The Role of Service Quality and Location in Increasing Customer Loyalty with Customer Satisfaction as an Intervening Variable

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Abstract.

This research aims to determine the effect of service quality and location on customer loyalty with customer satisfaction as an intervening variable for customers of the “Warung Pojok” restaurant. This research uses a purposive sampling technique through a questionnaire as data collection material with 100 respondents. In this research, service quality and location act as independent variables, while customer loyalty is the dependent variable with customer satisfaction as the mediating variable. This research uses quantitative methods and data analysis is carried out using statistical tests with the help of SPSS 21. The results of the research show that service quality and location have a positive effect on customer satisfaction. Furthermore, the variables of service quality and location also have a positive effect on customer loyalty. Apart from that, customer satisfaction has been proven to influence customer loyalty at the “Warung Pojok” restaurant. This indicates that good service quality and strategic business locations play an important role in providing consumer satisfaction so that they can form loyal customers.

Keywords: Service Quality, Location, Customer Satisfaction and Customer Loyalty.

1. INTRODUCTION

Currently, many eateries or restaurants have appeared in various areas, both urban and rural. This creates increasingly fierce competition in the business world. Many business people are opening restaurants and cafes because these businesses have promising opportunities and profits so that their development is very rapid. Therefore, there is quite tight competition in this business, entrepreneurs have to really think about the right strategy to face this competition. In this case, consumers are the main concern. Therefore, marketing management really needs to carry out research so that deficiencies in marketing can be identified [1].

In general, business actors will first survey what is currently trending in society. Apart from using new concepts, business actors also offer good quality service so they can compete with other similar businesses [2]. Service quality is the completeness of the features of a product or service that has the ability to provide satisfaction to a need [3]. Customer satisfaction is the most important thing to attract customers because it is a feeling of both pleasure and disappointment felt by customers after they compare the performance (results) of the product they are thinking about with the expected performance or results [4].

Based on existing phenomena, service quality has an important role. Good service quality is a competitive advantage with cafes and restaurants. Apart from good or good service quality, the location used is also a profitable factor for the restaurant. Every business must pay attention to all aspects to achieve customer loyalty with quality service and accurate location that will create a good and lasting impression for customers. According to Kotler and Armstrong as quoted by [5] stated that place or location is very influential on company activities to make the products produced can be sold and reached by the target market or consumers, consumers will choose the location closest to their location.

By fulfilling good service quality and a strategic business location, it can create a desire for customers to make repeat purchases so that in the end customers become loyal [6]. According to [7], consumer loyalty means consumers are committed to the brand based on positive characteristics in long-term
purchases. [8] research found that service quality influences satisfaction and satisfaction is also proven to have a significant influence on loyalty. Besides that, Service quality variables have a significant effect on loyalty. Meanwhile, research conducted by [9] and [10] proves that service quality and strategic business location have a positive influence on consumer satisfaction. Meanwhile, according to research by [11], service quality does not have a significant effect on consumer satisfaction. Strategic business location has not been proven to have a significant effect on consumer satisfaction [12].

Specifically, the object of this research is the "Warung Pojok" restaurant on Jalan. Cross Sumbawa-Bima, Kandai Dua, Kec. Woja, Dompu Regency, NTB. The restaurant "Warung Pojok" is a restaurant owned by Mrs. Jariah with 8 employees. This restaurant's operational hours start from 07.00 – 22.00 WIB. Located on the side of the road and very easy to reach. It's even available on Google Maps. The average number of customers who come every day is 100-150 customers. The menu offered is very diverse, starting from Gado-gado, Pecel rice, mixed rice and drinks ranging from orange ice, iced tea and mixed ice, of course at quite cheap prices.

The "Warung Pojok" restaurant itself has tried to satisfy its customers in various ways in the hope that they will get a positive response and that customers will feel satisfied so they will want to come back. Therefore, this business must be able to increase and retain customers by increasing loyalty. Based on the background that has been explained, the author is interested in researching the influence of service quality and location on customer loyalty with customer satisfaction as an intervening variable (case study in a "Warung Pojok" restaurant).

II. METHODS

This study uses a quantitative approach. The population in this study is all customers of the "Warung Pojok" restaurant, the exact number of which is unknown. Therefore, the sample collection technique uses purposive sampling with sample criteria, namely a) consumers who have visited/purchased food/drinks twice; b) consumers aged 17-80 years. The data collection technique in this research uses questionnaires to consumers of the "Warung Pojok" restaurant. Based on the results of distributing the questionnaire, 100 respondents were obtained. The data in this research will be processed using multiple regression analysis with the analysis tool, namely the SPSS 21 program. The following is the research framework shown in Figure 1.

![Research Framework](https://example.com/figure1.png)

**Fig 1. Research Framework**

Based on the previous explanation, the hypothesis in this research is formulated as follows:

H1: Service quality influences customer satisfaction at the "Warung Pojok" restaurant.
H2: Location variables influence customer satisfaction at the "Warung Pojok" restaurant.
H3: The service quality variable influences customer loyalty at the "Warung Pojok" restaurant.
H4: Location variables influence customer loyalty at the "Warung Pojok" restaurant.
H5: The customer satisfaction variable influences customer loyalty at the "Warung Pojok" restaurant.

III. RESULT AND DISCUSSION

The results of data quality testing show that each statement item in the questionnaire that has been distributed is valid and reliable. Apart from that, the data in this research also meets all the classical...
assumption test criteria. Meanwhile, multiple linear regression is an equation that explains the influence of the relationship between the dependent variable (Y) and the independent variable (X). Multiple linear regression analysis is also used to analyze mediating/intervening variables using the causal step method.

**Hypothesis Test Results**

The coefficient of determination test (R square) aims to find out how much the independent variable contributes to influencing the dependent variable. The test results on each regression model show that in model 1, the Adjusted R-square value is 0.137, which means that the influence of service quality and location variables on customer satisfaction at the "Warung Pojok" restaurant is 13.7% while the rest is influenced by other variables which are not examined in this study. Furthermore, the second regression model shows that the dependent variable has an effect of 22.3% on the consumer loyalty variable. Meanwhile, the third regression model shows that the consumer satisfaction variable has an effect of 10.7% on the consumer loyalty variable. Furthermore, the results of the F test show that all regression models used in this research have a significance value smaller than alpha 0.05, so simultaneously or together the influence of the independent variables on the dependent variable is significant.

The t test is used to find out whether in the regression model the independent variable partially influences the variable dependent.

**Table 1. Hypothesis Test Result (H1)**

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients*</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant</td>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Service Quality</td>
<td>10.454</td>
<td>2.931</td>
<td>0.295</td>
<td>0.72</td>
<td>3.567</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.82</td>
<td>4.089</td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>

Source: Processed primary data, 2024

From the data presented in table 1, it shows the results of testing hypothesis 1, namely the calculated t value of the service quality variable (X1) of 4.089 > t table 1.984 with a sig value level. 0.000 < 0.05. Thus, there is an acceptable influence between service quality on customer satisfaction at the "Warung Pojok" restaurant.

**Table 2. Hypothesis Test Result (H2)**

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients*</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Location</td>
<td>18.159</td>
<td>1.672</td>
<td>.154</td>
<td>0.06</td>
<td>10.858</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.563</td>
<td>2.563</td>
<td>.012</td>
<td></td>
</tr>
</tbody>
</table>

Source: Processed primary data, 2024

From the data presented in table 1, it is evident that there is an influence between location on customer satisfaction at the "Warung Pojok" restaurant because the calculated t value for the location variable (X2) is 2.563 > t table 1.984 with a sig value level. 0.000 < 0.05.

**Table 3. Hypothesis Test Result (H3)**

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients*</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Customer</td>
<td>9.240</td>
<td>2.497</td>
<td>.333</td>
<td>.061</td>
<td>3.701</td>
</tr>
<tr>
<td>Satisfaction</td>
<td></td>
<td>4.80</td>
<td>5.421</td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>

Source: Processed primary data, 2024

Table 3 shows the test results for H3, namely the calculated t value of the service quality variable (X1) of 5.421 > t table 1.984 with a sig value level. 0.000 < 0.05. Based on these results, it can be seen that there is an influence between service quality on customer loyalty at the "Warung Pojok" restaurant.
Furthermore, based on table 4 it can be seen that the calculated t value of the service quality variable (X2) is 3.427 > t table 1.984 with a sig value level. 0.000 < 0.05. Thus, it shows that H4, namely "there is an influence between location on customer loyalty at the "Warung Pojok" restaurant, is acceptable.

Table 5. Hypothesis Test Result (H5)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant Location</td>
<td>B 16.101</td>
<td>Std. Error 1.927</td>
<td>8.355</td>
<td>.000</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>.296</td>
<td>.066</td>
<td>.330</td>
<td>.031</td>
</tr>
</tbody>
</table>

Source: Processed primary data, 2024

Meanwhile, hypothetical test 5 in this research shows that the calculated t value for the customer satisfaction variable (Z) is 3.461 > t table 1.984 with a sig value level. 0.000 < 0.05. Therefore, it is proven that there is an influence between customer satisfaction and customer loyalty at the "Warung Pojok" restaurant.

Discussion

The Influence of Service Quality on Customer Satisfaction

The results of the hypothesis test (t test) show that the significance value of the service quality variable (X1) is 0.000 < 0.05. This shows that service quality influences consumer satisfaction. Service quality is an important factor in providing satisfaction because consumer satisfaction is an assessment of the surprises caused by purchasing a product and the consumer's experience. Customer satisfaction or dissatisfaction with customer responses such as the instability of initial pre-purchase expectations (or other performance standards) and actual product performance as observed at the same time after using or consuming this product.

Service quality can influence consumer satisfaction because of the relationship between consumers and businesses. Service quality focuses on the evaluation results of what the consumer experiences. The quality of service that reaches consumers is stated to be the gap between consumers’ hopes or expectations and their perceptions. Services are also activities or activities proposed by one part to another part which are essentially intangible and do not involve property. If the service quality value increases, the customer satisfaction value will also be higher. Conversely, if the service quality value is lower, the customer satisfaction value will also decrease. Therefore, in order to maintain consumers who feel satisfied eating at a corner restaurant, a corner stall must provide good service by greeting, smiling and being patient in dealing with consumers so that consumers feel satisfied and want to make another purchase at the food stall. Not only that, food stalls must create a comfortable place to eat and waiters must provide a good appearance in serving consumers. The friendliness and concern of employees towards consumer needs will be able to provide good service. This is in accordance with the research results of [13]; [14]; and [15] showing that service quality has an influence on consumer satisfaction.

The influence of location on customer satisfaction

The results of the hypothesis test (t test) show that the significance value of the location variable (X2) is 0.000 < 0.05. Choosing a strategic location and a place to serve consumers to maximize profits from the location. This indicates that corner stalls have an influence on consumer satisfaction. This is because the
place is easily accessible by various vehicles so consumers feel comfortable making purchases at the corner shop. From the findings, it is proven that there is an influence between location and consumer satisfaction that is not significant but partially positive. Location describes the actions taken by a business to make its goods accessible and available to consumers. Therefore, there are certain factors that must be considered in determining a business location, including a trade area that has sufficient potential, a location that is easy to reach, has room to develop, in the business flow, has a strong attraction, and has little or no competition in smooth traffic. For marketers, choosing the right location is very important because making the wrong choice can result in failure before the business is established. For businesses that rely on consumers coming to the site to fulfill their requests, choosing a trading location is very important. Location selection has a strategic objective because it can influence the achievement of the business entity's goals [16].

To make the product easily accessible to target clients, locations are identified as business activities. In other words, the variable distribution channel or place relates not only to the location of the company but also the issue and business site, including how easily the location can be accessed. The results of this research prove that access to corner stall locations is very good. Having the right, comfortable and strategic location will have the impact that consumers can easily access it, so that they will want to come back to the corner stall again. Therefore, the more strategic the location provided, the more consumers will want to make a decision to make a purchase at the corner food stall. This is in accordance with the research results of [17]; [18]; and [19] showing that location influences customer satisfaction.

The Influence of Service Quality on Customer Loyalty

The results of the hypothesis test (t test) show that the significance value of the service quality variable (X1) is 0.000 < 0.05. This means that the service quality variable (X1) has a significant influence on customer loyalty (Y). Service quality as the way consumers view service-related aspects of a product. Service quality is critical to the development, success and sustainability of a business and has a major impact on positive word-of-mouth. Customer satisfaction can be defined as a measure of product or service performance in relation to consumer expectations. Consumers will feel satisfied if their expectations are met and are satisfied with the product or service, conversely, if their expectations are not met and performance is not as expected, they will feel disappointed. The research results show that corner food stall employees are always very responsive in helping customers. This is in accordance with the respondents' answers that employees are always responsive in serving consumers, so that consumers feel comfortable enjoying food at the corner stall. Not only that, the expertise in providing service is very good and consumers feel satisfied so that consumers have the desire to come and enjoy a meal at the corner food stall. This is in accordance with the research results of [20]; [21] showing that service quality influences customer loyalty.

The Influence of Location on Customer Loyalty

The results of the hypothesis test (t test) show that the significance value of the location variable (X2) is 0.000 < 0.05. This means that the location variable (X2) has a significant influence on customer loyalty (Y). Location is one of several factors that influence customer satisfaction and purchasing decisions. Determining vital locations can be the key to a business achieving success, this is important and needs to be considered carefully so as not to experience losses in the future. The location chosen at least takes into account easy, fast access and can attract consumer interest. Location has a big impact on customers' decisions to enjoy food at corner food stalls. Location is a business area for goods and service production activities related to an economic perspective. Location selection decisions are related to long-term commitment to capital intensive aspects, so corner food stalls really have to consider and select locations that are responsive to the economic, demographic, cultural and competitive situation in the future. Based on research conducted in corner food stalls, the location is far from competitors and the location is strategic. The relationship between location and customer loyalty is closely related. A good location will influence customer loyalty. A location that can be reached easily will make customers loyal to the business because accessing the location from the destination does not make it difficult for customers. These results are in accordance with the respondents' answers which indicate that the location variable received a good answer because it was dominated by agree answers. So it is concluded that a corner food stall location that is far

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from competitors and strategic will increase customer satisfaction. This is in accordance with research by [22] and [23]; [24] showing that location influences loyalty. customer

The Effect of Customer Satisfaction on Customer Loyalty

The results of the hypothesis test (t test) show that the significance value of the customer satisfaction variable (Z) is 0.000 <0.05. This means that the customer satisfaction variable (Z) has a significant influence on customer loyalty (Y). Customer satisfaction is a feeling of pleasure or disappointment that arises after comparing a customer's perception of the results of a product with their expectations. Because happy customers tend to become loyal customers, which in turn can increase customer retention, refer products or services to other people, and support business growth. Long term, customer satisfaction is an important measure of company effectiveness. The principles or concepts of Customer Satisfaction include: 1) Product and service quality, which highlights the importance of offering the best goods and services, exceeding or even in line with client expectations; 2) Responsiveness, which refers to the capacity of a business to react to client demands, requests or complaints in a timely and efficient manner. ; 3) Reliability, which highlights the need to offer services that are reliable, error-free, constant and free from unnecessary uncertainty; 4) Effective communication, where the importance of communicating openly and honestly with clients and paying attention to the client's needs and desires. In addition, satisfied consumers tend to refer the goods or services to other people, which can help develop business customers. So, when customers are satisfied, this will generate a good opinion of the business and its offerings, thereby increasing customer loyalty. In general, strong customer loyalty is developed and maintained by good customer satisfaction, making it a very valuable asset for the long-term success of a business or organization. [25]; [26]; and [27] show that customer satisfaction influences loyalty customer.

IV. CONCLUSION

Based on the results of testing data from the research "The influence of service quality and location on customer loyalty with customer satisfaction as an intervening variable for customers of the "Warung Pojok" restaurant, the research results show that service quality and location have a positive effect on customer satisfaction. Furthermore, the variables of service quality and location also have a positive effect on customer loyalty. Apart from that, customer satisfaction has been proven to influence customer loyalty at the "Warung Pojok" restaurant. Based on the research results, the suggestions that can be given by researchers are a) for the "Warung Pojok" restaurant, it is hoped that it can maintain and improve the quality of service provided, for example ensuring the cleanliness of the restaurant, providing fast and precise service, and giving extra attention to every complaint. and customer input. It is hoped that this will create customer satisfaction and loyalty so that customers come back to buy products at the "Warung Pojok" restaurant; b) Future research is expected to be able to examine in more depth the problems faced, for example by adding other variables. so that better and more useful results are obtained so that it becomes a reformer in the field of science.

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