

THE ROLE OF CUSTOMER SATISFACTION IN MEDIATING THE INFLUENCE OF GREEN MARKETING ON CUSTOMER LOYALTY "BALI ALUS" PRODUCTS

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ABSTRACT: The increasing public awareness of environmental issues has encouraged consumers to shift their preferences toward natural-based products. However, this trend does not necessarily translate into positive business performance for all companies promoting environmentally friendly products. Bali Alus, a Bali-based natural cosmetics manufacturer, has experienced a decline in customer loyalty, particularly in the body mist category. This decline is presumed to result from intense market competition and the suboptimal implementation of green marketing strategies. This study aims to examine the influence of green marketing on customer loyalty, with customer satisfaction as a mediating variable. The research employs a quantitative associative approach, with a sample of 100 respondents in Denpasar City selected through purposive sampling. Data were collected using a structured questionnaire and analyzed using path analysis with the assistance of SPSS software. The findings indicate that green marketing has a positive and significant effect on customer loyalty. Furthermore, green marketing also has a positive and significant impact on customer satisfaction. Customer satisfaction positively and significantly influences customer loyalty and partially mediates the relationship between green marketing and customer loyalty. These results imply that Bali Alus must strengthen the implementation of green marketing strategies and focus on enhancing customer satisfaction to build long-term customer loyalty.

KEYWORDS : *Green marketing, Customer satisfaction, Customer Loyalty, Bali Alus.*

I. INTRODUCTION

The introduction of the paper should explain the nature of the problem, previous work, purpose, and the contribution of the paper. The contents of each section may be provided to understand easily about the paper. Currently, the trend of using natural-based cosmetic and skincare products is experiencing significant growth. This shift is driven by increasing consumer awareness of environmental and health impacts (Suwarno *et al.*, 2024). Consumers are increasingly inclined to choose natural and organic products while avoiding synthetic chemicals in their personal care routines (Syahrul & Mayangsari, 2020). However, despite the growing demand for natural beauty products, not all companies in this sector experience stable growth. This is evident from the performance of "Bali Alus," a company engaged in the natural cosmetics industry.

"Bali Alus" is a Bali-based company established in 2000 that focuses on producing organic and natural personal care products. Its product offerings include hair care, facial care, body care, foot care, and aromatherapy, with virgin coconut oil (VCO) as one of its primary ingredients. By combining Bali's traditional herbal heritage with modern processing technology, "Bali Alus" aims to deliver safe, eco-friendly, and high-quality products that align with the growing sustainability trend (Bali Alus, 2024). In addition to prioritizing product quality, "Bali Alus" actively empowers local farmers and women to improve community welfare. The company also educates consumers about the benefits of environmentally friendly and health-conscious products. With modern production facilities that meet safety, hygiene, and health standards, "Bali Alus" has a production capacity of 10 tons or 100,000 units per month, which can be increased according to market demand. Despite the increasing global and national demand for natural-based products, "Bali Alus" faces challenges in declining sales across several product categories. Sales data from 2020 to 2024 shows varying trends across different product categories. While the body care category showed a positive growth of 12.2 percent, hair care and oil products experienced declines of 14.7 percent and 14.9 percent respectively. The most significant decrease occurred in the body mist category, which fell by 49.4 percent over the five-year period. Overall, the company's revenue decreased by 3.5 percent from 2020 to 2024, despite a slight increase in 2023.

The significant decline in the body mist category requires special attention, indicating major challenges in maintaining market position in this category. One contributing factor is the increasing competition in the natural cosmetics market, where major brands such as The Body Shop dominate the body mist segment. Top Brand Index (TBI) data shows that The Body Shop has dominated the body mist market for the past five years (2020-2024), despite experiencing a decline from its peak in 2022. This high brand popularity index makes consumers more likely to choose competitor products over "Bali Alus" (Top Brand Award, n.d.). In an increasingly competitive landscape, offering natural products alone is insufficient to maintain customer loyalty. Consumers today demand not only high-quality and sustainable products but also added value and unique product differentiation (Nawiyah *et al.*, 2023). If "Bali Alus" fails to meet these expectations, customers are likely to switch to brands that are more innovative in their sustainability strategies. Declining customer loyalty may reduce market share, weaken competitiveness, and ultimately hinder business growth while eroding consumer trust in the "Bali Alus" brand.

One crucial factor influencing customer loyalty is green marketing, a marketing strategy that focuses on environmentally responsible business practices. Green marketing includes product innovation, sustainable sourcing, carbon footprint reduction, and transparent communication about a company's commitment to environmental protection (Kotler & Keller, 2016). Research shows that companies integrating sustainability into their marketing strategies tend to achieve higher customer loyalty due to increased consumer trust (Sawitri & Rahanatha, 2019). Moreover, customer satisfaction plays a mediating role between green marketing and customer loyalty. Customers who perceive a brand's sustainability efforts as genuine and beneficial are more likely to remain loyal (Wijaya *et al.*, 2024). According to Kusumah & Lee (2020), in the context of green marketing, high satisfaction levels with eco-friendly products can strengthen customer loyalty in the long term. When customers are satisfied with both the quality and sustainability values of a brand, they develop a stronger emotional and rational connection to it. Thus, customer satisfaction becomes a key factor in maintaining loyalty amid growing competition.

However, previous studies have shown mixed results regarding the impact of green marketing on customer loyalty. While some studies report a strong positive correlation, others indicate that consumer awareness and price sensitivity may constrain the effectiveness of green marketing strategies (Rustam & Sukati, 2023). For instance, research by Maharani *et al.* (2023) showed that green marketing has a positive and significant effect on customer loyalty, while Rustam & Sukati (2023) found a positive but non-significant effect between green marketing and customer loyalty at Navaagreen Clinic in Batam. This inconsistency was attributed to low public awareness about the importance of green marketing and higher prices of green products compared to conventional ones. These mixed findings highlight a research gap, making it essential to further investigate customer satisfaction as a mediating variable in the relationship between green marketing and customer loyalty.

A preliminary survey involving 30 female respondents in Denpasar City revealed that 20 percent of respondents strongly agreed they were loyal to "Bali Alus" products, while 33.3 percent agreed. However, the largest proportion of respondents (46.7 percent) showed a neutral attitude toward brand loyalty. Furthermore, customer satisfaction emerged as the most significant factor influencing customer loyalty at 43.3 percent, followed by brand image (23.3 percent), product quality (16.7 percent), and customer service (16.7 percent). This empirical justification strongly supports positioning customer satisfaction as a mediating variable between green marketing and customer loyalty. Based on this research gap, this study aims to analyze the mediating role of customer satisfaction in the relationship between green marketing and customer loyalty for "Bali Alus" products. By understanding how green marketing influences consumer perceptions and loyalty, this research seeks to provide strategic recommendations to enhance brand competitiveness in the sustainable cosmetics industry.

II. LITERATURE REVIEW

Customer Relationship Management (CRM) is an integrated strategy and process that enables companies to attract, identify, retain, and maintain long-term relationships with customers. CRM plays a crucial role in modern marketing by integrating customer interactions into a unified system (Kotler & Armstrong, 2018). The implementation of CRM aims to build a harmonious relationship with customers to foster loyalty that benefits the company (Amalia & Zurani, 2022). According to Raab *et al.*, (2016), CRM consists of four main pillars: customer orientation, customer satisfaction, customer retention, and customer profitability. This strategy is also supported by the IDIC model (Identify, Differentiate, Interact, Customize), which allows companies to tailor their marketing strategies more effectively to customer needs.

Customer loyalty is the commitment of customers to continue purchasing or using products and services from a brand in the long term (Febriani & Cipta, 2023). Customer loyalty can be categorized into two main dimensions: behavioral loyalty and attitudinal loyalty (Rizqiningsih & Widodo, 2021). Behavioral loyalty refers to tangible actions such as repeat purchases and brand preference, while attitudinal loyalty involves emotional attachment and positive perceptions of the brand (Udayana *et al.*, 2023). Putra & Yasa (2021) stated that customer loyalty is a strong commitment to repurchase or consistently prioritize a product, despite situational influences and marketing efforts from competitors. Factors influencing customer loyalty include customer satisfaction, brand commitment, and customer retention (Kewakuma *et al.*, 2021).

Green marketing is a marketing strategy that focuses on developing environmentally friendly products to minimize negative environmental impacts (Savitri & Marlana, 2023). This concept encompasses various aspects, such as green products, green pricing, green distribution, and green promotion (Zuhdi *et al.*, 2024). Green products are designed to reduce environmental impact, while green pricing considers sustainable production costs. Green distribution strategies aim to ensure that environmentally conscious customers have easy access to the products, whereas green promotion is used to increase awareness of the environmental benefits of the offered products (Widyastuti *et al.*, 2024).

Customer satisfaction is the feeling of pleasure or disappointment experienced by customers after comparing their obtained experience with their expectations (Rizqiningsih & Widodo, 2021). Customer satisfaction plays a vital role in building customer loyalty and increasing company profitability (Riadi *et al.*, 2021). Devi & Yasa (2021) stated that customer satisfaction has played a significant role in market share and investment. Factors influencing customer satisfaction include product quality, service quality, price, and emotional experiences, where satisfaction occurs when products or services meet or exceed expectations, leading to customer loyalty and positive word-of-mouth (Brilian & Murwanto, 2023; Putri & Yasa, 2022; Syaib *et al.*, 2023). Companies achieve customer satisfaction by delivering high-quality products that exceed competitors' offerings, fostering loyalty, ensuring sustainable competitive advantage, and strengthening market differentiation. (Paramarta & Yasa, 2022; Hermawan & Yasa, 2021).

III. MATERIAL AND METHODS

The research design is an associative quantitative study that examines the causal relationship between green marketing, customer loyalty, and customer satisfaction variables. The study was conducted in Denpasar, with the population consisting of all consumers who have purchased Bali Alus products at least twice in the past six months. The sample in this study consists of 100 respondents. The sampling technique used is non-probability sampling, meaning not all elements in the population have an equal chance of being selected as a sample.

Data used in this study include quantitative data, which consists of numerical values processed statistically, and qualitative data, which includes respondents' feedback on questionnaire items. Primary data were obtained from directly distributed questionnaires and Google Forms, measured using a Likert scale. Secondary data were sourced from relevant journals and previous studies related to this research topic. Responses of a sample of 100 have been tested using SPSS modeling approach.

The conceptual framework in this study is as follows

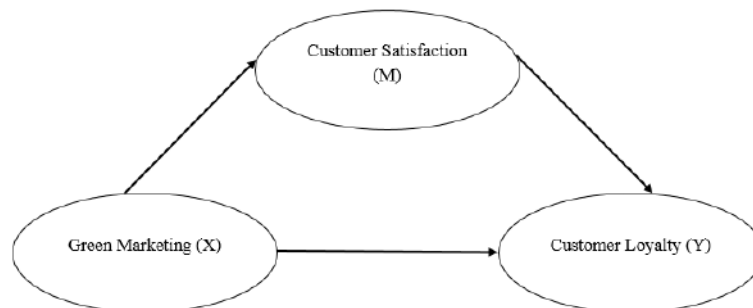


Figure 1 Conceptual Framework

Research Hypothesis

Research conducted by Rizqiningsih & Widodo (2021) found that green marketing has a positive and significant effect on both customer satisfaction and loyalty. Similar findings were reported in studies by Upe & Usman (2022), Kewakuma *et al.* (2021), Maharani *et al.* (2023), Sawitri & Rahanatha (2019), and Aslam *et al.* (2023), which indicated that green marketing directly contributes to increased customer loyalty. Additionally, research by Bhaswara & Patrikha (2021) demonstrated that green marketing has a positive impact on customer loyalty in Starbucks, whereas Melisa (2023) found that its effect is partial.

H₁: Green marketing has a positive and significant effect on customer loyalty.

According to Steven & Pratiwi (2020), green marketing has a significant impact on customer satisfaction. This is supported by studies conducted by Savitri & Marlana (2023), Rizqiningsih & Widodo (2021), and Irmawati & Sandy (2022), which also found that green marketing positively and significantly influences customer satisfaction. Furthermore, research by Yunus (2020) and Aslam *et al.* (2023) confirmed that effective green marketing strategies can significantly enhance customer satisfaction.

H₂: Green marketing has a positive and significant effect on customer satisfaction.

Research conducted by Yudani & Yasa (2024) found that customer satisfaction has a positive and significant impact on customer loyalty. Similar findings were reported by Saputra *et al.* (2023), Supertini *et al.* (2020), Diputra & Yasa, (2021), Darmayasa & Yasa (2021) and Syamsudin & Fauzan (2023), confirming that

customer satisfaction directly contributes to increased customer loyalty. Additionally, studies by Irmawati & Sandy (2022), Simanjuntak & Purba (2020), and Yahya (2022) further support the existence of a positive and significant relationship between customer satisfaction and customer loyalty.

H₃: Customer satisfaction has a positive and significant effect on customer loyalty.

According to Rizqiningsih & Widodo (2021), customer satisfaction strengthens the positive influence of green marketing on customer loyalty. Similar findings were reported by Sofyan & Fitriani (2023) and Irmawati & Sandy (2022), who stated that customer satisfaction acts as a mediator in the relationship between green marketing and customer loyalty. Furthermore, Yuliana & Pantawis (2022) found that customer satisfaction connects product quality and green marketing with repurchase intentions. Research by Safitri *et al.* (2024) also demonstrated that green marketing, through customer satisfaction, has a positive and significant effect on customer loyalty.

H₄: Customer satisfaction mediates the effect of green marketing on customer loyalty.

IV. RESULT AND DISCUSSION

The research design used is associative, aiming to examine the relationship between green marketing, customer satisfaction, and customer loyalty. This causal study tests the mediating role of customer satisfaction in the relationship between green marketing and loyalty. Data will be collected using purposive sampling from customers who have purchased Bali Alus products at least twice in the last six months, through surveys with a questionnaire. Data analysis will employ descriptive and inferential statistics with multiple linear regression using IBM SPSS.

Table 2 Respondent Characteristics

Table 2 Continued

No	Variable	Classification	Number	Percentage
1	Age	18 - 23 years	89	89%
		24 - 29 years	8	8%
		30 - 35 years	3	3%
		36 - 40 years	0	0%
		> 40 years	0	0%
		Total	100	100%
2	Last Education	High School	84	84%
		Diploma	2	2%
		Bachelor's Degree	12	12%
		Postgraduate	2	2%
		Others	0	0%
		Total	100	100%
3	Occupation	Student	86	86%
		Private Employee	6	6%
		Government Employee	3	3%
		Entrepreneur	3	3%
		Others	2	2%
		Total	100	100%

Source: Primary data processed, 2025

Based on the data presented in Table 1, it is understood that the majority of respondents in this study are aged 18–23 years, accounting for 89% of the total sample. This indicates that most Bali Alus consumers in this study belong to the young adult category, which may reflect a growing interest in natural cosmetic products among younger generations. Regarding the respondents' educational background, the majority have completed high school or an equivalent level of education 84%, this suggests that most Bali Alus consumers are individuals with a high school education, possibly indicating accessibility and affordability as key factors influencing their purchasing decisions. In terms of occupation, the data reveals that students dominate the respondent group (86%). This suggests that Bali Alus products are particularly popular among students, who may be more conscious of sustainable and natural ingredients or natural products.

Instrument test results
Validity Test

Table 3 Validity Test Results

No	Variable	Indicator	Pearson Correlation	Sig.(2-tailed)	Information
1	Green Marketing (X)	X1.1.1	0.731	0.000	Valid
		X1.1.2	0.531	0.003	Valid
		X1.2.1	0.650	0.000	Valid
		X1.2.2	0.699	0.000	Valid
		X1.3.1	0.479	0.007	Valid
		X1.3.2	0.663	0.000	Valid
		X1.4.1	0.642	0.000	Valid
		X1.4.2	0.802	0.000	Valid
2	Customer Loyalty (Y)	Y1.1.1	0.604	0.000	Valid
		Y1.1.2	0.698	0.000	Valid
		Y1.2.1	0.678	0.000	Valid
		Y1.2.2	0.650	0.000	Valid
		Y1.3.1	0.569	0.001	Valid
		Y1.3.2	0.709	0.000	Valid
3	Customer Satisfaction (M)	M1.1.1	0.694	0.000	Valid
		M1.1.2	0.782	0.000	Valid
		M1.2.1	0.667	0.000	Valid
		M1.2.2	0.838	0.000	Valid
		M1.3.1	0.782	0.000	Valid
		M1.3.2	0.789	0.000	Valid

Source: Primary data processed, 2025

The validity test results in Table 3 show that all research instruments used to measure the green marketing, customer loyalty, and customer satisfaction variables were tested with a sample of 30 respondents. The validity test was conducted by measuring the correlation between individual item scores within a factor and the total score of all statements, with a threshold value greater than 0.30. Since all instrument items have a Pearson correlation value above 0.30, they meet the validity requirements and are suitable for measuring the respective variables.

Reliability Test

Table 4 Reliability Test Results

No	Variabel	Cronbach's Alpha	Information
1	Green Marketing (X)	0.801	Reliabel
2	Customer Loyalty (Y)	0.726	Reliabel
3	Customer Satisfaction (M)	0.853	Reliabel

Source: Primary data processed, 2025

Table 4 shows that the reliability test for each variable, green marketing (0.801), customer loyalty (0.726), and customer satisfaction (0.853), has a Cronbach's Alpha value above 0.60. This shows that all research instruments meet the reliability requirements and are suitable for measuring each variable.

Path Analysis Results

Table 5 Results of Substructural Path Analysis I

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	14.805	1.809		8.185	0.000

<i>Green Marketing</i>	0.305	0.053	0.504	5.774	0.000
R ²	: 0.254				
F Statistic	: 33.340				
Sig. F	: 0.000				

Source: Primary data processed, 2025

Based on the path analysis results in Table 5, the structural equation formed is as follows:

$$M = \beta_1 X + e_1$$

$$M = 0.504X + e_1$$

The β_1 value of 0.504 indicates that green marketing has a positive effect on customer satisfaction. This means that an increase in the green marketing variable will lead to a 0.504 increase in customer satisfaction. The coefficient of determination (R-square) is 0.254, meaning that 25.4% of the variation in customer satisfaction is explained by variations in green marketing, while the remaining 74.6% is influenced by other factors not included in this research model.

Table 6 Results of Substructural Path Analysis II

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.079	2.470		1.247	0.216
<i>Green Marketing</i>	0.398	0.064	0.525	6.184	0.000
<i>Customer Satisfaction</i>	0.324	0.106	0.259	3.049	0.003
R ²	: 0.479				
F Statistic	: 44.598				
Sig. F	: 0.000				

Source: Primary data processed, 2025

Based on the path analysis results in Table 6, the structural equation formed is as follows:

$$Y = \beta_2 X + \beta_3 M + e_2$$

$$Y = 0.525X + 0.259M + e_2$$

This indicates that green marketing has a positive and significant effect on customer loyalty ($\beta_2 = 0.525$), and customer satisfaction also has a positive and significant effect on customer loyalty ($\beta_3 = 0.259$). The coefficient of determination (R²) is 0.479, meaning 47.9% of the variation in customer loyalty is explained by green marketing and customer satisfaction, while the remaining 52.1% is influenced by other factors.

Table 7 Influence of Variables X, Y and M

Variable Effect	Direct Effect	Indirect Effect	Total Effect
X → M	0,504	-	-
M → Y	0,525	-	-
X → Y	0,259	0,130	0,655

Source: Primary data processed, 2025

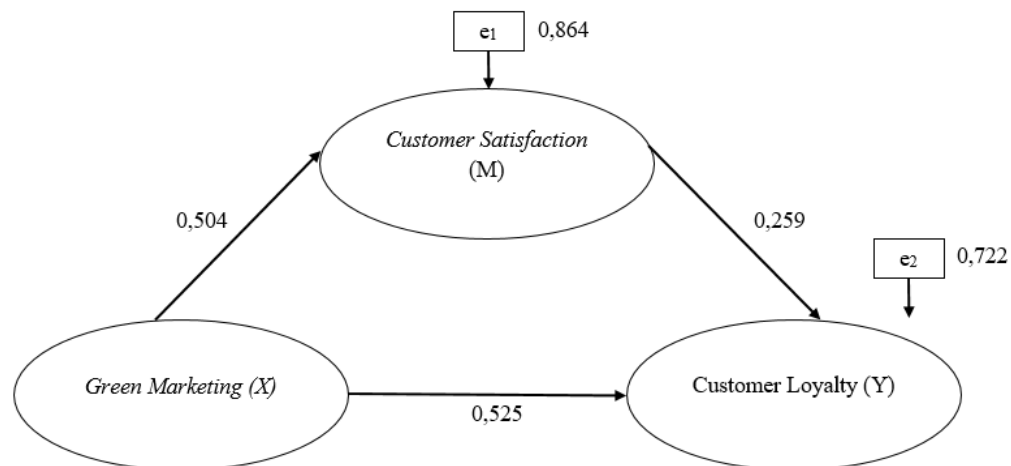


Figure 2 Final Path Diagram Model Validation

Classical Assumption Testing

A regression model is considered valid if it is free from classical statistical assumptions. A good regression model theoretically produces accurate parameter estimates when it meets the requirements of classical assumption tests, including normality, multicollinearity, and heteroscedasticity tests.

Normality Test

Table 8 Normality Test (One-Sample Kolmogorov-Smirnov)

Equation	Asymp. Sig. (2-tailed) Kolmogorov-Smirnov Z
Substructural 1	0, 073
Substructural 2	0, 083

Source: Primary data processed, 2025

Table 8 shows that the Asymp. Sig (2-tailed) values for both sub-structural models are greater than 0.05, indicating that the data used in this study is normally distributed, and the model meets the normality assumption.

Multicollinearity Test

The multicollinearity test aims to detect whether there is a correlation between independent variables in the regression model. Multicollinearity is assessed using Tolerance and Variance Inflation Factor (VIF) values.

Table 9 Multicollinearity Test

Equation	Model	Tolerance	VIF
Substructural II	Green Marketing Customer Satisfaction	0,746	1,340

Source: Primary data processed, 2025

Table 9 indicates that the Tolerance values (0.746) are greater than 0.10, and the VIF values (1.340) are less than 10, confirming that the regression model is free from multicollinearity issues.

Heteroscedasticity Test

The heteroscedasticity test determines whether there is an unequal variance of residuals across observations in the regression model. This study employs the Glejser test, where a significance value greater than 0.05 indicates the absence of heteroscedasticity. The results of the heteroscedasticity test are presented in Tables 10 and 11.

Table 10 Structural Heteroscedasticity Tests (Glejser Test) I

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	1.797	1.154		1.558	0.123
Green Marketing	-0.016	0.034	-0.049	-0.049	0.625

Source: Primary data processed, 2025

Table 10 shows that the significance value for the Green Marketing variable is 0.625, which is greater than 0.05. This indicates that there is no relationship between the independent variable and absolute residuals, meaning that the model does not exhibit heteroscedasticity.

Table 11 Structural Heteroscedasticity Tests (Glejser Test) II

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	0.613	1.566		0.391	0.697
Green Marketing	-0.038	0.041	-0.109	-0.938	0.351
Customer Satisfaction	0.079	0.067	0.136	1.168	0.246

Source: Primary data processed, 2025

Table 11 shows that the significance values for Green Marketing (0.351) and Customer Satisfaction (0.246) are greater than 0.05, confirming that no independent variables significantly affect the absolute residuals. Thus, the regression model does not exhibit heteroscedasticity.

Sobel Test

The Sobel test was conducted to examine the mediating effect of customer satisfaction. The test statistic was calculated as follows:

$$Z = \frac{(0,504)(0,259)}{\sqrt{(0,259^2 0,053^2) + (0,504^2 0,106^2) + (0,053^2 0,106^2)}}$$

$$Z = \frac{0,130}{0,055}$$

$$Z = 2,35$$

Since $Z = 2.35 > 1.96$, customer satisfaction significantly mediates the effect of green marketing on customer loyalty, confirming H4.

Variance Accounted For (VAF) Test

The VAF test measures the proportion of mediation:

$$VAF = \frac{\text{Indirect Effect}}{\text{Direct Effect} + \text{Indirect Effect}}$$

$$= \frac{0,130}{0,259+0,130} = 0,334 \text{ (33,4\%)}$$

Since VAF is between 20% and 80%, the mediation is classified as partial mediation.

Discussion

The analysis results show that greenmarketing has a positive and significant effect on customer loyalty, with a coefficient of 0.525. This means that the better the green marketing strategy implemented by Bali Alus, the higher the customer loyalty. These findings are in line with research by Rizqiningsih & Widodo (2021); Upe & Usman (2022); Kewakuma *et al.* (2021); Maharani *et al.* (2023); Sawitri & Rahanatha (2019); Bhaswara & Patrikha (2021); Melisa (2023) and Aslam *et al.* (2023).

The analysis results indicate that green marketing has a positive and significant impact on customer satisfaction, with a coefficient of 0.504. This means that the more effectively eco-friendly marketing strategies are implemented, the higher the level of customer satisfaction. This finding aligns with research by Steven & Pratiwi (2020); Savitri & Marlana (2023); Rizqiningsih & Widodo (2021); Irmawati & Sandy (2022) and Aslam *et al.* (2023).

The analysis results show that customer satisfaction has a positive and significant effect on customer loyalty, with a coefficient of 0.259. This means that the more satisfied customers are with Bali Alus products, the more likely they are to remain loyal. This finding is supported by research from Yudani & Yasa (2024); Diputra & Yasa (2021); Darmayasa & Yasa (2020); Saputra *et al.* (2023); Supertini *et al.* (2020); Syamsudin & Fauzan (2023); Gelderman *et al.* (2021); Irmawati & Sandy (2022); Simanjuntak & Purba (2020) and Yahya (2022)

The analysis results indicate that customer satisfaction significantly mediates the relationship between green marketing and customer loyalty, with a path coefficient of 0.130. This means that green marketing enhances customer satisfaction, which in turn strengthens customer loyalty. This finding aligns with research by Rizqiningsih & Widodo (2021); Sofyan & Fitriani (2023); Yuliana & Pantawis (2022); Irmawati & Sandy (2022) and Safitri *et al.* (2024).

Conclusions and Suggestions

Based on the research objectives, problem identification, and analysis results that have been described, conclusions can be drawn:

- Green marketing has a positive and significant effect on customer satisfaction. This indicates that the better the implementation of green marketing strategies, the higher customer satisfaction.
- Green marketing has a positive and significant effect on customer loyalty. This shows that stronger green marketing initiatives lead to increased customer loyalty.
- Customer satisfaction has a positive and significant effect on customer loyalty. This means that the more satisfied customers are, the more likely they are to remain loyal.
- Customer satisfaction mediates the effect of green marketing on customer loyalty. This suggests that green marketing influences customer satisfaction, which in turn influences customer loyalty.

Based on the research findings, the author's recommendation is that respondents' responses regarding the green marketing variable indicate that environmental packaging innovation received the lowest score. Bali Alus should enhance its efforts in providing more eco-friendly packaging and clearly communicate its sustainability efforts to customers. Respondents' responses on the customer satisfaction variable highlight that product durability received the lowest score. It would be beneficial for Bali Alus to improve product quality and conduct post-purchase follow-ups to ensure customers are satisfied with their purchases, thus strengthening trust and long-term loyalty.

V. IMPLICATION, LIMITATIONS AND FUTURE RESEARCH

Implication

This study contributes to the existing literature on customer relationship management (CRM), green marketing, customer satisfaction, and customer loyalty. It provides empirical evidence that customer satisfaction mediates the effect of green marketing on customer loyalty. Theoretical implications of this study include:

- The adoption of green marketing strategies positively influences customer satisfaction, supporting findings by Rizqiningsih & Widodo (2021), Upe & Usman (2022), and Kewakuma *et al.* (2021).
- Green marketing enhances customer loyalty, aligning with studies by Maharani *et al.* (2023), Sawitri & Rahanatha (2019), and Bhaswara & Patrikha (2021).
- Higher customer satisfaction leads to stronger customer loyalty, consistent with research by Saputra *et al.* (2023), Supertini *et al.* (2020), Diputra & Yasa (2021), Darmayasa & Yasa (2021) and Syamsudin & Fauzan (2023).
- Customer satisfaction mediates the relationship between green marketing and customer loyalty, reinforcing findings by Irmawati & Sandy (2022), Simanjuntak & Purba (2020), and Yahya (2022).

From a managerial perspective, the study offers practical implications for Bali Alus in improving customer loyalty through green marketing strategies and enhanced customer satisfaction. These include:

- Strengthening transparency and communication about eco-friendly product advantages.
- Reinforcing sustainability commitments through product innovation and consumer education.
- Improving distribution strategies to reduce environmental impact, such as using sustainable packaging and logistics.
- Enhancing customer loyalty through sustainability-based incentive programs and personalized engagement.
- Expanding word-of-mouth marketing by leveraging customer testimonials, influencer collaborations, and free trials.

Research Limitations and Future Research Directions

This study has several limitations:

- The research was conducted on Bali Alus customers within a specific geographic region, limiting generalizability to broader populations.
- The study focuses on green marketing, customer satisfaction, and loyalty, excluding other potential influencing factors such as brand trust, perceived value, and social media marketing.
- Future research can address these limitations by expanding the study to different regions or industries and incorporating additional variables to gain deeper insights into consumer behavior in sustainable marketing contexts.

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