

The Influence of Service Quality and Customer Satisfaction on Consumer Loyalty at PT. Hajjah Fatimah Indo Group Bantaeng Regency

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Abstract

This study investigates the influence of service quality and customer satisfaction on consumer loyalty at PT. Hajjah Fatimah Indo Group in Bantaeng Regency, Indonesia. In the era of intense market competition, retail businesses must prioritize both service quality and customer satisfaction to retain consumers and enhance loyalty. A quantitative descriptive method was employed, with data collected through structured questionnaires distributed to 153 customers selected using purposive sampling. Service quality was measured using five dimensions: reliability, responsiveness, assurance, empathy, and tangibles, while customer satisfaction was assessed based on feedback systems, surveys, and transactional experiences. Consumer loyalty was evaluated through repeat purchases, positive recommendations, and brand preference. Data were analyzed using multiple linear regression in SPSS 25, with validity, reliability, and classical assumption tests conducted to ensure data quality. The results indicate that service quality significantly affects consumer loyalty ($t = 3.561, p < 0.05$), and customer satisfaction also has a significant positive effect on loyalty ($t = 4.360, p < 0.05$). Simultaneous testing confirms that service quality and customer satisfaction jointly influence consumer loyalty ($F = \dots, p < 0.05$), explaining 33.2% of its variance. The findings emphasize the critical role of high service standards and satisfaction-focused strategies in enhancing customer loyalty. This study provides actionable insights for retail managers seeking to strengthen consumer relationships, improve service delivery, and sustain competitive advantage in the growing Indonesian retail sector.

1. Introduction

In the contemporary era of globalization, businesses face increasingly fierce competition, particularly in the retail sector. The rapid expansion of markets, coupled with evolving consumer expectations, has forced companies to continuously innovate their strategies to retain customers and sustain competitive advantage. The focus of modern marketing has shifted from a purely profit-oriented approach to a customer-centric approach, emphasizing the importance of fulfilling consumer needs and ensuring customer satisfaction. Companies that fail to meet these expectations risk losing their customer base, as consumers today have access to abundant alternatives and are more discerning in their choices. Marketing, therefore, is not merely about selling products or services, but about creating, delivering, and communicating superior value to target

consumers in a way that fosters long-term loyalty (Kotler & Keller, 2016).

Consumer loyalty is a critical determinant of business sustainability and long-term profitability. According to Hurriyati (2005), consumer loyalty is defined as a deep-seated commitment to consistently repurchase products or services in the future, despite situational influences and competitors' marketing efforts that might affect consumer behavior. Similarly, Kertajaya (2005) conceptualizes loyalty as a pattern of consumer behavior characterized by repeated purchases, recommending products or services to others, and resistance to competitive offerings. In essence, consumer loyalty reflects not only repeated transactional behavior but also an emotional attachment and trust towards a brand or company. Achieving high levels of loyalty is particularly important in the retail

sector, where consumer choices are abundant and switching costs are generally low.

Among the various factors influencing consumer loyalty, service quality and customer satisfaction have consistently been highlighted in the literature as significant predictors. Service quality refers to the extent to which a company's services meet or exceed consumer expectations (Tjiptono, 2005; Lupiyoadi, 2001). It encompasses multiple dimensions, including reliability, responsiveness, assurance, empathy, and tangibles, which collectively shape consumers' perceptions of service excellence. High service quality not only enhances satisfaction but also strengthens the perceived value of a company's offerings, thereby fostering loyalty. However, gaps often exist between expected service and actual service delivery, which can undermine customer trust and loyalty. Companies must, therefore, carefully manage service processes, employee performance, and service interactions to minimize these gaps and maintain competitive advantage.

Customer satisfaction is another critical factor that influences consumer loyalty. Satisfaction arises when consumers perceive that their needs and expectations have been adequately fulfilled (Tjiptono, 2012). According to Kotler (2016), satisfaction represents the emotional response following the comparison between expected and perceived performance of a product or service. Satisfied customers are more likely to engage in repeat purchases, provide positive word-of-mouth recommendations, and exhibit resistance to competitive alternatives. Conversely, dissatisfaction can lead to negative reviews, complaints, and ultimately, customer attrition. Therefore, understanding the factors that drive satisfaction is essential for businesses aiming to build long-term consumer loyalty.

The retail sector in Indonesia, including in regions such as Bantaeng Regency, South Sulawesi, is experiencing significant growth and increasing competition. Companies operating in this sector must not only provide quality products but also ensure that service delivery and overall customer experience meet or

exceed expectations. PT. Hajjah Fatimah Indo Group, a retail company located in Bissappu District, Bantaeng Regency, exemplifies the challenges faced by retail businesses in maintaining customer loyalty. While the company offers a range of products catering to local consumer needs, competitive pressures necessitate continuous improvement in service quality and customer satisfaction. Failure to address these aspects may result in declining customer retention and reduced market share.

Previous studies have consistently shown a strong relationship between service quality, customer satisfaction, and consumer loyalty across different sectors and contexts. Noor (2020) found that service quality positively influences consumer loyalty at PT. Herba Penawar Alwahida Indonesia, indicating that reliable and responsive services enhance customer commitment. Similarly, Sugara and Dewantara (2017) demonstrated that customer satisfaction significantly impacts consumer loyalty in online purchasing contexts, highlighting the importance of meeting consumer expectations to foster repeat transactions. Supertini et al. (2020) further confirmed these findings in the retail sector, emphasizing that both service quality and satisfaction jointly influence loyalty by creating a positive shopping experience that encourages repeat visits and recommendations. These studies collectively suggest that service quality and satisfaction are not only individually important but also interact synergistically to enhance consumer loyalty.

Despite the growing body of literature on consumer loyalty, there remains a need for context-specific research that addresses the unique characteristics of retail businesses in Indonesia. Regional factors, cultural norms, and local consumer behaviors can influence how service quality and customer satisfaction translate into loyalty. Bantaeng Regency, with its distinct demographic and economic characteristics, presents a valuable case for examining these relationships in a localized context. Understanding the specific dynamics of service delivery, consumer expectations, and loyalty in this region can provide actionable

insights for business practitioners seeking to strengthen market position and competitive advantage.

Based on these considerations, this study aims to investigate the influence of service quality and customer satisfaction on consumer loyalty at PT. Hajjah Fatimah Indo Group. Specifically, the study examines: (1) the partial effect of service quality on consumer loyalty, (2) the partial effect of customer satisfaction on consumer loyalty, and (3) the simultaneous effect of service quality and customer satisfaction on consumer loyalty. By addressing these objectives, the research contributes to the broader understanding of consumer behavior in the Indonesian retail sector and provides practical recommendations for managers seeking to enhance customer loyalty through improved service quality and satisfaction strategies.

In conclusion, the interplay between service quality, customer satisfaction, and consumer loyalty is critical for sustaining competitive advantage in today's retail environment. Companies that excel in delivering high-quality services and ensuring customer satisfaction are more likely to cultivate loyal customers, who in turn contribute to long-term profitability, positive word-of-mouth promotion, and market growth. PT. Hajjah Fatimah Indo Group serves as an illustrative case study for exploring these dynamics, offering both theoretical and practical insights that can guide future research and business practice in similar retail contexts.

2 Research Methodology

This study employs a quantitative descriptive research design to examine the effect of service quality and customer satisfaction on consumer loyalty at PT. Hajjah Fatimah Indo Group in Bantaeng Regency. The descriptive quantitative approach is suitable for measuring, describing, and analyzing the relationships between variables without seeking causal inference beyond the study context (Sugiyono, 2017). The research was conducted over a two-month period, from November to December 2023, at the company's

retail location in Bissappu District, Bantaeng Regency.

2.1 Population and Sample

The population of this study comprises all customers of PT. Hajjah Fatimah Indo Group. Due to the uncountable nature of the population, a sample was drawn using purposive sampling, targeting customers who had made at least one transaction within the last six months. A total of 153 respondents were selected, following guidelines suggesting 25–30% of the population when exceeding 100 individuals (Priyatno, 2011). The sample size was considered sufficient to ensure the reliability and validity of statistical analysis using SPSS 25.

2.2 Data Collection

Primary data were collected through structured questionnaires consisting of closed-ended questions based on a five-point Likert scale, ranging from “strongly disagree” to “strongly agree.” The questionnaire measured three main variables: service quality (X1), customer satisfaction (X2), and consumer loyalty (Y). Service quality was operationalized through five dimensions: reliability, responsiveness, assurance, empathy, and tangibles (Tjiptono, 2005; Lupiyoadi, 2001). Customer satisfaction was assessed using indicators such as complaint and suggestion systems, customer satisfaction surveys, and post-transaction evaluation. Consumer loyalty was measured based on repeat purchase behavior, positive recommendations, and brand preference.

2.3 Instrument Validity and Reliability

The validity of the questionnaire was tested using Pearson's Product-Moment correlation, with an r -table of 0.133 ($df = 151, \alpha = 0.05$). All items exceeded the r -table value and were positively correlated, indicating valid instruments. Reliability was tested using Cronbach's Alpha, with values of 0.760 (service quality), 0.781 (customer satisfaction), and 0.699 (consumer loyalty), all above the 0.60

threshold, confirming the consistency and stability of responses (Ghozali, 2009).

2.4 Data Analysis

Data were analyzed using multiple linear regression to examine both partial and simultaneous effects of service quality and customer satisfaction on consumer loyalty. Classical assumption tests, including normality (Kolmogorov-Smirnov), multicollinearity (tolerance and VIF), and heteroscedasticity (scatter plot), were conducted to ensure data suitability for regression analysis. The coefficient of determination (R^2) was used to assess the explanatory power of the independent variables. Hypothesis testing employed t-tests for individual variable effects and F-tests for simultaneous effects, with a significance level set at 0.05.

2.5 Ethical Considerations

All respondents participated voluntarily, with confidentiality and anonymity of responses strictly maintained. Data were used exclusively for research purposes, ensuring compliance with ethical research standards. This methodology ensures a rigorous and systematic approach to evaluating the relationship between service quality, customer satisfaction, and consumer loyalty in the context of Indonesian retail businesses.

3. Results and Discussion

3.1 Results

3.1.1 Validity and Reliability Test

The validity of the questionnaire was assessed using Pearson's Product-Moment correlation. With a sample size of 153 respondents, the r-table value at $\alpha = 0.05$ was 0.133. All statement items for service quality (X1), customer satisfaction (X2), and consumer loyalty (Y) showed correlation values greater than 0.133 and were positively correlated, indicating that all items were valid.

Reliability testing was performed using Cronbach's Alpha. The results demonstrated that service quality ($\alpha = 0.760$), customer satisfaction ($\alpha = 0.781$), and consumer loyalty ($\alpha = 0.699$) exceeded the minimum threshold of

0.60, confirming the instruments' reliability and the consistency of respondents' answers.

3.1.2 Classical Assumption Test

Normality was tested using the Kolmogorov-Smirnov test, yielding a significance value of 0.079 (>0.05), indicating that the residuals were normally distributed. Multicollinearity was assessed through tolerance and Variance Inflation Factor (VIF) values. Tolerance values were above 0.667 and VIF values below 1.5, showing no multicollinearity among independent variables. Heteroscedasticity was evaluated via scatter plot analysis, which displayed no specific pattern, confirming the absence of heteroscedasticity.

3.1.3 Multiple Linear Regression Analysis

The regression model showed that service quality (X1) and customer satisfaction (X2) significantly influenced consumer loyalty (Y). The regression coefficients were 0.186 for service quality and 0.718 for customer satisfaction. This indicates that a 1% increase in service quality leads to a 0.186% increase in consumer loyalty, while a 1% increase in customer satisfaction results in a 0.718% increase in loyalty. The coefficient of determination (R^2) was 0.332, meaning that 33.2% of the variance in consumer loyalty is explained by service quality and customer satisfaction, while 66.8% is influenced by other factors.

3.1.4 Hypothesis Testing

The partial effect of service quality on consumer loyalty was significant ($t = 3.561$, $p < 0.05$), and the partial effect of customer satisfaction on consumer loyalty was also significant ($t = 4.360$, $p < 0.05$). Simultaneous testing using the F-test indicated that service quality and customer satisfaction jointly affect consumer loyalty ($F = \dots$, $p < 0.05$), confirming that both independent variables together contribute significantly to the dependent variable.

3.2 Discussion

3.2.1 Effect of Service Quality on Consumer Loyalty

The results confirm that service quality positively influences consumer loyalty at PT. Hajjah Fatimah Indo Group. High-quality services, including reliability, responsiveness, assurance, empathy, and tangibles, strengthen consumer trust and attachment to the company. These findings are consistent with Noor (2020), who found that service quality significantly impacts consumer loyalty in retail settings. Retail companies that maintain high service standards can foster long-term customer retention and repeated purchases.

3.2.2 Effect of Customer Satisfaction on Consumer Loyalty

Customer satisfaction was found to have a stronger influence on consumer loyalty compared to service quality. Satisfied customers are more likely to exhibit repeat purchase behavior, recommend the company to others, and demonstrate brand loyalty. This aligns with the findings of Sugara and Dewantara (2017) and Supertini et al. (2020), which indicate that satisfaction is a critical determinant of loyalty in both physical and online retail environments. Meeting or exceeding customer expectations enhances the perceived value of services, resulting in sustained loyalty.

3.2.3 Simultaneous Effect of Service Quality and Customer Satisfaction

Simultaneous analysis revealed that service quality and customer satisfaction together significantly affect consumer loyalty. The combined effect indicates that these variables work synergistically: service quality provides the functional and experiential foundation, while customer satisfaction reflects the emotional and psychological evaluation of the service. Together, they create a comprehensive loyalty-building mechanism. This finding reinforces prior research by Sangadji and Sopiah (2013) and Supertini et al. (2020), highlighting the importance of integrating service excellence with strategies

aimed at enhancing satisfaction to retain customers in competitive retail markets.

3.2.4 Practical Implications

The study underscores the necessity for retail managers to focus on both service quality and customer satisfaction to achieve higher consumer loyalty. Companies should invest in employee training, service process optimization, and customer feedback systems. By addressing service gaps and continuously monitoring satisfaction levels, retail businesses can improve customer retention, increase sales, and enhance their competitive position in the market.

3.2.5 Theoretical Implications

This research contributes to the literature on consumer behavior and retail management in the Indonesian context. It provides empirical evidence that both service quality and customer satisfaction are significant predictors of loyalty, supporting existing theories on marketing management and consumer behavior (Kotler & Keller, 2016; Tjiptono, 2012). Furthermore, the findings highlight the contextual relevance of these variables in regional retail markets, offering insights for future studies on loyalty determinants in similar settings.

4. Closing

4.1 Conclusion

Based on the results of this study regarding the influence of service quality and customer satisfaction on consumer loyalty at PT. Hajjah Fatimah Indo Group, the following conclusions are drawn:

1. Partial Effect of Service Quality on Consumer Loyalty

Service quality has a significant positive effect on consumer loyalty. Improvements in service quality, including reliability, responsiveness, assurance, empathy, and tangibles, directly enhance consumer loyalty. This demonstrates that superior service quality is a critical determinant in retaining customers and fostering repeat

purchase behavior in a competitive retail environment.

2. Partial Effect of Customer Satisfaction on Consumer Loyalty

Customer satisfaction has a significant positive effect on consumer loyalty. Customers who perceive that their expectations are met or exceeded are more likely to engage in repeat purchases, provide positive recommendations, and remain loyal even in the presence of competitive alternatives. Satisfaction therefore plays a pivotal role in reinforcing emotional and psychological commitment to the company.

3. Simultaneous Effect of Service Quality and Customer Satisfaction

Service quality and customer satisfaction jointly have a significant influence on consumer loyalty. These factors interact synergistically, where service quality serves as the functional and experiential foundation, while customer satisfaction represents the emotional and evaluative response. Companies that integrate high-quality service with strategies to enhance customer satisfaction can effectively cultivate long-term loyalty and strengthen competitive advantage.

4.2 Research Limitations

Despite its contributions, this study has several limitations:

1. The research was conducted at a single retail company in Bantaeng Regency, which may limit the generalizability of the findings to other regions or business sectors.
2. Only two independent variables, service quality and customer satisfaction, were analyzed. Other potential determinants of consumer loyalty, such as price perception, brand image, trust, and social influence, were not included.
3. Data collection relied solely on self-reported questionnaires, which may be subject to respondent bias or inaccuracies in recalling experiences.

4. The study used a cross-sectional design, capturing data at one point in time, thus limiting the ability to infer longitudinal changes or trends in consumer loyalty.

4.3 Practical Implications

The findings of this study offer several practical implications for retail management:

1. Retail managers should prioritize the continuous improvement of service quality through employee training, process optimization, and the implementation of customer-centric service standards.
2. Businesses should implement systematic mechanisms for measuring and monitoring customer satisfaction, including regular surveys, feedback systems, and complaint management processes.
3. Enhancing both service quality and satisfaction simultaneously is recommended to build a strong, loyal customer base and achieve sustainable business growth.
4. Marketing strategies should focus on creating a positive customer experience and fostering long-term relationships, rather than merely promoting transactional sales.

4.4 Theoretical Implications

This study contributes to the literature on consumer behavior and retail management by:

1. Providing empirical evidence that service quality and customer satisfaction are significant predictors of consumer loyalty in the Indonesian retail context.
2. Supporting existing marketing and management theories emphasizing the integration of functional service attributes with emotional and psychological satisfaction to foster loyalty (Kotler & Keller, 2016; Tjiptono, 2012).
3. Offering insights for future research on loyalty formation mechanisms, particularly in emerging retail markets and regional business environments.

4.5 Suggestions for Future Research

Future studies can expand on this research by:

1. Incorporating additional variables such as trust, brand image, perceived value, and corporate social responsibility to provide a more comprehensive model of consumer loyalty.
2. Using mixed-methods approaches, combining quantitative surveys with qualitative interviews or focus groups, to capture deeper insights into consumer perceptions, motivations, and loyalty behaviors.
3. Conducting longitudinal studies to analyze the evolution of consumer loyalty over time and its response to changes in service quality and satisfaction.
4. Extending the study to multiple locations or diverse retail sectors to enhance the generalizability of the findings.
5. Exploring moderating or mediating variables, such as customer engagement, emotional attachment, or digital service experiences, to better understand the complex dynamics influencing loyalty.

4.6 Closing Statement

In conclusion, both service quality and customer satisfaction play crucial roles in shaping consumer loyalty at PT. Hajjah Fatimah Indo Group. By strategically improving service delivery and meeting customer expectations, companies can strengthen loyalty, enhance competitive advantage, and achieve sustainable growth. Despite its limitations, this study provides a robust foundation for both practical management applications and future scholarly investigations in consumer behavior and retail management.

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