The Role of Satisfaction in Mediating The Influence of Service Quality on Customer Loyalty at PT. Katiga Ritel Strengindo

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Abstract

This study aims to analyze the role of satisfaction in mediating the effect of service quality on customer loyalty at K3 Mart in Medan. In an increasingly competitive retail industry, good service quality is expected to increase customer satisfaction, which in turn will contribute to customer loyalty. This study uses a quantitative approach with a survey method of 200 K3 Mart customers, which were taken using purposive sampling techniques. The results show that service quality has a positive and significant effect on customer satisfaction, which in turn has a positive effect on customer loyalty. Furthermore, customer satisfaction was found to mediate the effect of service quality on customer loyalty at K3 Mart. The structural model tested using Partial Least Squares (PLS) shows that service quality has a significant direct effect on customer loyalty through satisfaction. These findings support the hypothesis that customer satisfaction is not only influenced by service quality but also acts as an important mediating variable. Based on these results, K3 Mart is advised to improve service quality, such as cleanliness, comfort, and speed of service, as well as add product value to ensure customer satisfaction and encourage higher loyalty.

Keywords: Service Quality, Satisfaction, Loyalty

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Introduction

Increasingly fierce competition in the modern retail sector, especially minimarkets such as K3 Mart in Medan, has prompted companies to improve service quality in order to retain customers. Good service quality is often associated with customer satisfaction, which in turn affects consumer loyalty. Previous studies have shown that high service quality has a positive impact on customer satisfaction, which in turn acts as a mediator in the relationship between service quality and consumer loyalty. Hidayat (2024) in his research in the e-commerce sector revealed that high service quality significantly affects customer satisfaction, and this satisfaction acts as a mediating variable between service quality and customer loyalty. The same was found in a study by Setiawan (2025), which showed that in the context of Indonesian retail , customer satisfaction plays an important role in increasing loyalty. This study also confirms that good service quality, such as speed, friendliness, and reliability of service, contributes greatly to satisfaction, which ultimately builds customer loyalty.

Furthermore, research by Efdison et al. (2024) on social media commerce platforms also confirms that customer satisfaction mediates the relationship between service quality and loyalty in the e-commerce sector. In the physical retail sector, Nuranti's (2024) study shows that service quality in Indonesian supermarkets greatly influences customer satisfaction and loyalty. In a more specific context, Jatmika (2023) in his research on the café industry also found that service quality dimensions such as responsiveness and empathy play an important role in increasing customer satisfaction, which then contributes to customer loyalty.

Through these studies, it can be concluded that customer satisfaction is not only influenced by the quality of service provided but also functions as an important link in increasing consumer loyalty. Therefore, this study aims to further analyze the role of satisfaction in mediating the influence of service quality on consumer loyalty at K3 Mart in Medan, which is an important study to strengthen managerial strategies in local retail.

Literature Review

2.1 Loyalty

2.1.1 Definition of Loyalty

Kotler & Keller (2022) define loyalty as a strong commitment to repurchase or subscribe to preferred products/services in the future despite situational influences and competitors' marketing efforts.

2.1.2 Indicators of Loyalty

According to Kotler & Keller (2022), indicators of loyalty consist of:
1) Repeat purchases or customer retention.
2) Resistance to switching to other brands/providers.
3) Recommendations or advocacy from customers.
4) Positive attitudes toward the brand reflecting commitment.

2.2 Satisfaction

2.2.1 Understanding Satisfaction

Kotler & Keller (2021) define customer satisfaction as a feeling of pleasure or disappointment that arises after comparing perceived performance (results) with expectations.

2.2.2 Indicators of Satisfaction

Kotler & Keller (2021) explain that customer satisfaction can be measured through an evaluation of the consumption experience, namely the extent to which the product/service meets customer expectations. The indicators include the following aspects:

1) Expectation Alignment
   Customer satisfaction arises when the performance of a product/service meets or exceeds customer expectations. Expectations are usually formed from previous experiences, promotions, or recommendations from others.
2) Product/Service Quality
   Quality indicates the ability of a product or service to fulfill customer functions and needs. The higher the perceived quality, the greater the chance of satisfaction.
3) Perceived Value
   Perceived value is the comparison between the benefits received and the costs or sacrifices made by customers (money, time, energy). The product provides added value compared to competitors.
4) Customer Emotions
   Satisfaction is also emotional, not just rational. When customers feel happy, comfortable, or proud after a purchase, it means they are experiencing emotional satisfaction.
5) Loyalty or Repurchase Intent
   High satisfaction usually results in loyalty, which is the customer's desire to repurchase and recommend the product to others.

2.3 Service Quality

Tjiptono (2020) defines service quality as "the level of excellence expected and control over that level of excellence in order to meet customer needs/desires." This definition emphasizes the alignment of service with customer expectations.

2.3.1 Service Quality Indicators

According to Tjiptono (2020), there are five indicators of service quality, namely:
1) Physical Evidence
   Tangible evidence of service, including facilities, equipment, visuals, and staff appearance.
2) Reliability
   The ability of a company to provide services in a timely, accurate, and consistent manner as promised.
3) Responsiveness
   The willingness and speed of employees in assisting customers.
4) Guarantee
   The knowledge, competence, courtesy, and ability of employees to provide customers with a sense of security.
5) Empathy
   Genuine concern and personalized service for each customer.
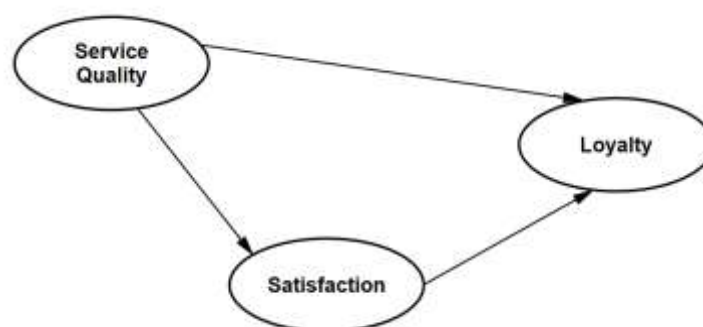
2.4 Conceptual Framework

Figure 1. Conceptual Framework

2.5   Research Hypothesis

H_1 : Service quality has a positive and significant effect on customer satisfaction at K3 Mart Medan

H_2 : Service quality has a positive and significant effect on customer loyalty at K3 Mart Medan

H_3: Customer satisfaction has a positive and significant effect on customer loyalty at K3 Mart Medan

H_4: Service quality has a positive and significant effect on customer loyalty through customer satisfaction at K3 Mart Medan.

Research Method

3.1   Type of Research

The type of research used by the researcher is quantitative research. This type of quantitative research is conducted to create a study that aims to adjust a study and to analyze social media and service quality on satisfaction and its impact on customer loyalty at K3 Mart Medan.

3.2   Research Location and Time

The research location was at K3 Mart Setiabudi, Medan Sunggal District, Medan, with the research subjects being K3 Mart consumers who had made purchases. The research was conducted over a period of 3 months, from October to December 2025.

3.3   Population and Sample

According to Arikunto (2022), the population is all elements or components that have the same characteristics and are the object of research. In the context of research, the population refers to the group to be studied and researched, which can be individuals, objects, or events that have certain criteria. All elements in this population are expected to provide information relevant to the research objectives. In this study, the number of customers at K3 Mart Medan is 2,000 people per month with an average of 500 people per week. The sample used in this study is 10% of the population, so the sample taken is 200 customers.

3.4   Research Data Sources

The data sources in this study are everything that the researcher refers to in order to obtain the information needed for the study. These data sources are individuals or specific customers who are the objects of the study. The data sources used in this study are primary data obtained from questionnaires filled out by customers.

Results And Discussion

4.1   *Outer Model* Analysis

Outer Model Analysis using *the PLS Algorithm*, resulting in:

a.   **Validity Test**

Table 1. Outer Loadings Values

	Loyalty	Satisfaction	Service Quality
X2.1			0.883
X2.2			0.906
X2.3			0.944
X2.4			0.966
Y.1	0.873		
Y.2	0.865		

	Loyalty	Satisfaction	Service Quality
Y.3	0.860		
Y.4	0.903		
Z.1		0.898	
Z.2		0.897	
Z.3		0.886	
Z.4		0.934	

Source: Smart PLS Output, 2025

Based on the values in Table 1 above, which show the results of outer model testing through loading factor/outer loadings values, all indicators in each variable have a loading value ≥ 0.70. This indicates that each indicator is measured validly and strongly. Therefore, it can be concluded that all items in the questionnaire have met the validity criteria, as shown in the following figure.
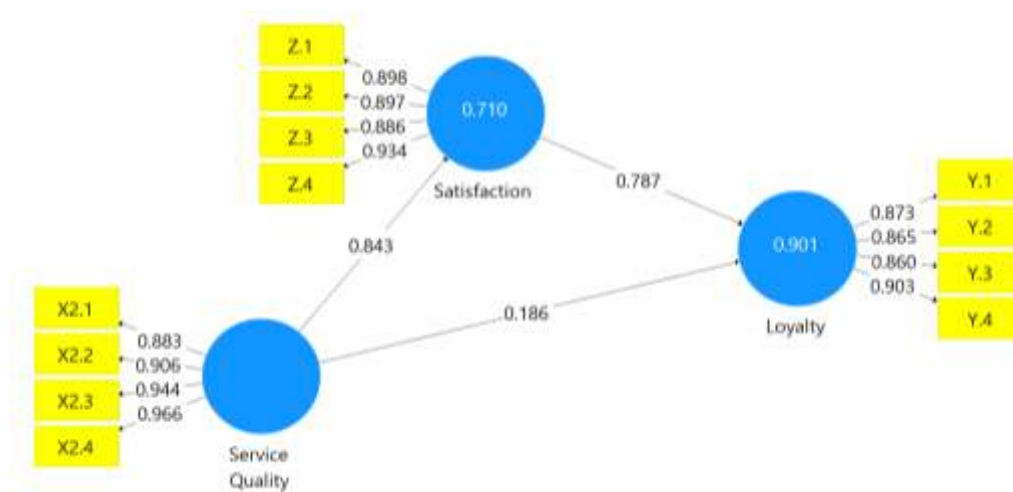

Figure 1. Outer Loading

b. Reliability Test

Table 2. Construct Reliability and Validity Test

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Loyalty	0.899	0.900	0.929	0.767
Satisfaction	0.925	0.929	0.947	0.817
Service Quality	0.943	0.946	0.960	0.856

Source: Smart PLS Output, 2025

From Table 2 above, the reliability test results show that the Cronbach's Alpha and Composite Reliability values for all constructs are above 0.70. This indicates that all indicators have high internal consistency and are reliable in measuring their respective constructs. Thus, the research instrument is declared reliable and suitable for use in structural model testing.

4.2 Coefficient of Determination (R^2)

In assessing the model with PLS, we begin by looking at the R-square for each dependent latent variable. The table below shows the Rsquare estimation results using SmartPLS.

Table 3. R Square Results

	R Square	Adjusted R Square
Satisfaction	0.710	0.708
Loyalty	0.901	0.899

Source: Smart PLS, 2025

Table 3 shows the R square values for both dependent variables. For the customer satisfaction variable, the R square value is 0.710, meaning that service quality has a 71% influence, with the remainder attributable to other variables outside the model. For the customer loyalty variable, the R square value is 0.901, meaning that service quality and satisfaction have a 90.1% influence, with the remainder attributable to other variables outside the model.

4.3 Structural Model Testing (Inner Model)
4.3.1 Hypothesis Testing
a. Direct Influence Between Variables
The direct effect between variables can be seen in the *path coefficients*. The data processing results show the direct effect values in the following table.

Table 4. *Path Coefficients* (Direct Effects)

	Original Sample	T Statistics	P Values	Conclusion
Service Quality -> Loyalty	0.186	2.621	0.009	Accepted
Service Quality → Satisfaction	0.843	33.279	0.000	Accepted
Satisfaction → Loyalty	0.787	11,350	0.000	Accepted

Source: Smart PLS Output, 2025

The results in Table 4 show the following direct effect values:

1. Service quality has a positive and significant effect on customer loyalty with a t-statistic value of 2.621 above 1.96 and a significance of 0.009 below 0.05, meaning that service quality has a real effect on customer loyalty because the significance value is below 0.05. The results of this study are in line with previous studies, namely that service quality has a positive and significant effect on loyalty (Mesra et al, 2024).
2. Service quality has a positive and significant effect on customer satisfaction with a t-statistic value of 33.279 above 1.96 and a significance of 0.000 below 0.05, meaning that service quality has a significant effect on customer satisfaction because the significance value is below 0.05. The results of this study are in line with previous studies, namely that service quality has a positive and significant effect on satisfaction (Topan & Mesra, 2024).
3. Satisfaction has a positive and significant effect on customer loyalty with a t-statistic value of 11.350 above 1.96 and a significance of 0.000 below 0.05, meaning that satisfaction has a real effect on customer loyalty because the significance value is below 0.05. The results of this study are in line with previous studies, namely that satisfaction has a positive and significant effect on loyalty (Sharma et al, 2020).

c. Indirect Effects Between Variables
The indirect effect between variables can be seen in the *specific indirect effects* value. The data analysis results show the indirect effect value in Table 5 below.

Table 5. *Specific Indirect Effects*

	Original Sample	T Statistics	P Values	Conclusion
Service Quality -> Satisfaction -> Loyalty	0.663	10.504	0.000	Accepted

Source: Smart PLS, 2025

Table 5 shows the indirect effect between variables, which will be explained as follows: service quality has a positive and significant effect on loyalty through satisfaction with a t-statistic value of 10.504 above 1.96 and a significance value of 0.000 below 0.05, meaning that satisfaction acts as a mediating variable between service quality and loyalty.

Conclusion

1. Service quality has a positive and significant effect on customer satisfaction at K3 Mart Medan
2. Service quality has a positive and significant effect on customer loyalty at K3 Mart Medan
3. Customer satisfaction has a positive and significant effect on customer loyalty at K3 Mart Medan
4. Service quality has a positive and significant effect on customer loyalty through customer satisfaction at K3 Mart Medan.

Recommendations

1. Loyalty with the lowest statement being "I am satisfied with the service provided and would recommend it to others." Therefore, the recommendation for K3 Mart Medan is to implement a loyalty program that rewards loyal customers, such as exclusive discounts, reward points for each purchase, or access to special promotions, to encourage customers to feel valued and more likely to return to shop.
2. The lowest satisfaction rating was: "The products offered by K3 Mart provide better added value than competitors, both in terms of benefits received compared to costs (money, time, and energy) incurred." Therefore, the recommendation for K3 Mart is to increase product value by ensuring that the prices offered are commensurate with the quality of products and services received by customers. Additionally, introducing attractive promotions or discounts to add economic value for customers and provide a more profitable shopping experience, in terms of time, money, and effort spent.
3. The lowest statement regarding service quality is "The appearance and physical condition of the store (such as cleanliness, interior design, product neatness, and environmental comfort) at K3 Mart are in line with my expectations and create a pleasant shopping experience." Recommendations for K3 Mart include regularly improving store cleanliness and neatness, enhancing interior design to make it more appealing and comfortable for customers, and ensuring products are well-organized and easily accessible. A neatly arranged store and a clean environment will create a more enjoyable shopping atmosphere and increase customer satisfaction.

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