical	Probability	Description			
	Factor	Ratio					
X21	0,726	5,727	0,000	Valid			
X22	0,830	7,041	0,000	Valid			
X23	1,036	9,809	0,000	Valid			
X24	0,505	3,930	0,000	Valid			
X25	0,603	5,004	0,000	Valid			
x26	0,703	5,825	0,000	Valid			
X27	0,654	5,656	0,000	Valid			
x28	0,358	2,645	0,008	Valid			
x29	0,578	4,810	0,000	Valid			

X210	1,000	0,000	Valid
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	_	,		
Item	Loading	Critical	Probability	Description
	Factor	Ratio		
y11	1,000		0,000	Valid
y12	0,660	4,230	0,000	Valid
y13	0,713	7,389	0,000	Valid
y14	0,721	6,908	0,000	Valid
y15	0,352	3,886	0,000	Valid
y16	0,904	7,353	0,000	Valid

Source: Primary Data Processed, 2017

The loading probability values of three research variables are respectively ≤ 0.05, or loading factor ≥ 0.30, or the critical ratio ≥2. Therefore, all the research instruments are considered valid and can be used for the subsequent analysis.

Normality assumption

The normality test is shown in table 6 below.

Table 6. Normality Testing

Strategy .731 .214 3.415 *** z1 .215 .060 3.577 *** z2 .044 .027 1.615 .106 e14 .318 .071 4.491 *** e13 .135 .031 4.344 *** e12 .165 .038 4.342 *** e11 .081 .019 4.207 *** e10 .097 .023 4.246 *** e9 .069 .016 4.257 *** e3 .094 .022 4.303 *** e6 .150 .033 4.546 *** e6 .150 .033 4.546 *** e5 .224 .048 4.633 *** e4 .149 .032 4.346 *** e3 .126 .029 4.346 *** e4 .149 .032 3.331 ***		Estimate	S.E.	C.R.	Р	Label
22 .044 .027 1.615 .106 e14 .318 .071 4.491 *** e13 .135 .031 4.344 *** e12 .165 .038 4.342 *** e11 .081 .019 4.207 *** e10 .097 .023 4.246 *** e9 .069 .016 4.257 *** e8 .094 .022 4.303 *** e7 .143 .032 4.473 *** e6 .150 .033 4.546 *** e5 .224 .048 4.633 *** e4 .149 .032 4.597 *** e3 .126 .029 4.346 *** e2 .102 .024 4.280 *** e1 .135 .031 4.401 *** e24 .106 .032 3.331 *** e24 .106 .032 3.331 *** e24 <td< td=""><td>Strategy</td><td>.731</td><td>.214</td><td>3.415</td><td>***</td><td></td></td<>	Strategy	.731	.214	3.415	***	
e14 .318 .071 4.491 *** e13 .135 .031 4.344 *** e12 .165 .038 4.342 *** e11 .081 .019 4.207 *** e10 .097 .023 4.246 *** e9 .069 .016 4.257 *** e8 .094 .022 4.303 *** e7 .143 .032 4.473 *** e6 .150 .033 4.546 *** e5 .224 .048 4.633 *** e4 .149 .032 4.597 *** e3 .126 .029 4.346 *** e2 .102 .024 4.280 *** e1 .135 .031 4.401 *** e24 .106 .032 3.331 *** e23 .280 .062 4.523 *** e24 .106 .032 3.331 *** e25 <td< td=""><td>Z1</td><td>.215</td><td>.060</td><td>3.577</td><td>***</td><td></td></td<>	Z1	.215	.060	3.577	***	
e13	Z2	.044	.027	1.615	.106	
e12	e14	.318	.071	4.491	***	
e11	e13	.135	.031	4.344	***	
e10	e12	.165	.038	4.342	***	
e9	e11	.081	.019	4.207	***	
e8	e10	.097	.023	4.246	***	
e7	e9	.069	.016	4.257	***	
e6	e8	.094	.022	4.303	***	
e5	e7	.143	.032	4.473	***	
e4	e6	.150	.033	4.546	***	
e3	e5	.224	.048	4.633	***	
e2	e4	.149	.032	4.597	***	
e1	е3	.126	.029	4.346	***	
e24 .106 .032 3.331 *** e23 .280 .062 4.523 *** e22 .389 .084 4.644 *** e21 .246 .055 4.445 *** e20 .264 .060 4.427 *** e19 .278 .062 4.507 *** e18 .334 .073 4.584 *** e17 .117 .035 3.370 *** e16 .226 .053 4.260 *** e15 .294 .066 4.438 *** e25 .165 .044 3.703 *** e26 .601 .131 4.585 ***	e2	.102	.024	4.280	***	
e23 .280 .062 4.523 *** e22 .389 .084 4.644 *** e21 .246 .055 4.445 *** e20 .264 .060 4.427 *** e19 .278 .062 4.507 *** e18 .334 .073 4.584 *** e17 .117 .035 3.370 *** e16 .226 .053 4.260 *** e15 .294 .066 4.438 *** e25 .165 .044 3.703 *** e26 .601 .131 4.585 ***	e1	.135	.031	4.401	***	
e22 .389 .084 4.644 *** e21 .246 .055 4.445 *** e20 .264 .060 4.427 *** e19 .278 .062 4.507 *** e18 .334 .073 4.584 *** e17 .117 .035 3.370 *** e16 .226 .053 4.260 *** e15 .294 .066 4.438 *** e25 .165 .044 3.703 *** e26 .601 .131 4.585 ***	e24	.106	.032	3.331	***	
e21 .246 .055 4.445 *** e20 .264 .060 4.427 *** e19 .278 .062 4.507 *** e18 .334 .073 4.584 *** e17 .117 .035 3.370 *** e16 .226 .053 4.260 *** e15 .294 .066 4.438 *** e25 .165 .044 3.703 *** e26 .601 .131 4.585 ***	e23	.280	.062	4.523	***	
e21 .240 .033 4.447 *** e20 .264 .060 4.427 *** e19 .278 .062 4.507 *** e18 .334 .073 4.584 *** e17 .117 .035 3.370 *** e16 .226 .053 4.260 *** e15 .294 .066 4.438 *** e25 .165 .044 3.703 *** e26 .601 .131 4.585 ***	e22	.389	.084	4.644	***	
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e18	e20	.264	.060	4.427	***	
e17	e19	.278	.062	4.507	***	
e16	e18	·334	.073	4.584	***	
e15	e17	.117	.035	3.370	***	
e25	e16	.226	.053	4.260	***	
e26 .601 .131 4.585 ***	e15	.294	.066	4.438	***	
20 .001 .151 4.505	e25	.165	.044	3.703	***	
e27 .171 .040 4.238 ***	e26	.601	.131	4.585	***	
	e27	.171	.040	4.238	***	

	Estimate	S.E.	C.R.	Р	Label
e28	.212	.049	4.323	***	
e29	.207	.045	4.603	***	
e30	.279	.066	4.245	***	

Table 6 shows the values e1 to e30, and z1 and z2. All the values are \leq 0.05 and CR values \pm 2.58, except z2. Accordingly, the data is distributed normally and can be used for the subsequent analysis.

Multivariate Testing for Outliers Assumptions

Multivariate Outliers is tested by Mahalanobis Distance or Mahalanobis d-Squared. The results are shown in table 7 below.

rable /. Multivariate Detection					
Observation number	Mahalanobis d-squared	p1	p2		
11	40.449	.096	.990		
36	39.416	.117	·974		
17	39.372	.118	.912		
4	38.785	.131	.856		
13	38.701	.133	.729		
2	37.525	.162	.760		
12	37-345	.167	.645		
10	36.925	.179	.572		
28	34.976	.244	.801		
26	34.930	.245	.695		
14	34.248	.271	.709		
20	33.955	.283	.649		
33	33.460	.303	.636		
15	33.119	.317	.592		
25	32.995	.323	·495		
32	32.193	.359	·573		
45	31.976	.369	.505		
38	31.958	.369	.389		
42	31.870	·374	.298		
24	31.815	.376	.213		
1	31.656	.384	.161		
41	31.295	.401	.147		
27	30.585	.436	.193		
22	30.480	.441	.137		
8	30.414	·445	.089		
34	29.689	.482	.127		
6	29.631	.485	.081		
31	29.078	.513	.095		
40	28.793	.528	.079		
16	28.621	.538	.055		
44	27.508	.596	.133		
37	27.185	.614	.116		
30	26.687	.640	.123		
7	26.352	.657	.106		
23	26.093	.670	.082		
3	25.688	.691	.074		
21	23.452	.796	.416		

Observation number	Mahalanobis d-squared	р1	p2
29	22.846	.822	·434
18	22.279	.844	.432
9	21.440	.874	.489
43	20.852	.892	.460
19	20.017	.916	.471
5	18.882	.942	.517
35	18.868	·943	.263
39	15.594	.986	.528

Multivariate Outliers is tested by Mahalanobis Distance or Mahalanobis d-Squared at level of significance 0.05. Multivariate Outliers case occurs if Mahalanobis Distance is greater than Chi-Square. Table 7 shows all the Mahalanobis Distance or Mahalanobis d-Squared values have smaller values than Chi-Square of 707.457. It means that there is no multivariate outliers can be used for the subsequent analysis.

Structural Equation Model Test (SEM)

The structural equation model test is intended to find out the overall model of fit and the effect between variables in the research model. The result of SEM analysis can be seen in Figure 2 below.

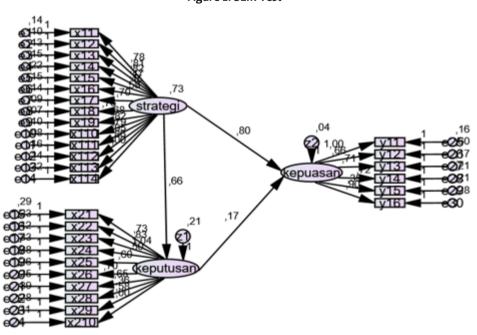


Figure 2. SEM Test

Figure 2. Model Test Results for the Relationship between Marketing Strategy, Purchase Decision, and Consumer Satisfaction.

Figure 2 is evaluated based on goodness of fit indices, as shown in Table 8 below. Table 8 Evaluation of Goodness of Fit Indices Overall Model Criteria

Goodness-of-Fit Indices	Cut-of Value	Test Results	Description
Chi Square	Should small	707,457	Good
Sign. Probability	≥ 0,05	0,000	Good
CMIN/DF	≤ 2 atau 3	1,760	Less good
GFI	≥ 0,90	0,553	Good
AGFI	≥ 0,90	0,484	Good

TLI	≥ 0,90	0,772	Good
CFI	≥ 0,90	0,790	Good
RMSEA	≤ 0,08	0,131	Good

Table 8 shows the model meet all all assumption, which is lower or greater than the required cut-off values. Therefore, the model can be accepted and tested further.

The Effect among Variables

The effect between variables is tested by Structural Equation Model with Amos 24 software. The test result of direct effect is shown in table 9 and the result for indirect effect is shown in table 10 below.

Table 9. Effect among variables

		U			
Dependent	Regression	CR	Significance	Description	
variables	Coefficient	(t count)	Significance	Description	
Purchase	0.656	F 601	*** atau	Cignificant	
decision	0,656 5,601		< 0,05	Significant	
Customer	0.904	5 9 4 5	*** atau	Cignificant	
satisfaction	0,804 5,845		< 0,05	Significant	
Customer	0.467	4.262	0.472	Incignificant	
satisfaction	0,16/	0,10/ 1,363		Insignificant	
	variables Purchase decision Customer satisfaction Customer	variables Coefficient Purchase	Dependent Regression CR variables Coefficient (t count) Purchase decision 0,656 5,601 Customer satisfaction 0,804 5,845 Customer 0,167 1,363	Dependent Regression CR Variables Coefficient (t count) Purchase decision 0,656 5,601 *** atau < 0,05	

Source: Primary Data Processed, 2017

Table 10. Indirect effect testing

rable for man det en det testing							
Independent	Dependent		Effect		Significance	- Decision -	
variables	variables	Direct	Indirect	Total	Significance	Decision	
	Purchase	0.656	2656		*** atau	Accopted	
	decision	0,656	0,000	0,656	< 0,05	Accepted	
Marketing	Customer	0,804	0.100	0.012	*** atau	Accepted	
strategy	satisfaction	0,804	0,109	0,913	< 0,05	Accepted	
Marketing strategy to through			_				
Purchase decision on		0,167	0,000	0,667	0,017	Accepted	
Customer satisfaction							

Source: Primary Data Processed, 2017

DISCUSSION

Hypothesis 1 said that Marketing mix strategy (7P) has a direct effect on purchase decision of herbal powder and red ginger candy products in Batu home industry. Table 9 and Table 10 above show that critical ratio for this construct path is 5.601 with probability value of *** or <0.05. The role of thumb explained that path of construct relationship is significant if the critical value (\geq 2.0 ratio) and significance value t (probability) \leq 0.05. Since the values obtained are within this standard, it can be said that hypothesis 1 is accepted. Therefore, there is a significant and direct effect of the marketing mix strategy (7P) on the purchase decision of herbal powder and red ginger candy products in Batu home industry. Therefore, hypothesis 1 is accepted.

Hypothesis 2 said that Marketing mix strategy (7P) has a direct effect on Customer satisfaction of herbal powder and red ginger candy products in Batu home industry. Table 9 and Table 10 above show that critical ratio for this construct lane is 5.845 with significance value of t 0.173> 0.05. The role of thumb explained that path of construct relationship is significant if the critical value (\geq 2.0 ratio) and significance value t (probability) \leq 0.05. Since the values obtained are within this standard, it can be said that hypothesis 2 is accepted. Therefore, there is a significant and direct effect of marketing mix strategy (7P) on consumer satisfaction of herbal powder and red ginger candy products in Batu home industry. Therefore, hypothesis 2 is accepted.

Hypothesis 3 said that Purchase decision has a direct and significant effect on Customer satisfaction of herbal powder and red ginger candy products in Batu home industry. Table 9 and Table 10 above show that critical ratio for this construct path is 1.363 with significance value t (probability) *** or <0.05. The role of thumb explained that path of construct relationship is significant if the critical value (\geq 2.0 ratio) and significance value t (probability) \leq 0.05. Since the values obtained are within this standard, it can be said that hypothesis 3 is accepted. Therefore, there is a significant and direct effect of purchase decisions on consumer satisfaction of herbal powder and red ginger candy products in Batu home industry. Therefore, hypothesis 3 is accepted.

Hypothesis 4 said that Marketing mix strategy (7P) has an indirect effect through purchase decisions on consumer satisfaction of herbal powder and red ginger candy products in Batu home industry. Table 10 shows that value of indirect effect is 0.109, while the others are 0.913 (total effect) = 0.804 (direct effect) + 0.109 (indirect effect). Therefore, it can be said that indirect effect of marketing mix strategy (7P) through purchase decisions on consumer satisfaction of herbal powder and red ginger candy products in Batu home industry is 0.667 at significance level of 0.017 < 0.05. It means Marketing mix strategy (7P) has an indirect effect through purchase decisions on consumer satisfaction of herbal powder and red ginger candy products in Batu home industry. Therefore, hypothesis 4 is accepted.

As known, that Batu City is known as Tourism City, Culinary City, and City Education. There are many tourist attractions in the regional Agro Wisata, Selecta, Coban Rondo, Apple Pickles and so forth. Batu City is also a strategic location because the distance is not far from Malang City. The number of places this tour certainly has a significant economic effect for people of Malang, such as culinary business. Home industry that produces herbal powder and red ginger candy does not miss catching this opportunity by trying to peddle its products to people who visit this city. Various types of products from home industry are offered, but they still maintain customer satisfaction by always improving the quality of its products as proved by the results of this study.

CONCLUSION

This research analyzed four hypothesis, three are direct effect and one is indirect effect through mediation variable. The results of hypothesis test results are explained in detail below.

- There is a significant and direct effect of the marketing mix strategy (7P) on the purchase decision of herbal powder and red ginger candy products in Batu home industry
- 2. There is a significant and direct effect of marketing mix strategy (7P) on consumer satisfaction of herbal powder and red ginger candy products in Batu home industry.
- 3. There is a significant and direct effect of purchase decisions on consumer satisfaction of herbal powder and red ginger candy products in Batu home industry.
- 4. There is an indirect effect of Marketing Mix Strategy (7P) through Purchase Decision on Consumer Satisfaction product of herbal powder and red ginger candy products in Batu home industry.

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