



The Influence of the 7Ps Marketing Mix on Customer Loyalty: The Mediating Role of Perceived Value in Restaurants in The Maldives

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ABSTRACT: The restaurant industry has become increasingly competitive, making it essential for businesses to understand the marketing factors that influence customers' perceived value and loyalty. This study examined the influence of the proposed 7Ps marketing mix on perceived value and customer loyalty in the Maldivian restaurant industry, with perceived value serving as a mediating variable. A quantitative research design was employed, and data were collected from 404 customers in the Maldives using a structured questionnaire. The data were analysed using descriptive statistics, confirmatory factor analysis (CFA), and structural equation modelling (SEM) with AMOS. The findings revealed that physical evidence and people had significant positive effects on perceived value, whereas product, price, and place did not significantly influence perceived value. Perceived value also had a significant positive effect on customer loyalty. Furthermore, perceived value significantly mediated the relationships between physical evidence and customer loyalty and between people and customer loyalty, whereas no significant mediating effects were found for product, price, or place. During the measurement model assessment, the promotion and process constructs were excluded because they did not meet the required psychometric criteria; therefore, the final model comprised the retained marketing mix dimensions. This study contributes to the service marketing literature by providing empirical evidence from the Maldivian restaurant industry on the relationships among the retained marketing mix dimensions, perceived value, and customer loyalty. The findings also offer practical implications for restaurant managers by highlighting the importance of the physical service environment and employees' role in service delivery in enhancing customers' perceived value and strengthening customer loyalty.

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KEYWORDS:

7Ps marketing mix, perceived value, customer loyalty, restaurant industry, structural equation modelling

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RESEARCH BACKGROUND

The 7Ps marketing mix, comprising product, price, place, promotion, people, process, and physical evidence, is one of the widely adopted frameworks in service marketing. Originally developed from McCarthy's (1960) traditional marketing mix and later extended by Booms and Bitner (1981), the framework has been widely applied to understand customer behaviour, create customer value, and enhance organisational performance (Kotler & Armstrong, 2021). Previous studies have shown that the marketing mix dimensions can influence customer outcomes, including perceived value, satisfaction, behavioural intentions, and customer loyalty across various service industries (Alafeef, 2020; Elgarhy & Mohamed, 2023; Lee, 2023; Mohamed, 2024).

In the restaurant industry, the 7Ps marketing mix framework has increasingly been applied to understand and improve customer experiences and strengthen customer loyalty. Previous studies have primarily examined the direct relationships between marketing mix dimensions and customer satisfaction or loyalty, while more recent research has also explored the role of perceived value in shaping customer behavioural outcomes (Az-zahra et al., 2024; Fajrin & Aprianingsih, 2024; Lee, 2023). However, empirical evidence examining perceived value as a mediator between the marketing mix dimensions and customer loyalty remains limited, particularly within the restaurant sector. This indicates a need for further empirical investigation into how individual marketing mix dimensions contribute to customer loyalty through customers' perceptions of value.

In the Maldives, the restaurant industry has experienced substantial growth owing to urbanisation, tourism development, and changing consumer lifestyles (Razzan et al., 2024). Despite this development, limited empirical research has examined the relationships among the 7Ps marketing mix, perceived value, and customer loyalty within the Maldivian restaurant industry. Therefore, this study examines the influence of the proposed 7Ps marketing mix framework on perceived value and customer loyalty, with perceived value serving as a mediating variable among restaurant customers in the Maldives. The study initially considers all seven marketing mix dimensions; however, the final measurement model retains only those dimensions that satisfy the required psychometric criteria.

Problem Statement

Although numerous studies have examined the influence of the 7Ps marketing mix on customer outcomes across various service industries (Alafeef, 2020; Elgarhy & Mohamed, 2023; Alwinie et al., 2024), most have focused on sectors such as banking, tourism, hospitality, healthcare, and beauty services. Moreover, previous studies have primarily investigated the direct relationships between the 7Ps marketing mix and customer outcomes, including customer satisfaction, behavioural intentions, and customer loyalty, with limited attention to the mechanisms through which these relationships occur.

Recent research has increasingly examined mediating variables, particularly customer satisfaction, in explaining the relationship between marketing activities and customer loyalty (Elgarhy & Mohamed, 2023; Mohamed, 2024; Fajrin & Aprianingsih, 2024). However, the mediating role of perceived value remains underexplored, despite evidence suggesting that it is a key determinant of customer loyalty (Zeithaml et al., 2020; Az-zahra et al., 2024). Furthermore, many studies have treated the 7Ps marketing mix as a single construct rather than examining the individual effects of its seven dimensions on perceived value and customer loyalty (Lee, 2023).

The Maldivian restaurant industry has experienced substantial growth due to urbanisation, tourism development, changing consumer lifestyles, and increasing demand for convenient dining options (Razzan et al., 2024). Despite this growth, empirical research examining the relationships among the proposed 7Ps marketing mix dimensions, perceived value, and customer loyalty in this context remains limited. In particular, limited evidence is available on how individual marketing mix dimensions may influence customer loyalty through perceived value among restaurant customers in the Maldives.

Therefore, this study examines the proposed 7Ps marketing mix framework in relation to perceived value and customer loyalty, with perceived value serving as a mediating variable in the Maldivian restaurant industry. By addressing these gaps, the study contributes to the service marketing literature by providing empirical evidence from an underexplored context and advancing understanding of how different marketing mix dimensions influence customer loyalty through perceived value. The study initially considers all seven marketing mix dimensions; however, the final empirical model includes only those dimensions that satisfy the required psychometric criteria.

1.4 Research Objectives

To address the identified research gaps, the following research objectives are formulated:

1. To examine the effect of the seven dimensions of the proposed 7Ps marketing mix framework, namely product, price, place, promotion, people, process, and physical evidence, on perceived value in the Maldivian restaurant industry.
2. To examine the effect of perceived value on customer loyalty in the Maldivian restaurant industry.
3. To examine the mediating effect of perceived value on the relationship between the seven dimensions of the proposed 7Ps marketing mix framework and customer loyalty in the Maldivian restaurant industry.

Review of Key Concepts

The 7Ps marketing mix is one of the most widely adopted frameworks for service marketing. Originally developed from McCarthy's (1960) traditional marketing mix of product, price, place, and promotion, Booms and Bitner (1981) extended the framework by adding people, process, and physical evidence to better reflect the characteristics of service industries. Kotler and Armstrong (2021) define the marketing mix as a set of controllable marketing tools used by organisations to create customer value and achieve organisational objectives. In this study, the 7Ps marketing mix refers to the seven service marketing dimensions that influence customers' perceptions and behaviours in the Maldivian restaurant industry.

Product refers to the quality, variety, and freshness of food and beverages offered by restaurants. Price refers to customers' perceptions of the fairness and value of menu prices. Place relates to the accessibility, convenience, and location of the restaurant. Promotion comprises communication activities, including advertising, sales promotions, digital marketing, and social media. People refers to employees whose professionalism, responsiveness, and interpersonal skills influence customers' service experiences. Process relates to the efficiency and consistency of service delivery, while physical evidence refers to the tangible aspects of the restaurant environment, including cleanliness, ambience, interior design, and equipment.

Perceived value is defined as customers' overall evaluation of the benefits received relative to the monetary and non-monetary costs incurred when purchasing a product or service (Zeithaml, 1988). Woodruff (1997) emphasised customers' evaluations of product attributes and consumption experiences, while Sweeney and Soutar (2001) conceptualised perceived value as a multidimensional construct. More recent studies recognise perceived value as an important determinant of customer behavioural intentions and loyalty

(Zeithaml et al., 2020). In this study, perceived value refers to customers' overall evaluation of the value received from restaurant products and services.

Customer loyalty refers to customers' commitment to continue purchasing from and recommending a preferred organisation. Dick and Basu (1994) conceptualised loyalty as the relationship between customers' attitudes and repeat patronage, while Oliver (1999) defined it as a strong commitment to repurchase despite competitors' marketing efforts. In this study, customer loyalty is reflected through customers' intentions to revisit restaurants, repurchase products and services, and recommend the restaurant to others based on their overall experiences and perceived value.

Review of Related Theories

This study is underpinned by three theoretical perspectives: the 7Ps Marketing Mix Framework, the concept of perceived value, and the attitudinal and behavioural perspectives of customer loyalty.

The 7Ps Marketing Mix Framework originated from McCarthy's (1960) traditional marketing mix, which consisted of four elements: product, price, place, and promotion. Booms and Bitner (1981) extended the framework by adding people, process, and physical evidence to better reflect the characteristics of service industries. The 7Ps marketing mix has since become one of the most widely adopted frameworks for explaining how service organisations develop marketing strategies to influence customer perceptions, perceived value, and loyalty (Kotler & Armstrong, 2021). Given that restaurants operate within a service environment, the framework provides a suitable foundation for examining how different marketing mix dimensions influence customer loyalty.

The second theoretical foundation is the conceptualisation of perceived value, proposed by Zeithaml (1988), which suggests that customers evaluate products and services by comparing the benefits they receive with the monetary and non-monetary sacrifices they incur. Woodruff (1997) further emphasised customers' evaluations of product attributes and consumption experiences, while Sweeney and Soutar (2001) conceptualised perceived value as a multidimensional construct. Perceived value has subsequently been recognised as an important determinant of customer behavioural intentions and customer loyalty (Zeithaml et al., 2020). In this study, perceived value is expected to mediate the relationship between the proposed 7Ps marketing mix dimensions and customer loyalty.

The study is also guided by the attitudinal and behavioural perspectives of customer loyalty. Dick and Basu (1994) proposed that customer loyalty results from the interaction between customers' relative attitudes and repeat patronage behaviour. Oliver (1999) later defined customer loyalty as a strong commitment to repurchase or continue patronising a preferred product or service despite competing alternatives. In the restaurant context, customer loyalty is reflected through repeat patronage, positive word-of-mouth, and continued preference for a restaurant.

Collectively, these theoretical and conceptual perspectives provide the theoretical foundation for this study. The 7Ps Marketing Mix Framework explains how marketing strategies influence customer evaluations, the concept of perceived value explains how customers assess service value, and the attitudinal and behavioural perspectives of customer loyalty explain how favourable evaluations are associated with long-term loyalty. Together, these perspectives support the proposed relationships among the 7Ps marketing mix, perceived value, and customer loyalty in the Maldivian restaurant industry.

The following table presents selected empirical studies that have examined the relationships among the 7Ps marketing mix, perceived value, and customer loyalty.

Table 1. Review of Empirical Research on the 7Ps Marketing Mix, Perceived Value, and Customer Loyalty

Source	Key Findings	Context
Alafeef (2020)	The dimensions of the 7Ps marketing mix significantly influenced customer loyalty.	Islamic banking sector, Jordan
Ravangard et al. (2020)	The 7Ps marketing mix significantly influenced customers' service selection decisions.	Healthcare sector, Iran
Baig et al. (2020)	Marketing mix dimensions and customer value positively influenced customer loyalty.	Service sector
Elgarhy and Mohamed (2023)	The 7Ps marketing mix positively influenced loyalty intentions through customer satisfaction.	Travel agencies, Egypt
Lee (2023)	The dimensions of the 7Ps marketing mix significantly influenced perceived value and revisit intention.	Beauty service industry, South Korea
Mohamed (2024)	The marketing mix positively influenced customer loyalty through customer satisfaction.	Fast-food industry, Egypt
Fajrin and Aprianingsih (2024)	The 7Ps marketing mix significantly affected customer satisfaction, customer loyalty, and customer retention.	Coffee shop industry, Indonesia
Alwinie et al. (2024)	The dimensions of the 7Ps marketing mix positively influenced customer satisfaction and customer loyalty.	Beauty clinic industry, Indonesia

Az-zahra et al. (2024)	Customer value significantly influenced customer loyalty through customer satisfaction.	Islamic banking sector, Indonesia
Nengsih et al. (2024)	The 7Ps marketing mix significantly influenced consumer loyalty.	Shipping services industry, Indonesia
Safitri et al. (2023)	The dimensions of the 7Ps marketing mix positively influenced customers' purchasing decisions.	Café industry, Indonesia
Tanjung (2021)	The 7Ps marketing mix significantly influenced customers' purchase decisions.	Retail food sector, Indonesia

Based on the table above, it can be concluded that numerous studies have examined the influence of the 7Ps marketing mix on customer outcomes, including customer satisfaction, perceived value, and customer loyalty. Studies such as Alafeef (2020), Alwinie et al. (2024), and Nengsih et al. (2024) found that the dimensions of the 7Ps marketing mix significantly influence customer loyalty across various service sectors. Similarly, Fajrin and Aprianingsih (2024) and Mohamed (2024) reported that the 7Ps marketing mix positively affects customer satisfaction, retention, and loyalty.

Several studies have also examined the relationship between the 7Ps marketing mix and perceived value. For example, Lee (2023) found that the dimensions of the 7Ps marketing mix significantly influenced perceived value and behavioural intentions, while Baig et al. (2020) and Az-zahra et al. (2024) highlighted the importance of customer value in enhancing customer loyalty.

However, previous studies have predominantly focused on the direct effects of the marketing mix or examined customer satisfaction as a mediating variable (Elgarhy & Mohamed, 2023; Mohamed, 2024). Limited attention has been given to the mediating role of perceived value, particularly in the restaurant industry. Furthermore, existing studies have largely been conducted in banking, tourism, healthcare, beauty services, and retail settings, with little empirical evidence from the Maldivian context.

Therefore, this study seeks to address these gaps by examining the influence of the seven dimensions of the proposed 7Ps marketing mix framework on customer loyalty through the mediating role of perceived value in the Maldivian restaurant industry.

Conceptual Framework and Hypothesis development

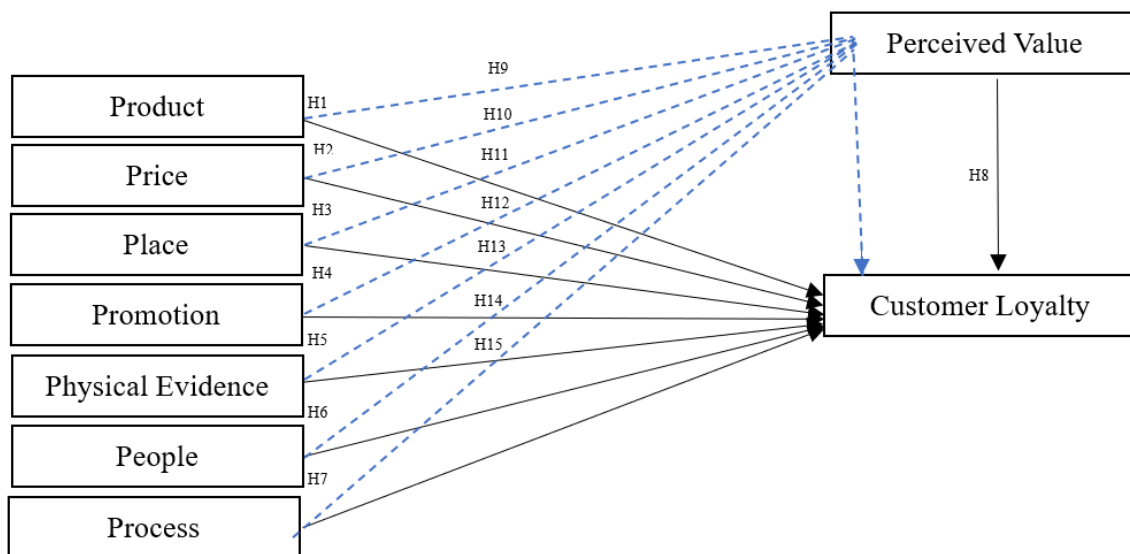


Figure 1: Conceptual Framework

Product refers to the goods and services offered to satisfy customers' needs and wants (Kotler & Armstrong, 2021). In the restaurant industry, product includes attributes such as food quality, taste, variety, freshness, and portion size. Customers are more likely to perceive greater value when products meet their expectations and provide superior benefits relative to the costs incurred (Zeithaml, 1988; Woodruff, 1997). Previous studies have reported that product quality positively influences perceived value and customer outcomes (Baig et al., 2020; Lee, 2023; Mohamed, 2024).

H1: Product has a positive and significant effect on perceived value.

Price refers to the amount customers pay to obtain a product or service (Kotler & Armstrong, 2021). Customers assess value by comparing the benefits received with the costs incurred (Zeithaml, 1988). Fair and competitive pricing strategies enhance customers' perceptions of value and influence their behavioural intentions (Sweeney & Soutar, 2001). Previous studies have found that price positively affects perceived value and customer loyalty (Alafeef, 2020; Baig et al., 2020).

H2: Price has a positive and significant effect on perceived value.

Place refers to the channels and locations through which products and services are made available to customers (Kotler & Armstrong, 2021). In the restaurant industry, accessibility, convenient locations, and delivery services enhance customer experiences and reduce customer effort (Zeithaml et al., 2020). Previous studies have shown that convenient access positively influences perceived value (Fajrin & Aprianingsih, 2024; Mohamed, 2024).

H3: Place has a positive and significant effect on perceived value.

Promotion refers to communication activities used to inform, persuade, and remind customers about products and services (Kotler & Armstrong, 2021). Effective promotional strategies help customers understand product benefits and enhance their value perceptions (Zeithaml et al., 2020). Previous studies have reported that promotional activities positively influence customer evaluations and behavioural outcomes (Alafeef, 2020; Elgarhy & Mohamed, 2023).

H4: Promotion has a positive and significant effect on perceived value.

People refer to employees and individuals involved in service delivery who influence customer experiences (Booms & Bitner, 1981). In the restaurant industry, employee behaviour, responsiveness, and professionalism play an essential role in shaping customers' perceptions of value. Previous studies have shown that positive employee interactions enhance customer evaluations and loyalty (Alwinie et al., 2024; Elgarhy & Mohamed, 2023).

H5: People have a positive and significant effect on perceived value.

Process refers to the procedures and activities involved in delivering products and services to customers (Booms & Bitner, 1981). Efficient service processes, including order accuracy, waiting time, and payment procedures, reduce customer effort and improve service experiences (Zeithaml et al., 2020). Previous studies have demonstrated that effective service processes positively influence customer perceptions and behavioural outcomes (Fajrin & Aprianingsih, 2024; Mohamed, 2024).

H6: Process has a positive and significant effect on perceived value.

Physical evidence refers to the tangible aspects of the service environment experienced by customers during service encounters (Booms & Bitner, 1981). In the restaurant industry, physical evidence includes restaurant cleanliness, ambience, layout, décor, and employee appearance. These elements provide cues regarding service quality and influence customers' perceptions of value (Lee, 2023; Alwinie et al., 2024).

H7: Physical evidence has a positive and significant effect on perceived value.

Perceived value refers to customers' overall evaluation of the benefits received relative to the costs incurred when purchasing and consuming restaurant products and services (Zeithaml, 1988). Customers who perceive higher value are more likely to engage in repeat purchases, maintain long-term relationships, and recommend the service provider to others (Sweeney & Soutar, 2001). Previous studies have consistently demonstrated that perceived value positively influences customer loyalty (Az-zahra et al., 2024; Baig et al., 2020).

H8: Perceived value has a positive and significant effect on customer loyalty.

According to Perceived Value Theory, customers evaluate products and services based on the benefits received relative to the costs incurred (Zeithaml, 1988). High-quality products that offer superior taste, variety, freshness, and consistency are likely to enhance customers' perceptions of value, which in turn strengthens customer loyalty (Woodruff, 1997). Previous studies have shown that product quality positively influences perceived value and customer loyalty (Baig et al., 2020; Lee, 2023).

H9: Perceived value mediates the relationship between product and customer loyalty.

Customers assess value by comparing the monetary and non-monetary costs incurred with the benefits received (Zeithaml, 1988). Fair and competitive pricing strategies enhance perceived value by ensuring that customers believe they receive adequate benefits for the price paid (Sweeney & Soutar, 2001). Previous studies have found that pricing strategies significantly influence customer value and loyalty (Alafeef, 2020; Baig et al., 2020).

H10: Perceived value mediates the relationship between price and customer loyalty.

Convenient access to products and services reduces customer effort and enhances value perceptions (Zeithaml et al., 2020). In the restaurant industry, accessibility, strategic location, and efficient delivery services contribute to favourable customer experiences and increased perceived value (Fajrin & Aprianingsih, 2024; Mohamed, 2024).

H11: Perceived value mediates the relationship between place and customer loyalty.

Effective promotional activities help customers understand product benefits and enhance their perceptions of value (Kotler & Armstrong, 2021). Previous studies have reported that promotional strategies positively influence customer evaluations and behavioural outcomes (Alafeef, 2020; Elgarhy & Mohamed, 2023).

H12: Perceived value mediates the relationship between promotion and customer loyalty.

Physical evidence provides tangible cues regarding service quality and influences customers' perceptions of value (Booms & Bitner, 1981). Restaurant ambience, cleanliness, layout, and décor contribute to favourable service experiences, which subsequently enhance customer loyalty (Lee, 2023; Alwinie et al., 2024).

H13: Perceived value mediates the relationship between physical evidence and customer loyalty.

Employees play a crucial role in shaping customers' service experiences through their behaviour, responsiveness, and professionalism (Booms & Bitner, 1981). Positive interactions with employees enhance customers' perceptions of value and foster long-term loyalty (Elgarhy & Mohamed, 2023; Alwinie et al., 2024).

H14: Perceived value mediates the relationship between people and customer loyalty.

Efficient service processes, including order accuracy, waiting time, and payment procedures, reduce customer effort and improve service experiences (Zeithaml et al., 2020). Previous studies have demonstrated that effective service processes positively influence customer evaluations and loyalty outcomes (Fajrin & Aprianingsih, 2024; Mohamed, 2024).

H15: Perceived value mediates the relationship between process and customer loyalty.

3.0 RESEARCH METHODOLOGY

Target Population and Sampling

The target population comprised customers of restaurants in the Maldives. A total of 404 valid responses were obtained for the study. Descriptive analysis was conducted to present the demographic characteristics of the respondents. The respondents were categorised according to five characteristics, namely gender, age, educational level, occupation, and frequency of visiting restaurants, as presented in Table 2.

Table 2. Demographic Characteristics of Respondents (N = 404)

Variable	Category	Frequency	Percentage (%)
Gender	Female	268	66.3
	Male	136	33.7
Age	18–25 years	347	85.9
	26–35 years	10	2.5
	36–45 years	43	10.6
	Above 45 years	4	1.0
Educational Level	Higher Secondary	251	62.1
	Bachelor's Degree	89	22.0
	Diploma	32	7.9
	Postgraduate Degree	32	7.9
Occupation	Student	198	49.0
	Private Sector Employee	104	25.7
	Government Employee	72	17.8
	Unemployed	25	6.2
	Self-Employed	5	1.2
Frequency of Visiting Restaurants	Weekly	156	38.6
	Occasionally	146	36.1
	Monthly	71	17.6
	Daily	31	7.7

Table 1 presents the demographic characteristics of the 404 respondents. In terms of gender, 66.3% of the respondents were female, while 33.7% were male, indicating that females constituted the majority of the sample. Regarding age, the respondents were predominantly young adults. The majority (85.9%) were aged between 18 and 25 years, followed by 10.6% aged between 36 and 45 years, 2.5% aged between 26 and 35 years, and 1.0% aged above 45 years. With respect to educational level, 62.1% of the respondents had completed higher secondary education, 22.0% held bachelor's degrees, while respondents with diploma and postgraduate qualifications each accounted for 7.9% of the sample.

In terms of occupation, 49.0% of the respondents were students, followed by private sector employees (25.7%), government employees (17.8%), unemployed respondents (6.2%), and self-employed individuals (1.2%). Regarding the frequency of visiting restaurants, 38.6% of the respondents reported visiting restaurants weekly, 36.1% visited occasionally, 17.6% visited monthly, and 7.7% reported daily visits. These findings indicate that most respondents visited restaurants at least occasionally, suggesting that they had experience with restaurant products and services and were therefore well positioned to evaluate the study constructs.

Research instruments for data collection

The research instrument used for data collection was adapted from previously validated measurement scales. The items measuring the dimensions of the 7Ps marketing mix, namely product, price, place, promotion, people, process, and physical evidence, were adapted from prior studies on service marketing and the restaurant industry (Alafeef, 2020; Elgarhy & Mohamed, 2023; Mohamed,

2024). The items measuring perceived value were adapted from Sweeney and Soutar (2001), while the items measuring customer loyalty were adapted from Oliver (1999) and Dick and Basu (1994).

All measurement items were modified to suit the context of the Maldivian restaurant industry while maintaining the original meaning of the scales. Responses were measured using a five-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree.

Reliability and Validity Tests

Prior to conducting the structural equation modelling (SEM) analysis, the measurement model was assessed for normality, reliability, and validity. Normality was evaluated using skewness and kurtosis statistics. As presented in Table 3, all skewness values ranged from -0.706 to -0.075 , falling within the recommended range of -2 to $+2$ (Hair et al., 2019). Similarly, all kurtosis values ranged from -0.734 to 0.063 , which were below the recommended threshold of 3.0 (Westfall & Henning, 2013). These results indicate that the data were approximately normally distributed and suitable for covariance-based SEM analysis using AMOS.

Construct validity was assessed through convergent and discriminant validity. Convergent validity was evaluated using confirmatory factor analysis (CFA) by examining the standardised factor loadings, average variance extracted (AVE), and composite reliability (CR). According to Hair et al. (2019), factor loadings should exceed 0.50 , AVE values should be greater than 0.50 , and composite reliability values should exceed 0.70 . As shown in Table 3, the retained measurement items demonstrated factor loadings ranging from 0.822 to 0.918 , while the AVE values ranged from 0.831 to 0.899 and the composite reliability values ranged from 0.917 to 0.972 . These results confirm satisfactory convergent validity.

Table 3. Construct reliability and validity

Items	Normality		Validity		Reliability	
	Skewness	Kurtosis	Loading (β)	Average Variance Extracted (AVE)	Cronbach's Alpha (α)	Composite Reliability
This restaurant offers high-quality food products. (PDT1)	-.075	-.734	.868	0.864	.936	.955
This restaurant offers unique or signature menu items. (PDT2)	-.218	-.726	.893			
This restaurant provides a variety of food and beverage options. (PDT3)	-.426	-.492	.828			
This restaurant continuously introduces attractive menu choices. (PDT4)	-.083	-.697	.871			
This restaurant provides products that meet my expectations. (PDT5)	-.275	-.624	.862			
The food provides good value for money in terms of quality. (PRI1)	-.309	-.569	.916	0.884	.913	.970
The food provides good value for money in terms of portion size. (PRI2)	-.315	-.615	.877			
This restaurant offers food at fair prices. (PRI3)	-.374	-.369	.860			
This restaurant has physical locations that are easily accessible. (PLC1)	-.106	-.675	.865	0.831	.886	.939
This restaurant is easily visible from the roadside. (PLC2)	-.198	-.576	.829			
This restaurant is located near my workplace, school, or frequently visited locations. (PLC5)	-.125	-.456	.836			
This restaurant is well decorated and visually attractive. (PE1)	-.399	-.385	.869	0.862	.852	.972
This restaurant provides a comfortable waiting or dining area. (PEO2)	-.706	.063	.855			

Staff in this restaurant are friendly and courteous. (PEO1)	-.316	-.460	.848	0.871	.923	.955
Staff provide fast and efficient service. (PEO3)	-.394	-.470	.822			
Staff are willing to help customers when needed. (PEO5)	-.354	-.626	.895			
Staff handle customer concerns effectively. (PEO6)	-.388	-.513	.918			
This restaurant offers products and services that are good value for money. (PV1)	-.353	-.404	.853	0.875	.929	.852
This restaurant provides excellent value to its customers. (PV2)	-.222	-.507	.874			
The products and services of this restaurant are very reliable. (PV3)	-.480	-.097	.916			
The staff in this restaurant provide good support and assistance to customers. (PV4)	-.380	-.344	.857			
I consider this restaurant as my first choice. (CL)	-.476	-.139	.889	0.899	.927	.917
I will continue making use of this restaurant's services. (CL2)	-.502	-.163	.909			
I have said positive things about this restaurant to other people. (CL3)	-.534	-.247	.898			

Discriminant validity was assessed using the Fornell and Larcker (1981) criterion, whereby the square root of the AVE for each construct should exceed its correlations with other constructs. The results confirmed that all constructs demonstrated satisfactory discriminant validity.

Reliability was evaluated using Cronbach's alpha. As presented in Table 3, Cronbach's alpha values ranged from 0.852 to 0.936, exceeding the recommended threshold of 0.70 (Hair et al., 2019), thereby indicating satisfactory internal consistency of the measurement scales.

Based on the CFA results, the promotion and process constructs, together with items PLC3, PLC4, PEO2, and PEO4, were removed because of poor psychometric properties and their contribution to model misfit. The remaining constructs and measurement items satisfied the recommended validity and reliability criteria and were retained for subsequent SEM analysis.

Table 4. Discriminant Validity

	Product	Price	Place	PEvidence	People	PValue	CLoyalty
Product	.930						
Price	.892	.940					
Place	.904	.855	.911				
PEvidence	.691	.689	.702	.928			
People	.741	.700	.767	.895	.933		
PValue	.700	.669	.692	.842	.899	.935	
CLoyalty	.763	.609	.656	.999	.827	.864	.948

4.1 Confirmatory Factor Analysis

Confirmatory factor analysis (CFA) was conducted using AMOS to evaluate the validity and reliability of the measurement model comprising the dimensions of the 7Ps marketing mix, perceived value, and customer loyalty. The initial measurement model did not achieve acceptable model fit ($CFI = 0.845$, $\chi^2/df = 5.841$, $RMSEA = 0.110$). Therefore, model respecification was undertaken based on theoretical considerations, standardised factor loadings, and modification indices. Measurement items with low factor loadings or those contributing to model misfit were removed sequentially, and theoretically justifiable error covariances were specified between selected items within the same construct to improve the measurement model.

During the respecification process, the promotion and process constructs, together with items PLC3, PLC4, PEO2, and PEO4, were removed because of poor psychometric properties and their contribution to model misfit. Following these modifications, the revised measurement model demonstrated substantial improvement in model fit ($CFI = 0.919$, $\chi^2/df = 4.867$, $RMSEA = 0.098$), and was retained for subsequent structural equation modelling based on the overall assessment of the measurement model (Hair et al., 2019; Kline, 2023). Furthermore, all retained measurement items exhibited standardised factor loadings ranging from 0.822 to 0.918, exceeding the recommended threshold of 0.70 and confirming satisfactory indicator reliability.

Table 5. Summary of Items Removed During CFA

Item Code	Construct	Reason for Removal
PROM1–PROM3	Promotion	Construct removed due to poor model fit and low discriminant validity
PRC1–PRC5	Process	Construct removed due to high inter-construct correlation/multicollinearity
PLC3	Place	High modification index
PLC4	Place	High modification index
PEO2	People	High modification index
PEO4	People	High modification index

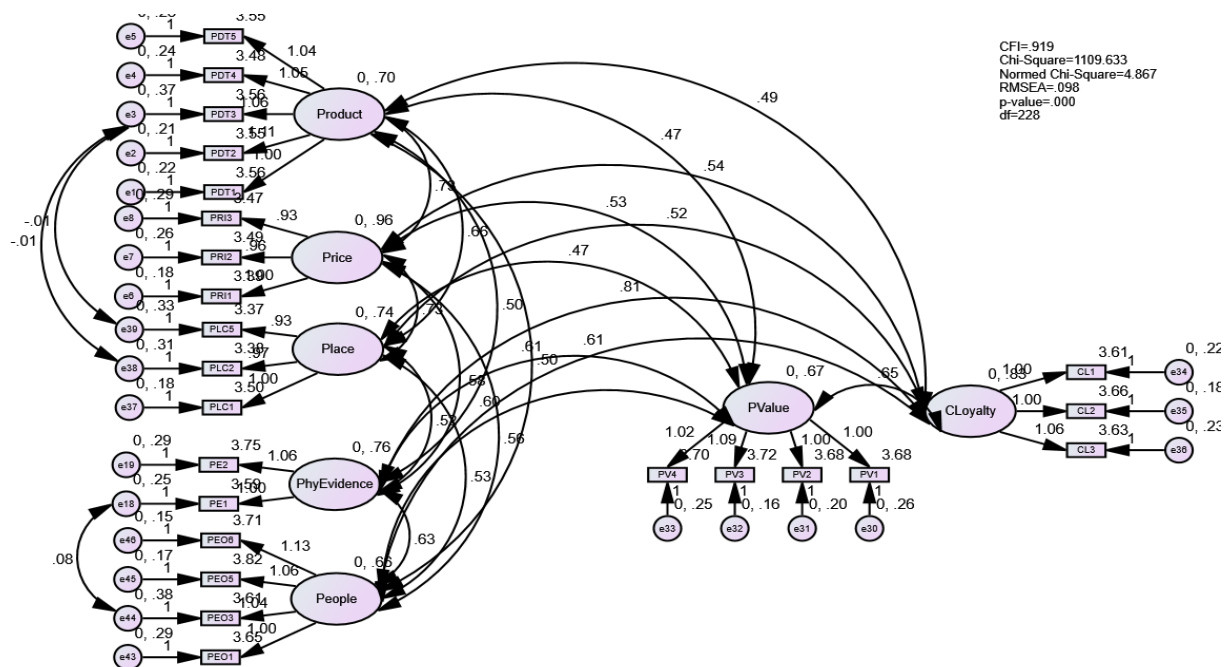


Figure 2. Measurement model of latent variable

Confirmatory factor analysis (CFA) was conducted using AMOS to evaluate the measurement model. As presented in Figure 2, the revised measurement model demonstrated an improved fit to the data, with a Comparative Fit Index (CFI) of 0.919, a normed chi-square (χ^2/df) of 4.867, and a Root Mean Square Error of Approximation (RMSEA) of 0.098. The CFI exceeded the recommended threshold of 0.90, while the χ^2/df value was below the acceptable threshold of 5.0 (Hair et al., 2019; Kline, 2023). Although the RMSEA value was higher than the commonly recommended threshold of 0.08, the overall pattern of fit indices indicated that the measurement model was adequate for subsequent structural equation modelling (SEM) analysis. Furthermore, all retained measurement items demonstrated standardised factor loadings ranging from 0.822 to 0.918, exceeding the recommended threshold of 0.70 and confirming satisfactory indicator reliability and convergent validity.

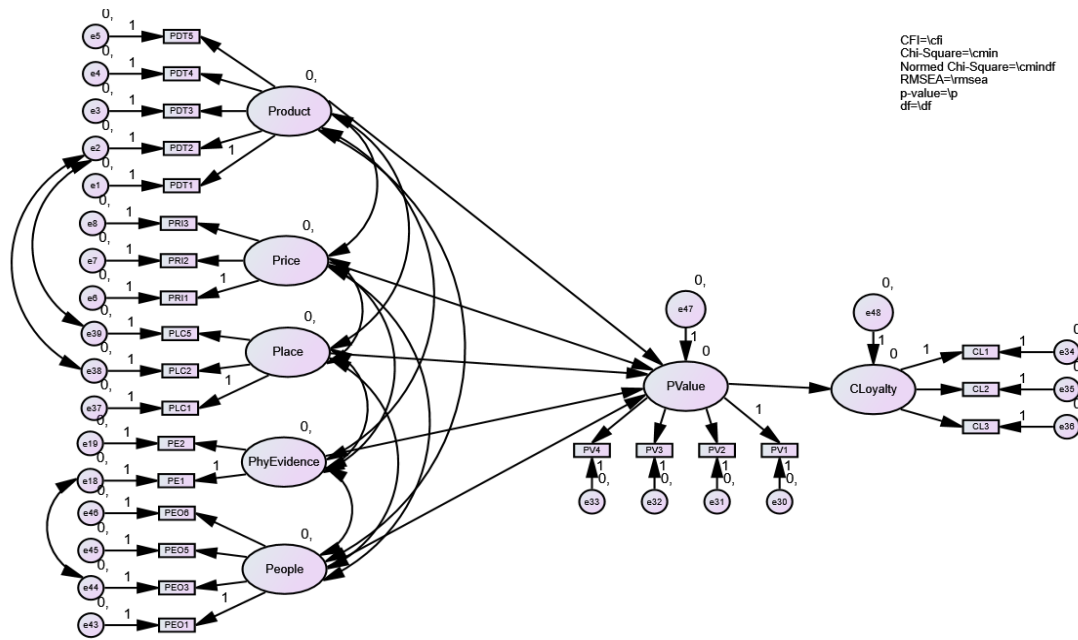


Figure 3. Measurement model of latent variable

4.2. Structural Equation Models

Structural equation modelling (SEM) was conducted using AMOS to test the hypothesised relationships among the dimensions of the 7Ps marketing mix, perceived value, and customer loyalty. The structural model produced a Comparative Fit Index (CFI) of 0.906, a normed chi-square (χ^2/df) of 5.409, and a Root Mean Square Error of Approximation (RMSEA) of 0.105. The CFI exceeded the recommended threshold of 0.90, indicating an acceptable level of incremental model fit (Hair et al., 2019; Kline, 2023). Although the χ^2/df and RMSEA values exceeded the commonly recommended thresholds, these indices are known to be sensitive to model complexity and sample size. Consequently, the structural model was considered suitable for hypothesis testing.

The structural model results revealed that physical evidence ($\beta = 0.505$, $p < .001$) and people ($\beta = 0.468$, $p < .001$) had significant positive effects on perceived value. In contrast, product ($\beta = 0.074$, $p = .384$), price ($\beta = 0.025$, $p = .733$), and place ($\beta = -0.103$, $p = .237$) did not have significant effects on perceived value. Furthermore, perceived value had a significant positive effect on customer loyalty ($\beta = 0.910$, $p < .001$), indicating that customers who perceived greater value were more likely to demonstrate stronger customer loyalty.

The mediation analysis further revealed that perceived value significantly mediated the relationships between physical evidence and customer loyalty ($\beta = 0.460$, $p = .003$) and between people and customer loyalty ($\beta = 0.426$, $p = .013$). However, the indirect effects of product, price, and place on customer loyalty through perceived value were not statistically significant.

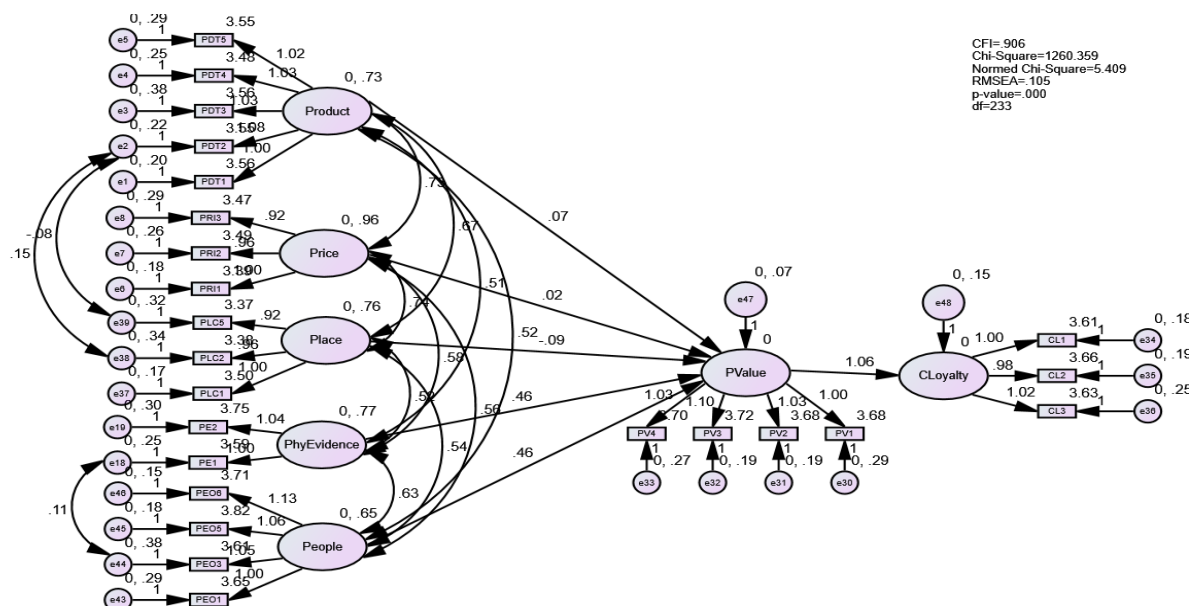


Figure 4. SEM-causal impact of 7Ps and PV on OP

5. DISCUSSION OF HYPOTHESES

Table 6. Acceptance and rejection of hypotheses

	Estimate (β)	S.E.	C.R.	p-value	Hypothesis	Decision
Product $\rightarrow$ PValue	0.074	0.080	0.871	.384	H1	Rejected
Price $\rightarrow$ PValue	0.025	0.059	0.341	.733	H2	Rejected
Place $\rightarrow$ PValue	-0.103	0.080	-1.181	.237	H3	Rejected
PEvidence $\rightarrow$ PValue	0.505	0.076	6.065	.000	H4	Accepted
People $\rightarrow$ PValue	0.468	0.086	5.355	.000	H5	Accepted
PValue $\rightarrow$ CLoyalty	0.910	0.052	20.453	.000	H6	Accepted
Place $\rightarrow$ PValue $\rightarrow$ CLoyalty	-0.094	0.134	-0.326	.377	H7	Rejected
PEvidence $\rightarrow$ PValue $\rightarrow$ CLoyalty	0.460	0.144	0.215	.003	H8	Accepted
Price $\rightarrow$ PValue $\rightarrow$ CLoyalty	0.023	0.130	-0.280	.789	H9	Rejected
Product $\rightarrow$ PValue $\rightarrow$ CLoyalty	0.067	0.109	-0.129	.487	H10	Rejected
People $\rightarrow$ PValue $\rightarrow$ CLoyalty	0.426	0.140	0.152	.013	H11	Accepted

Note: * Bootstrap standardised coefficients and standard errors.

Table 5 presents the results of the hypothesis testing for the relationships among the dimensions of the 7Ps marketing mix, perceived value, and customer loyalty. The findings indicate that physical evidence and people have significant positive effects on perceived value, whereas product, price, and place do not significantly influence perceived value.

The results show that product has a positive but non-significant effect on perceived value, indicating that food quality, menu variety, and product attributes do not significantly enhance customers' value perceptions in the Maldivian restaurant industry. This finding is inconsistent with previous studies that reported significant positive relationships between product attributes and perceived value (Baig et al., 2020; Lee, 2023; Mohamed, 2024). Similarly, price demonstrates a positive but non-significant effect on perceived value, contradicting earlier studies that identified price as a significant determinant of perceived value (Alafeef, 2020; Baig et al., 2020). Place also exhibits a negative but non-significant effect, suggesting that restaurant accessibility and location convenience do not substantially influence customers' perceptions of value. This finding differs from previous research reporting significant positive relationships between accessibility and perceived value (Fajrin & Aprianingsih, 2024; Mohamed, 2024). Consequently, H1, H2, and H3 were not supported.

In contrast, physical evidence has a positive and significant effect on perceived value, indicating that restaurant cleanliness, ambience, décor, and overall appearance play an important role in customers' value evaluations. Likewise, people significantly influence perceived value, highlighting the importance of employee professionalism, responsiveness, and service quality in shaping customer perceptions. These findings are consistent with previous studies emphasising the importance of the service environment and employee interactions in enhancing perceived value (Lee, 2023; Elgarhy & Mohamed, 2023; Alwinie et al., 2024). Therefore, H5 and H7 were supported. H4 and H6 were not tested in the final structural model because the promotion and process constructs were removed during the measurement model assessment.

The results further reveal that perceived value has a significant positive effect on customer loyalty, indicating that customers who perceive greater value are more likely to revisit restaurants, continue purchasing their products and services, and recommend them to others. This finding supports previous research identifying perceived value as an important determinant of customer loyalty (Baig et al., 2020; Az-zahra et al., 2024). Accordingly, H8 was supported.

With respect to the mediating effects, perceived value significantly mediates the relationships between physical evidence and customer loyalty and between people and customer loyalty, supporting H13 and H14. However, perceived value does not significantly mediate the relationships between product, price, and place and customer loyalty. Consequently, H9, H10, and H11 were not supported. H12 and H15 were not tested because promotion and process, respectively, were removed during the measurement model assessment.

Overall, the findings demonstrate that physical evidence ($\beta = 0.505$) and people ($\beta = 0.468$) had the largest significant effects on perceived value among the retained marketing mix dimensions. These results suggest that the physical restaurant environment and employee-related aspects of service delivery may be particularly relevant to customers' perceived value and, through perceived value, their loyalty in the Maldivian restaurant industry.

6. CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

This study examined the influence of the retained dimensions of the 7Ps marketing mix on customer loyalty, with perceived value serving as a mediating variable in the Maldivian restaurant industry. Following the confirmatory factor analysis, the promotion and process constructs were excluded from the structural model because they did not satisfy the required psychometric criteria.

Consequently, the study focused on the effects of product, price, place, physical evidence, and people on perceived value and customer loyalty. The findings revealed that physical evidence and people had significant positive effects on perceived value, highlighting the importance of the restaurant environment, cleanliness, ambience, and employee interactions in enhancing customers' value perceptions. In contrast, product, price, and place did not significantly influence perceived value. Furthermore, perceived value had a significant positive effect on customer loyalty, indicating that customers who perceive greater value are more likely to revisit the restaurant, continue purchasing its products and services, and recommend it to others. The mediation analysis further demonstrated that perceived value significantly mediated the relationships between physical evidence and customer loyalty and between people and customer loyalty, but not the relationships involving product, price, and place.

6.2 Recommendations

Based on the findings, restaurant managers should prioritise investments in physical evidence and employee-related factors to enhance customers' perceived value and strengthen customer loyalty. Managers should ensure that restaurants maintain high standards of cleanliness, attractive décor, comfortable dining areas, and a pleasant ambience. Creating a positive physical environment can significantly improve customers' perceptions of value. In addition, restaurants should focus on recruiting, training, and retaining employees who demonstrate professionalism, responsiveness, and customer-oriented behaviour. Continuous staff training programmes should be implemented to enhance service quality and customer interactions. Although product, price, and place did not significantly influence perceived value in this study, restaurant managers should continue to maintain appropriate standards in these areas to meet customer expectations and remain competitive.

6.3 Theoretical and Managerial Implications

This study extends the application of the 7Ps marketing mix framework within the Maldivian restaurant industry by demonstrating that only physical evidence and people significantly influence perceived value. The findings indicate that not all marketing mix dimensions contribute equally to customers' value perceptions. Furthermore, the study confirms the significant positive effect of perceived value on customer loyalty and its mediating role in the relationships between physical evidence and customer loyalty and between people and customer loyalty. These findings provide empirical support for the role of perceived value in the proposed marketing framework and enhance understanding of how service marketing dimensions influence customer loyalty in the restaurant industry.

From a managerial perspective, restaurant managers should prioritise investments in physical evidence by maintaining clean, attractive, and comfortable dining environments, while also focusing on employee recruitment, training, and service quality. Enhancing these aspects is likely to improve customers' perceived value and strengthen long-term customer loyalty. Although product, price, and place were not significant predictors of perceived value, managers should continue to maintain appropriate standards in these areas to meet customer expectations and remain competitive.

6.4 Limitations and Future Research Directions

This study has several limitations. First, its focus on the Maldivian restaurant industry may limit generalisability to other contexts. Second, the cross-sectional design limits causal inferences and assessment of changes over time. Third, self-reported data may be subject to common method and social desirability bias. Finally, promotion and process were excluded from the final structural model due to psychometric criteria.

Future research should examine the model across different industries and contexts, use longitudinal designs, and further validate the promotion and process measures. Future studies could also examine additional variables such as customer satisfaction, service quality, trust, and brand image to provide a broader understanding of customer loyalty.

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