The Impact of Marketing Mix and Customer Value on Customer Loyalty

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The Impact of Marketing Mix and Customer Value on Customer Loyalty

A Research Report submitted
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Abstract

This study aims to examine the impact of Marketing Mix and Customer Value on Customer Loyalty. Using the S-O-R (stimulus-organism-response) as a baseline theory, the data has been collected from social online buyers in Pakistan involving only one city i.e. Karachi by using self-administered questionnaire. A total of 501 questionnaires were found usable. We use SPSS software for obtaining demographics summary and SMARTPLS to analyze the effect of Marketing Mix and Customer Value on Customer Loyalty. Structural Equation Modeling (SEM) analyses shows that there is a positive and significant relationship between marketing mix and customer loyalty and between customer value and customer loyalty The findings suggest that to attain customers’ loyalty, sellers should offer those products or services which they believe are truly needed by customers. When the customer will get good product at reasonable price and convenience when buying product, they are more likely to be loyal customers. Three limitations are available for future studies. First, our variables are limited as we have worked on selective variables. Sample size of our study is also limited as total numbers of respondents are 501. Our sample is restricted to only online social buyers. These limitations, however, provide directions for further future researches.

Keywords: Customer Value, Customer Loyalty, Marking Mix, S-O-R theory
Chapter # 01

Introduction
1. Introduction

1.1 Background of the Study

Currently consumers, to enhance their purchasing experiences they are using technology as an instrument (Pookulangara & Koesler, 2011). Through social networking sites (SNS) consumers can make their personal profile, individual network, and share interpersonal commentary (Lenhart & Madden, 2007). Thus, social networking sites (SNS) like LinkedIn, Facebook, and MySpace can play a significant role as a marketing medium (Cha, 2009). To give out information related to product and services, SNS can be used as powerful medium for eWOM (Chu & Kim, 2011). Scommerce is the subgroup of e-commerce which use social media for selling and purchasing of goods and services via internet. (Marsden, 2011). Social electronic shopping and s-commerce are the two kinds of internet social network which let customers/consumer to take part in the selling and marketing of services and goods in business and different internet communities (Stephen & Toubia, 2010). For social electronic shopping use of s-commerce perform vital role in changing the retail industry. In 2008 when Groupon i.e. (groupon.com) was successfully started in U.S from then S-commerce has spread worldwide. S-commerce is different from e-commerce as through Scommerce consumers can promote goods directly by active use of SNS. In the Information Communication Technology (ICT), s-commerce has earned attention as a new business model. Scommerce, earlier measured in two separate methods by researchers. First, s-commerce has commercial features which are added to their networking sites (SNSs) which let customers to buy like Facebook (Liang et al., 2011). Another is, established electronic commerce websites have added social characteristics and data so customers can socialize when buying something examples are eBay and Amazon (Shen & Eder, 2009).
Afrasiabi, Rad and Benyoucef, (2011); Zhong, (2012); Leitner and Grechenig, (2007); Wang, (2009); Shen and Eder, (2009) explain customer loyalty towards social commerce sites as the intention to continue using a particular social-commerce site. Customer loyalty is of two types first is behavioral customer loyalty and second is attitudinal customer loyalty. Behavioral customer loyalty is past-focused (i.e. retrospective) whereas attitudinal customer loyalty future-focused (i.e., prospective). Behavioral customer loyalty means to obtained loyalty through constant buying behaviors and engaging in recommendation, while attitudinal customer loyalty is to involve customers in buying behaviors in future (Allagui and Temessek, 2004; Jang et al., 2008; Kandampully and Suhartanto, 2003; Toufaily et al., 2013).

In today’s global markets, for the victory of traditional and online trades customer loyalty is important because in online shopping customers become more involve as compare to traditional environment as they can go to any e-store accidentally or intentionally with just one click (Mantymäki, 2009). Online customers shift quickly from one site to another and from one page to another so it’s not easy to retain online shoppers (Eid & Al-Anazi, 2008).

For customer acquisition and retention and to maintain loyal consumer base customer perceived value plays an important role (Fornell et al, 1992; Stahl et al, 2003). Those firms can gain competitive advantage that provides value that customers want (Eggert and Ulaga, 2002). Firms can build relationships with their customers when they value perception and needs of their customer. When customers will get value so it will be difficult for them to quit and resume the learning process with new supplier. (Gronroos, 1997).

When suppliers provide value and maintain relationship quality so this gives rise to achieving customer loyalty and higher surplus. Providing high value in goods and services is essential to construct well-built relationship which will someday make more income and profit for the firm.
Previous studies states that through value, behavior and loyalty of customer can be maintained in traditional static figure. Changes in customer value like quality and price influence customer loyalty. Zeithmal (1988) describe Customer Value is the thing that a client general appraisal of usefulness/utility of a good depend on view of thing which is gotten and which is given. For the business market, Anderson et al. (1993) define as the perceived value inn money related units of the arrangement of technical, financial and social advantage got through consumer in return for the amount spend to get that good, contemplating the available suppliers’ offering and prices. When the customer purchase and use a seller’s product, the difference b/w what he customer wants and what he gets is called customer value. (Woodruff. 1997)

Marketing Mix variables are the drivers of the income stream. Kotler (2005) says that through 4Ps model we can even now get valuable framework for marketing plan. Apart from selling and generating the revenue is the individual elements included in the marketing mix should establish a long and commonly benefit relationship with customers and deliver more value. Four elements of marketing mix is introduced by McCarthy (1971) he defines marketing mix is the mixture of four MM which 4Ps which stands for product, price, place and promotion. There are two types of product tangible (which is goods) whom can be touched and intangible (i.e. services) which we cannot touch, but we can get benefit from product. Product consists of services quality, branding, grading, service facilities, packaging, and standardization (Ali & Raza, 2017). A company's sales and profits both are affected by Price decisions, so price is always remuneration. Price is characterized as the settlement in this modern economy, can be consider as a trade of cash, cash being the price for things. Place is the function where your product is going to distribute according to the demand of numerous target markets, providing products in whatever place its required, including those elements which use in giving time, place, and ownership utilities required to satisfy customers targeted. Promotion means way of communication between buyer and seller. For
example, public relations, personal selling, advertising, sales promotion and tools of publicity, there are many other forms of promotion.

1.2. Problem Statement

Social commerce or s-commerce is now dominating the Electronic Commerce (e-commerce) industry (Liang & Turban, 2011). SNSs now present most of traffic on e-commerce sites. (Hennig-Thurau et al., 2010; Hajli, 2012). SNSs have been important in advancing s-commerce platform/sites, of which e-commerce business have immediately as essential for their business needs. According to other studies, to study s-commerce websites Customer satisfaction is another one necessary characteristics. Customer satisfaction alludes to a sentiment of either delight or dissatisfaction build out of perceived hope of a particular s-commerce goods or services and performance which a customer perceives. (Churchill Jr and Surprenant, 1982; Parker and Mathews, 2001; Lin, 2003). Customer loyalty and Customer satisfaction both are important for on the web purchase and selling behavior.

Studies indicate three qualities of a websites which are important for s-commerce business. They are system quality, service quality and info quality. (Liu et al., 2011; Liang et al., 2011; Jaiswal et al., 2010). Social commerce firm needs to maintain their reputation, if they want to be success. If online firm want to gain their customers trust, s-commerce needs to maintain good reputation. (Park et al. 2012). Corbitt et al. (2003) states that when customer will get positive response and shopping experiences they may overcome difficulties and barriers when they will shop online. In this study, online shopping experience is added too. When studying s-commerce, WOM is a significant factor (Ali et al., 2019; Raza et al., 2020). Park et al. (1998) states that because of WOM customers buy various products as compared to listening and watching an advertisement. Lastly, communication is also one of the factor, Communication means to share information to customers by using two process i.e.
informal and formal so they can get agreement on a decision. (Moon and Lee, 2008). This should be possible by trading information by using s-commerce website’s social features, like ratings, reviews, and recommendations.

An enlarge amount of retailers are now using social networking in their Marketing Mix (MM). (Market Watch, 2008). In 2009, there were social network page of 40% e-retailers and “fan page” on Facebook of 59% of the top U.S. retailers. (Cisco Internet Business Solutions Group, 2009). From the top 100 organizations, many of them was engaged in social networking, on Facebook 79% of the organization exist, on Twitter 69%, on both the network exist 59% (e-Marketer, 2009). Developers and Managers of SNSs have improved their SNSs to provide shopping services as they have noted the importance of online shopping. The apparel sector has adopted marketing strategy that make use of online social networking and community portals (Schroeder, 2010). For example, Levi’s has merge Facebook’s social plug-in into their online shopping site, turning it into a social shopping experience and they were first key brands to do this. (Schroeder, 2010). Delta Airlines, Express, Hallmark, Lands’ End and other well-known retailers also started to sell their products on the Facebook pages also. The incorporation of social networking into a retailers marketing strategy is trending upward.

Many other e-commerce companies are trying to shift to social commerce but they are still examining to know how they can use social media and how they can reach their target customer in global market by effective use of social networking services (Sun 2011). As per stats from IBM (2012), in 2012 out of all online Black Friday sales, the level of social sales from customers allude from social networks like Twitter, YouTube, LinkedIn and Facebook just represented 0.34%, decrease of more than one third contrasted with the earlier year. This number suggests that best years of s-commerce are still yet to come.

Many different s-commerce companies are setting foot in the market to grow their market share. Nevertheless, entrance of new firms has resulted in to have negative outcomes, like low quality control,
intensified competition and lack of service differentiation. Even because of these negative outcomes, s-commerce has kept a high pace of development, showing a need more and better understanding of s-commerce for potential market growth. Particularly, as s-commerce is a late wonder and uncommon from e-commerce, we have to inspect buying behavior of s-commerce customers and develop effective marketing strategies for s-commerce organizations. However, past studies focused on locating the factors which effect the acquiring of s-commerce. i.e., not many studies explored that which types of product or services attracts s-commerce customers and marketing factors.

There are many studies who have investigate different aspects of s-commerce, but still there exists a gap with reference to customer loyalty (CL). Liang et al., (2011) has done an Empirical Study on Social networking sites to know the effect of social factors like relationship quality and social support on users who intent to participate in future in s-commerce.

1.3. Research Objective

The aim of this research is to analyze the impact of Marketing Mix and Customer value on Customer Loyalty.

1.4. Research Question

What is the impact of Marketing Mix and Customer Value on Customer Loyalty?

1.5. Significance of the Study

The purpose of this study is to analyze the impact of Marketing Mix and Customer value on Customer Loyalty. This study will be beneficial for the owners of the online business, marketers of the business, and those who wants to engage people on their social media page so they can generate more followers, viewers and customers for their business. This study will also benefit academics, managers to get better understanding on how marketing mix impact on Customer loyalty stimulus in the fastest
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growing S-commerce. Future researchers will also get help from this research and to know the impact of Marketing Mix on Customer Loyalty.

1.6. Limitation and Delimitation

Limitations in our research is that our variables are limited as we have worked on selective variables. Sample size of our study is also limited as total number of respondents are 501. Our sample is restricted to only online social buyers. Delimitation is that we collected the data from Karachi only for the research.

1.7. Organization of the study

This research has five chapters. Chapter one i.e. Introduction include background of the study, problem statement research objective, research question, significance of the study limitations and delimitations of the study is explained in. 2nd chapter i.e. Literature Review include theoretical background, empirical reviews, hypothesis and conceptual model. 3rd chapter i.e. Methodology explains research purpose, approach, design, sampling technique, statistical technique, instrument, target audience, sample size, and ethical consideration. 4th chapter i.e. Data Analysis discussed the demographic profile and result of the study. 5th chapter i.e. Conclusion tells you about the conclusion, future recommendation and managerial implication.
Chapter # 02

Literature Review
2. Literature Review

2.1. Theoretical Framework

The S–O–R theory, is proposed by Woodworth (1928), is used to describe how relationship between stimulus and response can be mediated by organism by assuming many different mediating mechanisms working in the organism. These mediating mechanisms i.e. organism convert environmental stimuli into responses and that is the outcome of the procedure displayed as CB i.e. consumer behaviors. For example, buying and not buying (Lichtenstein et al., 1988). Starting from S-O-R (stimuli, organism, and responses) procedure, Mehrabian and Russell (1974) additionally initiated a model to expand environmental stimuli impact a person’s cognitive and effective reactions, which one after the other effect a person’s behavior. S-O-R (stimuli, organism, and response) theory is popular for studying consumer behavior; also it has been contemplated as a psychology theory. (Fiore and Kim, 2007; Chang et al., 2011). S-O-R theory is used to confirm that environmental cues (i.e. stimuli) of e-stores influence customer’s perception and inner condition (i.e. organism) which later effect their shopping behavior output (i.e. response) (Eroğlu et al. 2003). In like manner, perceived value (i.e. organism) build on what it buyer need or want for example utilitarian hedonic are initiated by stimuli of webpage environment act as mediator which particularly impact customer loyalty result like search, retention, and recommendation.

Past studies have used S-O-R (stimulus-organism-response) as framework to know what factor of e-store surroundings effect psychological process of perception, endearment, and motivation which causes consumer responses (Jiang et al., 2010; Eroğlu et al., 2003; Animesh et al., 2011; Parboleah et al., 2009). The S-O-R (stimulus-organism-response) model theory assume that natural and related to brand stimuli go as reminder which form a person’s cognitive and effective responses, which consequently influence their reactions (Mehrabian and Russell, 1975).
Stimuli refer to those marketing programs which are present to assist brand, this include advertising, product, store atmospherics, attentiveness of salesperson etc, while organism refers to customer’s cognitive and effective mood, i.e. her thoughts and feelings. The response, contain variables like commitment, loyalty purchase intention, trust etc. (Jacoby, 2002)

McKinney (2004) applied S-O-R theory to describe customer’s inner motivation for online shopping is different and there is significant impact of motivation on satisfaction of shopping. A latest factor has been introduced in the S-O-R model by Richard (2005), i.e. information-seeking, and the result shows high task relevant information is having positive impact on consumer’s involvement in sites and their upcoming shopping behavior. Koo and Ju (2010) affirmed that environmental online cues influence consumer’s feelings and expectations.

Expanding from environmental psychology, S-O-R theory demonstrate that different parts of the environment go about as outer stimuli which impact inward affections and cognitions of, which in succession enforce behavioral responses. (Mehrabian and Russell 1974). S-O-R framework was used effectively in IS research to describe online CB i.e. consumer behavior, for example, patronage intention (Won Jeong et al. 2009) and s-commerce intention (Zhang et al. 2014). S-O-R model provides envisioned framework to examine the over-burden impact as environmental stimuli in the inside psychological responses of clients, which thusly drive their behavioral responses.
2.2. Empirical Studies

Sudari, Tarofder, Khatibi & Tham (2019) examined the critical effect of marketing mix on customer loyalty through customer satisfaction in food and beverage products. Customer Loyalty has been used as the dependent variables and Marketing Mix (4P’s) is used as Independent Variables. The data was gathered from 300 customers of food and beverage products SMEs belonging to Malaysia. Path Analysis Approach and SPSS 20.0 techniques have been used to analyze this relationship. The result shows that product, promotion, place and price have positive effects on customer satisfaction of food and beverage products SMEs in Malaysia. Moreover, customer satisfaction has positive effects on customer loyalty, product, promotion, place and price has positive effects on customer loyalty through customer satisfaction of food and beverage products SMEs in Malaysia. Price is the essential factor on which customers focus and SMEs have to pay special attention on this. To obtain customer satisfaction and loyalty, with price, other elements of SMEs need to be improved. In future, researchers can study other factors like service quality, customer value and other factors which can effect customer satisfaction and loyalty. In this study only four Marketing mix element is used i.e. product, price, place and promotion, other elements like physical evidence, process and people can be used to study further.

Alhulail, Dick & Abareshi (2018) determined the Influence of Word-of-Mouth on Customer Loyalty to Social Commerce Websites. Customer loyalty to Social Commerce Websites has been used as dependent variables and Word-of-Mouth is used as independent variables. Structural Equation Modeling (SEM) technique has been used to analyze this relationship. The result shows WOM is the most essential factor which effects customer loyalty. Customer trust is important in the field of S-commerce which influences loyalty to s-commerce.

Oluwafemi and Adebiyi (2018) investigated customer loyalty and integrated marketing communications among subscribers of telecommunication firms in Lagos Metropolis, Nigeria.
Customer loyalty has been used as dependent variable and Integrated Marketing Communications (Consumer buying behavior, sales promotion, direct marketing, advertising, and publicity) is used as independent variable. The data was gathered from 134 subscribers of four mobile telecommunications service providers. Statistical Packages for Social Scientists (SPSS IBM 20) technique has been used to analyze this relationship. The result shows a significant relationship between customer loyalty and direct marketing, publicity, sales promotion, and advertising respectively. Integrated Marketing Communications are useful strategies to increase customer loyalty to the telecommunication service provider in Nigeria. It has been suggested Integrated Marketing Communications as a strategic tool for getting subscribers to patronize and keep them with telecommunication service provider for a long period. For this study, no mediating variables were inspected so future researcher should study the mediating effect of other extraneous factors between stimulus-organism (i.e. IMC and consumer) and between consumer-responses like patronage, satisfaction and loyalty.

Mohammadi and Sohrabi (2018) examined the Effect of Marketing Mix Elements on Customer Satisfaction with Mediating Role of Electronic Customer Relationship Management. Customer Satisfaction has been used as dependent variable and Marketing Mix Elements is used as independent variable. The data was collected from 384 customers who is active electronic stores user. SPSS18, LISREL8.80 software technique have been used to analyze this relationship. The result shows that marketing mix elements have a positive and significant effect on customer satisfaction with the presence of intermediary variable of CRM. Marketing Mix elements do not directly affect customer satisfaction of electronic stores, they indirectly affect the customer satisfaction of electronic stores through the intermediation of electronic customer relationship management.
Akrajindanon (2018) analyzed The Effects of Marketing Mix on Social Commerce Store Brand Loyalty: A Case Study of Social Commerce in Thailand. Social Commerce Store Brand Loyalty has been used as dependent variable and Marketing Mix is used as independent variable. The data was gathered from 250 respondents belonging to Thailand social shopping. Stepwise Multiple Regression techniques have been used to analyze this relationship. The result shows product, price, place and promotion i.e. Marketing Mix is significantly related to Social Commerce Store Brand Loyalty. It has been suggested Social commerce sellers need to meet customers’ requirements to gain high trust and loyalty, to increase the customer loyalty, e-mail marketing, notifications should be use.

Harsono (2016) analyzed The Impact of Marketing Mix (4p's) On Customer Loyalty towards Toyota Avanza. Customer Loyalty has been used as dependent variable and Marketing Mix (4p's) is used as independent variable. The data was collected from 124 respondents who have bought and ride Toyota Avanza belonging to Surabaya. SPSS 19.0 and Multiple Linear Regression analysis techniques have been used to analyze this relationship. The result shows that 4P’s of Marketing Mix all together has significant Impact; However, individually only product has significant impact on customer loyalty from 4P's of Marketing Mix. Therefore, firms specially Toyota Astra Motors need to emphasis on improving quality of product of its lineup while maintaining other factors such as place, promotion and price. 4P's of Marketing Mix or future research they should cover more area and add some independent variables that has strong connection with customer loyalty, like brand equity.

Wahab, Abu Hassan, Shahid & Maon (2016) examined The Relationship between Marketing Mix and Customer Loyalty in Hijab Industry: The Mediating Effect of Customer Satisfaction. Customer Loyalty has been used as dependent variable and Marketing Mix is used as independent variable. The data was collected from 234 female customers belonging to Shah Alam
outlets. Correlation techniques have been used to analyze the relationship. The result shows that there is a positive, medium and significant relationship between marketing mix and customer satisfaction, customer satisfaction and customer loyalty also has positive, medium and significant relationship, customer satisfaction mediates marketing mix and customer loyalty that satisfied customer mediates loyalty as they must be satisfied with business provided before they become loyal customers. Future researchers should use interview to obtain in-depth information as respondent can express their views easily in their own words, other hijab outlets should also use to investigate.

Abtin & Pouramiri (2016) examined the impact of relationship marketing on customer loyalty enhancement (Case study: Kerman Iran insurance company). Customer Loyalty has been used as dependent variable and Relationship Marketing (trust, satisfaction, management, communication, and competence) is used as independent variable. The data was collected from 155 customers of central branch of Kerman Iran insurance company. Pearson correlation coefficient technique has been used to analyze this relationship. The result shows that there was a significant, positive and direct relationship between variables. Firms need to use relationship marketing strategies as competitive advantage to keep its existing customers through long-term and stable relations and seeking feedback to improve their customer satisfaction and loyalty. In future research should check the effect of relationship marketing on customer loyalty with different population and contexts.

Iqbal & Shah (2016) examined The Impact of Customer Satisfaction on Customer Loyalty: Mediating Role of Customer Trust. Customer Loyalty has been used as dependent variable and Customer Satisfaction is used as independent variable. The data was collected from 131 customers belonging to telecom sector of Pakistan. The result shows that Customer Satisfaction positively related to customer trust and customer trust is positively related to customer loyalty, while
customer trust didn’t mediate the relationship between customer satisfaction and customer loyalty. It has been indicated that managers need to focus on customer satisfaction and customer trust. It will lead to customer’s feeling emotional attachment towards firm and help build loyalty. In future research, researches can use other variable too with satisfaction, trust & loyalty like corporate social responsibility, WOM and Repurchase intention.

Mohammad (2015) analyzed 7ps Marketing Mix and Retail Bank Customer Satisfaction in Northeast Nigeria. Customer Satisfaction has been used as dependent variable and 7Ps marketing mix is used as independent Variable. The data was collected from 405 respondents of academic and senior non-academic staff in universities and polytechnics in North East Region of Nigeria. The result shows that product, process and physical evidence were significantly related to customer satisfaction; management needs to improve the marketing mix elements by applying the right mix to attract and retain customers. In future research can be conduct on other sectors apart from bank.

Ateba, Maredza, Ohei, Deka & Schutte (2015) examined Marketing mix: its role in customer satisfaction in the South African banking retailing. Customer Satisfaction has been used as dependent variable and Marketing Mix is used as independent Variable. The data was collected from 132 customers belonging to 4 largest banks in the South African banking retail sector. Statistical Package for Social Sciences (SPSS) technique has been used to analyze this relationship. The result shows that marketing mix is an important factor in satisfying and keeping banking customers. It was also analyzed that price was the most important element which customers relate to most.

Sukamto & Lumintan (2015) examined The Impact of Marketing Mix towards Customer Loyalty Mediated by Customer Satisfaction of Blackberry Indonesia. Customer Loyalty has been used as dependent variable and Marketing Mix is used as independent Variable. The data was collected from 102 respondents who ever used or own Blackberry. SPSS Technique has been used
to analyze this relationship. The result shows that marketing mix has significant positive impact on customer loyalty mediated by customer satisfaction. However, out of the entire marketing mix element only product is not significant towards customer loyalty. Marketing mix has significant positive impact toward customer satisfaction for Blackberry User. It has been suggested increase in marketing mix will significantly the loyalty and satisfaction of Blackberry user. Marketing Mix simultaneously is all significant toward customer loyalty whether with or without intervening variable which is customer satisfaction. Future researchers should use other variables with marketing mix to get more effective result.

Pourdehghan (2015) examined the impact of marketing mix elements on brand loyalty: A case study of mobile phone industry. Brand Loyalty has been used as dependent variable and Marketing Mix is used as independent Variable. The data was collected from 384 mobile phone users belonging to Bushehr. Structural Equation Modeling Approach (SEM) and Confirmatory Factor Analysis (CFA) techniques have been used to analyze this relationship. The result shows positive impact of product elements, distribution channels, and promotional activities on brand loyalty; it also shows that satisfaction and trust i.e. mediating variables between marketing mix and brand loyalty had positive and significant impact on brand loyalty in the mobile phone industry. Future researcher should use other industries too in their research.

Hosseini & Moezzi (2015) explored the Impact of Marketing Mix on Brand Equity in Insurance Industry (Case Study: Asia Insurance Firm, Iran). Brand Equity has been used as dependent variables and Marketing Mix (price, firm image, distribution, propaganda, & promotion) is used as independent Variable. The data was collected from 275 customers of Asia Insurance Firm belonging to Shiraz, Iran. SPSS software, Pierson Correlation and Path Analysis techniques have been used to analyze this relationship. The result shows that Marketing Mix element firm image and propaganda have more impact on firm Brand Equity.
Karunanithy & Rasanayagam (2013) examined Impact of Customer Satisfaction on Customer Loyalty towards Sri Lanka Telecom PLC. Customer Loyalty has been used as dependent variables and Customer Satisfaction (service quality, pricing, and brand image) are used as independent Variable. The data was collected from 395 customers belonging to Trincomalee District. SPSS (Statistical Package for Social Science) version 14.0 technique have been used to analyze this relationship. The result shows variable of customer satisfaction had significant relationship with customer loyalty. According to Regression Model, pricing and brand image contribution are of low level towards customer loyalty while service quality contributes comparatively more.

Satit, Tat, Rasli, Chin & Sukati (2012) examined The Relationship between Marketing Mix and Customer Decision-Making over Travel Agents: An Empirical Study. Customer Decision Making has been used as the dependent variable and Marketing Mix (4Ps, namely product, price, place and promotion) is used as independent Variable. The data was collected from 215 customers of three travel agents belonging to Palembang, Indonesia. The result shows that only product and price significantly and positively impact customer decision making over travel agents. It has been suggested high product quality and reasonably prized tour packages can lead to attain trust and satisfaction of the customers.

Hu (2012) Exploring the Relationship between Perceived Risk and Customer Involvement, Brand Equity and Customer Loyalty as Mediators. Customer Involvement has been used as the dependent variable and Perceived Risk is used as independent Variable. The data was collected from 190 consumers who have shopping experience for digital cameras belonging to Taiwan. Path Analysis technique have been used to analyze this relationship. The result shows customer loyalty, brand equity and perceived risk have positive and significant impact on customer involvement. Brand equity and customer loyalty partially mediate the relationship between perceived risk and
customer involvement. Which means brand equity and customer loyalty plays significant roles in effecting customer’s perception on customer involvement. Future researcher should try to use more variable which can significantly affect customer involvement.

Sarker, Aimin & Begum (2012) Investigating the Impact of Marketing Mix Elements on Tourists Satisfaction: An Empirical Study on East Lake. Tourists Satisfaction has been used as dependent variable and Marketing Mix Elements is used as independent Variable. The data was collected from 132 students belonging Wuhan University of Technology and Hauzhong Normal University P.R China. SPSS-17 technique has been used to analyze this relationship. The result shows that six out of seven marketing mix elements have positive impact on tourists’ satisfaction.

Azzadina, Huda & Sianipar (2012) examined Understanding Relationship between Personality Types, Marketing-mix Factors, and Purchasing Decisions. Purchasing Decisions has been used as dependent variable and Personality Types is used as independent variable. The data was collected from 364 respondents. IBM SPSS Statistic 20 technique has been used to analyze this relationship. The result shows that Personality Types has positive impact on marketing mix factors and purchasing decision, marketing mix factors also has positive impact on customers purchasing decision.

Chang, Lee & Chen (2008) analyzed The Effects of Customer Value on Loyalty and Profits in a Dynamic Competitive Market. Loyalty and Profit has been used as dependent variables and Customer Value is used as independent variable. Agent-Based Computational Economics (ACE) model is used to explore the formation of customer loyalty in the Taiwanese imported lumber market. The result shows positive correlations among customer value, loyalty, and profits. Change in customer value can lead change in customer loyalty and profits, but price is not the main factor for improving customer loyalty.
Liang (2008) examined the Determining Factors of Customer Loyalty for Luxury Hotels in US. Customer Loyalty has been used as dependent variable and Perceived Quality, Trust, Satisfaction, Perceived Value; and Membership Programs are used as independent variables. The data was collected from 308 respondents belonging to the members of leading hotel of the world system in the U.S. hotel industry. SPSS technique has been used to analyze this relationship. The result shows that among the determining factors and their relationship against attitudinal and behavioral loyalty, “satisfaction” was consistently valued the most, followed by “trust.” The attitudinal loyalty measurement regarded “membership program” as its third most valued whereas the behavioral loyalty positioned “perceived quality” as its third. Results for the fourth most valued factor, indicated “perceived quality” from the attitudinal loyalty measurement, while “perceived value” was behavioral loyalty’s fourth most valued. The least valued factor for attitudinal and behavioral loyalty was “perceived value” and “membership program,” respectively. On a greater scale, in measuring overall loyalty, the determining factors were ranked as follows, in descending order from most to least important: “satisfaction,” “trust,” “perceived quality” “membership program,” and “perceived value.”

Ndubisi (2007) examined Relationship marketing and customer loyalty. Customer Loyalty has been used as dependent variable and Relationship Marketing (trust, commitment communication and conflict handling) is used as independent variables. The data was collected from 220 bank customers belonging to Malaysia. Multiple Regression Analysis technique has been used to analyze this relationship. The result shows that Relationship marketing (trust, commitment, communication and conflict handling) has significant customer loyalty. Customer loyalty can be developed, reinforced and maintained by marketing plans aimed at developing trust, establishing commitment to service, communicating with customers in a timely, reliable and proactive fashion,
and handling conflict efficiently. Future researcher should consider different industries in their research as this study have only one sector of service industry is investigated.

Yun & Good (2007) analyzed Developing customer loyalty from e-tail store image attributes. E-loyalty has been used as dependent variable and E-tail Store Image is used as independent variable. The data was collected from 203 students belonging to mid-western university. AMOS 4.0 Structural Equation Modeling and Confirmatory Factor Analysis (CFA) technique have been used to analyze this relationship. The result shows that E-tail Store Image is derived from e-merchandise, e-service and e-shopping atmosphere attributes, all of which support the ways consumers shop. A favorable E-tail Store Image positively impact e-patronage intentions. Which lead to e-loyalty? This study didn’t study personal factors like product involvement, variety seeking behavior, or impulsiveness. Such consumer segmentation variables can be used in future studies as this might help to know why there is sudden store switching, found between repeat or loyal customers. An experiment with actual stimuli to respond to three image aspects with actual stimuli to respond to the three image aspects (merchandise, service, and atmosphere) may well effect patronage intent directly or indirectly through store image.

Chen & Ching (2007) determined The Effects of Mobile Customer Relationship Management on Customer Loyalty: Brand Image Does Matter. Customer Loyalty has been used as dependent variable and Mobile Customer Relationship Management is used as independent variable, with moderating effect of brand image. The data was collected from 386 subscribers of a mobile service belonging to Taiwan. SPSS 12.0 technique has been used to analyze this relationship. The result shows brand image moderates the relationship between customer service and customization, and mobile usage with customer loyalty. It has been suggested service provider can attain customer loyalty by guiding its CRM practices and mobile services to developing customer loyalty.
Kim, Park & Jeong (2004) examined the effects of customer satisfaction and switching barrier on customer loyalty in Korean mobile telecommunication services. Customer Loyalty has been used as dependent variable and Customer Satisfaction and Switching Barrier are used as independent variables. The data was collected from 306 current users belonging to mobile telecommunication services. SPSS 10.0 and AMOS 4 techniques have been used to analyze this relationship. The result shows that service quality, creating switching costs has positive impact on customer satisfaction, interpersonal relationship between carriers and customers have a significant positive affect on switching barrier, customer satisfaction and switching barrier have positive effect on Customer Loyalty.

2.3. Conceptual Model

![Conceptual Model Diagram]

2.4. Model Hypothesis

H1: Customer Value has a significant and direct relationship with Customer Loyalty.

H2: Marketing Mix has a significant and direct impact on Customer Value
Chapter # 03

Methodology
3.    Methodology

3.1.    Research Purpose

Three types of research purpose are there.
• Exploratory
• Descriptive
• Explanatory

Explanatory research purpose is used in this study. This research is a preliminary study into a speculative thought. Explanatory research connects different ideas and understands reasons, causes, and their effects. Test and make amends to previous theories (Raza et al., 2020; Qazi et al., 2020).

3.2.    Research Approach

The investigate approach comprises of three types which are qualitative approach, quantitative approach and pragmatic research. Quantitative approach is used to conduct our research. Quantitative research is expressed through graphs and numbers. This approach is applied to analyze assumptions and theories (Raza et al., 2017; Qazi et al., 2020). Data collection for Quantitative method can be done by doing different surveys such as paper, online, kiosk and mobile surveys, interviews, online polls.

3.3.    Research Design

Correlation design is research used in this study, which shows the relationship between variables
3.4. **Sampling Techniques**

Convenience sampling technique is applied in this study; convenience sampling is one of the type of non-probability sampling method that collects data from people who are conveniently available.

3.5. **Target Audience**

Population targeted in this study is social online buyers.

3.6. **Sample Size**

The sample size is based on the recommended sample size i.e., a poor sample size to be 50, the good sample size to be 300, the very good sample size to be 500, and an excellent sample size of 1000 for factor analysis (Raza & Hanif, 2013; Raza et al., 2020). Hence, we collected the data from 501 respondents.

3.7. **Statistical Techniques**

In this study we have used SMARTPLS for conducting (PLS SEM) to analyze the data of this study and Statistical Package for Social Sciences (SPSS) for obtaining demographics summary. Reliability test, factor analysis and regression test is applied on the data.

3.7.1. **Reliability Analysis**

To test inside reliability of the measuring instrument reliability test is used.

3.7.2. **Factor Analysis**

To decrease huge number of factors into lesser number of factors factor analysis is used. It is the technique to reduce data.
3.7.3. Regression Analysis

Regression test is used to test the relation between variables, it tells whether the relationship between independent and dependent variable is positive or negative and significant or insignificant.

3.8. Measurement

The data are gathered through five-point Likert Scale questionnaire, which starts from Strongly Disagree to Strongly Agree.

3.9. Ethical Consideration

Data is voluntarily collected from participants by using questionnaire for the purpose of the research study. The data is collected just to fulfill research objective and it should not be used to harm the dignity of research participants. We strictly mentioned the confidentiality of their responses to ensure privacy of their responses and as well as their personal data.
Chapter # 04

Data Analysis
4. Data Analysis

4.1. Descriptive Statistics

Partial Least Square method to Structural Equation Model was selected to analyze the research model. By using Smart PLS 3.1.6 data were analyzed (Ringle et al., 2015; Raza et al., 2019).

4.1.1. Demographic Profile

<table>
<thead>
<tr>
<th>Demographics Items</th>
<th>Frequency</th>
<th>Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>287</td>
<td>57.3%</td>
</tr>
<tr>
<td>Female</td>
<td>214</td>
<td>42.7%</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate</td>
<td>336</td>
<td>67.1%</td>
</tr>
<tr>
<td>Graduate</td>
<td>140</td>
<td>27.9%</td>
</tr>
<tr>
<td>Post-Graduate</td>
<td>11</td>
<td>2.2%</td>
</tr>
<tr>
<td>Other</td>
<td>14</td>
<td>2.8%</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-23 years</td>
<td>255</td>
<td>50.9%</td>
</tr>
<tr>
<td>24-29 years</td>
<td>220</td>
<td>43.9%</td>
</tr>
<tr>
<td>Above 29 years</td>
<td>26</td>
<td>5.2%</td>
</tr>
<tr>
<td><strong>How often do you shop online?</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extremely often</td>
<td>88</td>
<td>17.6%</td>
</tr>
<tr>
<td>Moderately often</td>
<td>140</td>
<td>27.9%</td>
</tr>
<tr>
<td>Slightly often</td>
<td>90</td>
<td>18.0%</td>
</tr>
<tr>
<td>Not at all</td>
<td>183</td>
<td>36.5%</td>
</tr>
</tbody>
</table>
Interpretation

The details of demographics profile are shown in table no 1, in which the gender category shows 57.3% are males and 42.7% are females. While the education category shows 67.1% respondents were undergraduates, 27.9% were graduates, 2.2% were post graduates, whereas 2.8% respondents were from others category. Age category characteristics shows that 50.9% respondents were from 18-23 years, 43.9% respondents were from 24-29 years and 5.2% respondents were from above 27 years. Moreover, how often a person shop online category shows that 17.6% respondents shop online extremely often, 27.9% respondents shop online moderately often, 18.0% respondents shop online slightly often, and 36.5% respondents never shop online.

4.1.2. Reliability Analysis

In reliability analysis, the reliability of the set of items internal consistency is examined (Raza et al., 2019).

<table>
<thead>
<tr>
<th>Construct</th>
<th>Cronbach’s α</th>
<th>Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>CL</td>
<td>0.887</td>
<td>9</td>
</tr>
<tr>
<td>CV</td>
<td>0.730</td>
<td>4</td>
</tr>
<tr>
<td>MM</td>
<td>0.913</td>
<td>12</td>
</tr>
</tbody>
</table>

Notes: MM=Marketing Mix, CL=Customer Loyalty, CV=Customer Value

Interpretation

Table 2 shows the reliability of all variables. According to Uma Sekaran (2003), the more the reliability coefficient Cronbach’s Alpha gets closer to 1.0, the better the reliability is. According to Tabachnick and Fiddell, (2007) value of Cronbach’s Alpha should be greater than 0.55.
First variable Customer Loyalty has 9 items and alpha value of these items is 0.887. Second variable Customer Value has items; value of alpha is 0.730. 4. Third variable Marketing Mix has 12 and the value of alpha of these items is 0.913. Hence all meet the criteria of 0.55 stated by Tabachnick and Fiddell, (2007) and reliability of data is ensured.

4.1.3. Factor Analysis

To convert huge no. of variable into lesser number of factor, data reduction technique is used which is called Factor analysis.

<table>
<thead>
<tr>
<th>Table 3: Factor Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>CL1</td>
</tr>
<tr>
<td>CL2</td>
</tr>
<tr>
<td>CL3</td>
</tr>
<tr>
<td>CL4</td>
</tr>
<tr>
<td>CL5</td>
</tr>
<tr>
<td>CL6</td>
</tr>
<tr>
<td>CL7</td>
</tr>
<tr>
<td>CL8</td>
</tr>
<tr>
<td>CL9</td>
</tr>
<tr>
<td>CV1</td>
</tr>
<tr>
<td>CV2</td>
</tr>
<tr>
<td>CV3</td>
</tr>
<tr>
<td>CV4</td>
</tr>
<tr>
<td>MM1</td>
</tr>
<tr>
<td>MM2</td>
</tr>
<tr>
<td>MM3</td>
</tr>
<tr>
<td>MM4</td>
</tr>
<tr>
<td>MM5</td>
</tr>
<tr>
<td>MM6</td>
</tr>
<tr>
<td>MM7</td>
</tr>
<tr>
<td>MM8</td>
</tr>
<tr>
<td>MM9</td>
</tr>
<tr>
<td>MM10</td>
</tr>
<tr>
<td>MM11</td>
</tr>
<tr>
<td>MM12</td>
</tr>
</tbody>
</table>

Notes: MM=Marketing Mix, CL=Customer Loyalty, CV=Customer Value
Interpretation

If the value lies in the range of 0.01 to 0.3 it means the relationship between variables is weak. Moreover, if it lies in the range of 0.31 to 0.7 then it is a moderate relationship between variables and if it is greater than 0.7 so it represents a high correlation. According to Table 3, it is shown that all these variables have a high correlation with their respective variables as the value is greater than or equals to 0.7.

4.1.4. Regression analysis

Regression Analysis is used to find the relation between dependent and independent variables.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Regression Path</th>
<th>Effect type</th>
<th>B-Coefficients</th>
<th>P Values</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>CV -&gt; CL</td>
<td>Direct effect</td>
<td>0.906</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>MM -&gt; CV</td>
<td>Direct effect</td>
<td>0.923</td>
<td>0.000</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Notes: MM=Marketing Mix, CL=Customer Loyalty, CV=Customer Value

4.2. Discussion

Regression test result is shown in Table 4. The result of the 1st hypothesis shows there is a significant and positive relationship between and Customer Loyalty Customer Value as (β=0.906, p<0.01). The studies which supported that relationship include Wu and Li (2017) and Chang, Lee & Chen (2008). The result implies that if the seller provides high customer value to their customer, sellers probably will be able to attract potential customer who are loyal. As customer preferences vary from person to person, so sellers should match the preferences to involve customers in internet s-commerce and provide value and advantages in SC to get higher customer loyalty. To attain
customer value and customer loyalty, sellers should offer those products or services which a customer truly need.

The result of the second hypothesis shows that there is a positive and significant relationship between Marketing Mix and Customer Value as (\(\beta=0.923, p<0.01\)). This result is different from past studies as there is no research which supported result. In previous studies like Mohammadi and Sohrabi (2017) Marketing Mix has positive and significant relation with other variable such as customer satisfaction but there is no study which has positive and significant relationship between Marketing Mix and Customer Value as our result is different which means the more the seller offers product, reasonable price, promotional strategy the more customer will get benefit and value.
Chapter # 05

Conclusion and Recommendation
5.1. **Conclusion**

The aim to this study was to inspect the impact of Marketing Mix and Customer Value on Customer Loyalty in Karachi. Total no. of 501 questionnaires were gathered from social online buyer. Data was gathered by using Five-Likert Scale close-ended questionnaire. We have used Marketing Mix and Customer Value as independent variables and Customer Loyalty as dependent variable. Theory used in this study is The S-O-R theory, proposed by Woodworth (1928), by assuming diverse mediating component in the organism this theory is used to delineate how stimulus and response can be mediated by organism. This study will be beneficial for the owners of the online business, marketers of the business, and those who wants to engage people on their social media page so they can generate more followers, viewers and customers for their business. Partial Least Square method to Structural Equation Modeling (PLS-SEM) was applied to analyze the relations Moreover, we developed two alternate hypotheses in chapter 2, both the hypothesis were supported

Result found that there is positive and significant relationship between Value, Customer Loyalty and Marking Mix which means if the seller provides high customer value to their customer, sellers will probably attract potential loyal customers. To attain customer value and customer loyalty, sellers should offer those products or a service which is truly needed by customers. When the customer will get good product, reasonable price, convenient when buying product, they are more likely to be loyal customers.

5.2. **Managerial Implications**

We would recommend the managers that they should forward and implement this work as the result shows Customer Value has a positive and significant impact Customer Loyalty.
Customer value could be enhancing through developing strategies for convenience of customer by avoiding unpleasantness, easy access to products they need, improving time efficiency. Social sellers need to gain trust from customers by giving them privacy, security, and order fulfillment, reduce transaction risk, and they should provide convenience shopping. Sellers should also satisfy customer’s needs, enhance their buying experience, convenience, rich product information, offer competitive price, sellers should provide quality services like easily available, product returns policy, stronger customer buyer-seller social relationships.

Marketing Mix has significant and positive relation with Customer Value. Managers or sellers should provide variety of products so needs of different market segments can be fulfilled. They should make innovative products to attract their customer. To achieve competitive advantage and customer value, they should enhance their pricing strategy, give them discount cards. Sellers should use right mix of Marketing Mix to gain Customer Loyalty and Value.

5.3. Future Recommendations

In future researchers can use other variables like customer satisfaction, customer decision making etc. as we have worked on selective variables. The total number of respondents is 501 researchers should use appropriate sample size to get better result. In addition, our sample is restricted to only online social buyers so future researcher can use different industries.
Bibliography
References


