

# The Effect of Service Quality, Customer Orientation and Customer Satisfaction on Customer Loyalty

Samuel Situmeang<sup>1\*</sup>, Sugiyanto<sup>2</sup>

Faculty of Economics and Business, Esa Unggul University<sup>1,2</sup>

E-mail: vincent\_vivaldi@yahoo.com<sup>1</sup>, sugiyanto@esaunggul.ac.id<sup>2</sup>

Corresponding Authors: Samuel Situmeang (vincent\_vivaldi@yahoo.com)

Article history: received October 20, 2024; revised November 01, 2024; accepted November 10, 2024

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## Abstract

This study aims to examine the effect of service quality, customer orientation on customer satisfaction and customer loyalty on JCO products. This study is motivated by unmentioned customer loyalty, so a study was conducted to find out from the quality of service and customer orientation which will be the most influential variables on customer satisfaction and customer loyalty on JCO products. The population in this study were all consumers at JCO Outlets domiciled in the Jabotabek area, totaling 103 Outlets. While the research sample was taken using a purposive sampling technique, namely customers who had purchased JCO products at least 2 times with a total of 170 respondents. This research is a quantitative study using the Structural Equation Model - Partial Least Square (SEM-PLS) method. The results of the study indicate that customer orientation has a positive effect on service quality, followed by the following hypotheses, namely service quality has a positive effect on customer satisfaction, customer orientation has a positive effect on customer satisfaction, service quality has a positive effect on customer loyalty, but customer orientation does not have a positive effect on customer loyalty, customer satisfaction has a positive effect on customer loyalty, service quality does not mediate customer orientation on customer satisfaction, in contrast to customer satisfaction mediating service quality and customer orientation on customer loyalty. After conducting the study, the author suggests adding other supporting variables, such as product quality, word of mouth promotion, brand trust, price and various other variables that are relevant to the novelty of the study. In the future, JCO is expected to be able to improve service quality and customer orientation in terms of responding to customers with polite language in responding to complaints from customers so that JCO customers will feel happy and become more loyal in buying JCO products.

**Keywords:** service quality, customer orientation, customer satisfaction, customer loyalty.

## INTRODUCTION

In the contemporary business environment, enhancing customer satisfaction is regarded as a pivotal strategic concern for organisations. To ensure business sustainability and enhance competitiveness, it is crucial to comprehend the factors influencing customer satisfaction. Consequently, conducting research and implementing strategies that can optimise the customer experience represents a pivotal step for modern customer-oriented businesses. As posited by Sabir et al. (2014), customer satisfaction exerts a significant influence on a company's revenue. Consequently, the pursuit of customer happiness has become a pivotal objective in the realm of business. As Glowa (2014) notes, the term 'satisfaction' is used in a post-consumption or evaluative context that diverges from the hedonic spectrum. It is concerned with the product itself. The responses to one or a series of service experiences can result in customer happiness or dissatisfaction, depending on their cognitive or affective state (Et. al., 2021)

The implementation of customer-focused behaviour requires greater effort than other customer service strategies. When companies create roles that make their employees happy, those employees are more likely to act in ways that help them fulfil their responsibilities successfully, which means meeting client needs. The concept of customer satisfaction was first introduced by Bruhn. In 2003, the concept of customer satisfaction was linked to the perception of quality. Lee (2003) posits that... (2013) posits that service quality has a significant effect on customer satisfaction, while Yap & Kew. (2015) demonstrates the direct effect on customer satisfaction and service quality (Lee, 2013). Khairunnisa and Prasojo (2020) (2020) posits that service quality exerts a positive and significant influence on community satisfaction (Khairunnisa, A., & Prasojo, 2020). The

most significant drivers of customer satisfaction with relational service quality are core service quality (promise) and perceived value (McDougall and Levesque, 2000). The influence of negative commitment has been demonstrated to have a significant effect on customer behaviour. Service capacity has been shown to exert a positive influence on a firm's customerisation capability, which is significantly different from traditional capabilities. Internal service quality can be defined as the extent to which an organisation is able to provide its employees with the kind of quality support that will enable them to serve customers effectively (Heskett, J. L., Jones, T. O., Loveman, G. W., Sasser, W. E., & Schlesinger, 1994)

The extant literature indicates that service quality and fairness exert disparate influences on the two types of satisfaction. It is important to recognise that transaction satisfaction and cumulative satisfaction represent two distinct forms of satisfaction. This study demonstrates a positive correlation between prosocial orientation and the capacity to adopt another's point of view and to infer mental states from eye contact (Declerck and Bogaert, 2008). The results demonstrated that organisational identification exerts a positive influence on customer orientation. Long-term customer loyalty has been shown to increase the proportion of customers who consume goods or services from service providers with satisfaction, assist in the retention of customers and prevent customers from patronising other establishments (Bennett, R., & Rundle-Thiele, 2004); (Nauman, Mansur Khan and Ehsan, 2010)

In a previous study conducted by Gonu et al. (2023), it was demonstrated that customer orientation and service quality play a significant role in enhancing customer satisfaction (Gonu *et al.*, 2023). Additionally, the study indicated that service quality exerts a partial influence on the relationship between customer orientation and customer satisfaction. However, in this study, the addition of customer loyalty variables is carried out to ascertain whether customer loyalty is influenced by customer satisfaction. The objective of this study is to measure the effect of customer satisfaction variables on customer loyalty through customer orientation and service quality. It is hoped that this research will contribute both directly and indirectly to the scientific community, particularly in the field of marketing, which can be applied in a business context so that the results of this study can provide positive outcomes for the company.

### ***Literature Review***

short-term loyal customers are more amenable to switching brands or companies than long-term loyal customers. The concept of consumer loyalty can be defined as a consumer's commitment to make repeat purchases, disregard competitor innovations, and have no intention of switching. A customer who exhibits loyalty does not merely refrain from making purchases on special occasions such as birthdays; rather, they actively encourage others to make purchases. Two dimensions of customer loyalty have been identified in research: positional loyalty and behavioural loyalty (Ikraman, & R.Syah, 2019). Huang et al. (2019) define customer loyalty as repeated purchases of specific goods and services, positive recommendations to others, and avoidance of promotions and offers from competing companies (Huang, Lee and Chen, 2019). Attitudinal loyalty and behavioural loyalty are the two dimensions used to measure customer loyalty. Long-term and short-term customer loyalty represent two distinct forms of consumer loyalty. Loyal customers frequently purchase products or services, provide positive reviews, demonstrate greater willingness to purchase, and exhibit lower likelihood of patronizing competitors (Chun, Yhang and Kim, 2019); (Rather, 2018). As a predictor of future behavioral intentions within a company, customer loyalty plays a pivotal role in business operations.

In the context of marketing, the emphasis is on the products being marketed. However, following the implementation of the marketing concept, the company's focus shifted towards a customer-oriented approach (Prasetia, R., Yanuar, T., & Syah, 2020). The concepts of relationship marketing and customer orientation are closely related and emphasise the development of long-term competitive advantage through superior customer service. In order to create superior value for businesses and consumers alike, it is of the utmost importance for businesses to fully comprehend the demands of their customers. As posited by Racela (2014), the term 'customer orientation' denotes the capacity of a provider to persistently assess and identify hitherto unarticulated customer requirements, as well as to anticipate potential needs (Racela, 2014). In contrast, the concept of 'consumer orientation' encompasses a set of task-oriented behaviours, exemplified by customer support services. Both customer orientation and relationship marketing are designed to enhance and sustain a company's profitability by fostering long-term relationships with consumers and optimising their satisfaction.

As posited by Meesala and Paul (2018), the definition of service quality can be understood as the result of an evaluation process in which consumers compare their perceptions with their actual experiences and the services they have received (Meesala and Paul, 2018). The quality of a service is determined by the extent to which it meets the needs and expectations of the customer. A higher degree of alignment between the service

provided and the customer's expectations leads to greater satisfaction (Abror *et al.*, 2019). In the field of service marketing, the most widely used model for measuring service quality is the SERVQUAL scale, along with its hybrid version, SERVPERF, which assesses service performance. The SERVQUAL model, comprised ten elements: responsiveness, reliability, communication, tangibility, credibility, discretion, competence, security of access, and customer understanding. Subsequently, these elements were reduced to five, namely certainty, empathy, reliability, tangibility, and responsiveness (Parasuraman, A., Ziethaml, & V., & Berry, 1988). The following explanation is provided: Tangible: 'The physical facilities, equipment, and appearance of staff'.

Reliability: 'The ability to perform the promised service in a reliable and accurate manner'. The willingness to assist customers and provide prompt service, assurance, the knowledge and benevolence of employees and their ability to inspire confidence and comfort, and empathy, which is defined as caring and individual attention given by the company to customers, are all factors that contribute to the quality of products and services offered by a company. The quality of these products and services will affect the company's reputation in the eyes of consumers, which in turn will affect consumer loyalty to the company. The long-term perception of quality by consumers of a company is defined as company quality. Previous research (Ali *et al.*, 2022) has identified company quality as the only quality component that consumers can ascertain prior to purchasing services (Ali, R., Wahyu, F. R. M., Darmawan, D., Retnowati, E., & Lestari, 2022).

Customer satisfaction can be defined as an assessment of a product or service based on the experiences of purchase and consumption over time (Yanuar Rahmat Syah *et al.*, 2022). The concept of customer satisfaction can be divided into three distinct categories: cognitive, affective, and conative. The extant literature identifies two fundamental approaches to conceptualising satisfaction: as a process and as a product (Gustafsson, Johnson and Roos, 2005). As posited by Chitty *et al.* (2007), customer satisfaction represents a psychological assessment that considers the benefits and sacrifices that customers make when paying for goods and services (i.e., costs) from the point of purchase to the end of the product consumption life cycle (Chitty, B., Ward, S., & Chua, 2007). Glowa (2014) defines satisfaction as a post-consumption or evaluative approach that deviates from the hedonic spectrum and concentrates on the product. The cognitive or affective state of the customer, in response to one or a series of extended service experiences, can lead to customer happiness or dissatisfaction. The dimensions of customer satisfaction are customer attitude, customer happiness, and customer satisfaction (Supriyanto *et al.*, 2021).

According to (Bruhn, 2003) poor service quality and a poor internal service atmosphere have a detrimental effect on the services offered to external clients. His research shows that service quality is essential for establishing and improving customer interactions and for achieving organisational effectiveness. It is logical to assume that service quality will result in customer orientation. Therefore, we define service quality as a key component (variable) in establishing perceived service quality (Bruhn, 2003).

The results of previous research are also in line with Gonu *et al.* (2023) which has proven that there is a positive impact of customer orientation on service quality. Based on the above statement, the hypothesis that the researcher proposes is:

H1: Customer orientation has a positive impact on service quality

Customer happiness and related service quality in the context of services find satisfaction is positively influenced by service quality characteristics. Most studies show that service quality affects customer satisfaction (McDougall and Levesque, 2000). According to research by Yap & Kew (2015) customer satisfaction and service quality directly affect customers' desire to repurchase goods and services.

The results of previous research are also in line with Syahputra *et al.* (2022) & Adriani *et al.* (2023) who have presented that there is a positive impact of service quality on customer satisfaction (M. Fiqih Syahputra G., Ritonga and Lubis, 2022). Based on the above statement, the hypothesis that the researcher proposes is:

H2: Service quality has a positive impact on customer satisfaction

Employees' feelings about their jobs are measured by job satisfaction Churchill *et al.* (1974) Customer-focused behaviour requires more effort to implement than other customer service strategies. Customers' expressed wishes must be listened to carefully by staff members to identify their basic needs, select solutions that best meet those needs, and display products in a way that customers can understand. Frontline workers must be motivated enough to implement these strategies (Thakor & Joshi, 2005) in a sustainable way due to the additional effort required (Churchill, Ford and Walker, 1974). Therefore, when companies create jobs by making

their employees happy, those employees are more likely to act in ways that help them fulfil their responsibilities successfully, which means meeting the needs of clients (Shore & Martin, 1989). This is further explained in the service profit chain of Heskett et al. (1994), where employee satisfaction drives employee retention, which in turn affects external service quality, customer satisfaction, customer retention, and ultimately company profits. The service profit chain also considers the mutual benefits between employee and customer satisfaction, with the latter having a beneficial impact on the former. Given this and the fact that customer perceptions of service quality are influenced by employee customer orientation and overall employee happiness (Heskett, J. L., Jones, T. O., Loveman, G. W., Sasser, W. E., & Schlesinger, 1994)s.

The results from previous research are also in line with Legi et al. (2021) & Hibatullah & Tjahjaningsih (2023) who have proven that there is a positive effect of customer orientation on customer satisfaction (Legi, C. M., Tulung, J. E., & Pandowo, 2021); (Hibatullah, N. F., & Tjahjaningsih, 2023). Based on the statement above, the hypothesis that the researcher proposes is:

H3: Customer orientation has a positive effect on customer satisfaction

Service quality with customer satisfaction is considered the main driver of customer loyalty by many researchers. Service quality can increase customer loyalty, which has an impact on their decision to buy other products (Priyo, J. S., Mohamad, B., & Adetunji, 2019). Previous empirical research has shown that in various industries, there is a positive impact of customer satisfaction and service quality on customer loyalty. In research conducted by (Dahiyat, Akroush and Lail, 2011); (Chuang and Cheng, 2010).

The results of previous research are also in line with Naini et al. (2022) & Tannady & Purnamaningsih (2023) who have proven that there is a positive effect of service quality on customer loyalty (Naini *et al.*, 2022); (Tannady and Purnamaningsih, 2023). Based on the above statement, the hypothesis that the researcher proposes is:

H4: Service quality has a positive impact on customer loyalty

According to (Colwell et al., 2009) argue that when customer-oriented services help understand that customer beliefs are wrong concepts in certain situations, this can ultimately have an impact on revenue levels (Colwell *et al.*, 2009). It is beneficial for the customer as CRM enables customised services (Bhat & Darzi, 2016). However, keep in mind that a salesperson first fosters customer loyalty through customer orientation and customer perceived value. According to Narver & Slater, (1990) customer orientation helps to collect and consider customer perceptions; this contributes to the creation of responsive strategies and improved company performance. Agreeing with this, customer-oriented disposition increases customer loyalty and financial performance (Pousa, C., & Mathieu, 2014).

The results of previous research are also in line with Ramadhan & Pradana (2017) who have proven that there is a positive impact of customer orientation on customer loyalty. Based on the above statement, the hypothesis that researchers propose is:

H5: Customer orientation has a positive impact on customer loyalty

According to research by Khairunnisa & Prasajo (2020) there is a significant positive impact of customer satisfaction on customer loyalty (Khairunnisa, A., & Prasajo, 2020). In addition, long-term customer loyalty will increase the proportion of customers who consume goods or services of service providers with satisfaction, assist in retaining customers and prevent customers from visiting other stores (Bennett, R., & Rundle-Thiele, 2004); (Nauman, Mansur Khan and Ehsan, 2010).

The results of previous research are also in line with Lina (2022) & Setyorini & Yolandari, (2023) who have proven that there is a positive effect of customer satisfaction on customer loyalty (Lina, 2022); (Setyorini and Yolandari, 2023). Based on the above statement, the hypothesis that the researcher proposes is:

H6: Customer satisfaction has a positive impact on customer loyalty

A person's cooperative orientation reveals how willing they are to work together (Declerck and Bogaert, 2008). As it relates to the integration of customers and employees for joint value creation activities, disposition is seen as a separate personality trait compared to other qualities. Many studies have recognised the importance of good customer characteristics such as good citizenship behaviour and unselfish service. Customers are

expected to perceive improved, higher levels of service performance as service employees are likely to provide high levels of customer service. This view considers that co-operating consumers can play a role in creating shared value, and such customers are likely to believe that they receive high-quality service as a result of their participation. Service employees are likely to provide a high level of customer service. Customer satisfaction will have no incremental effect on perceived service quality if customers do not co-operate with service providers.

The results of previous research are also in line with GONUETAL. (2023) which has shown that there is a positive impact of service quality mediating customer orientation on customer satisfaction (GONU *et al.*, 2023). Based on the above statement, the hypothesis that researchers propose is:

H7: Service quality moderates customer orientation on customer satisfaction

Personal recognition, service quality, product quality, and price have several factors that have an impact on customer satisfaction. However, according to some researchers, service quality is the main factor affecting customer satisfaction. Improving service quality will result in higher customer satisfaction and greater loyalty. According to HASKETT *et al.* (1997) showed that sales growth and company profits are important factors in increasing customer loyalty, which is a direct result of customer satisfaction. He verified that service quality positively affects customer loyalty, based on customer satisfaction (HASKETT, J. L., JONES, T. O., LOVEMAN, G. W., SASSER, W. E., & SCHLESINGER, 1994).

The results of previous research are also in line with YUM & YOO (2023) who have proven that there is a positive impact of customer satisfaction mediating service quality on customer loyalty. Based on the above statement, the hypothesis that the researcher proposes is:

H8: Customer satisfaction mediates service quality on customer loyalty

To improve the performance of service operations, customer orientation is one of the value components of quality management. It has shown that customer satisfaction and loyalty are influenced by their interactions by employees and other customers. In their research on 522 new care buyers. The customer orientation has a positive correlation with customer satisfaction with the seller and dealer. In addition, customer orientation has a strong ability to provide service, increase customer satisfaction, and influence customer behaviour. Therefore, customer orientation is considered a competitive marketing strategy with the main objective of positively influencing customer behavioural outcomes. Thus, companies that implement a customer-oriented culture are better able to understand the needs and wants of customer orientation.

The results of previous research agree with ANNISA (2022) who has proven that there is a positive effect of customer satisfaction mediating customer orientation on customer loyalty (ANNISA, 2022). Based on the above statement, the hypothesis that researchers propose is:

H9: Customer satisfaction mediates customer orientation on customer loyalty

## **METHODS**

The design of this study aims to test a theory or hypothesis to strengthen or reject the theory or hypothesis of pre-existing research results. This study examines the causal relationship between variables which is the direct effect or indirect effect of the independent variable on the dependent variable and the mediating variable on the dependent variable (PURWANZA, 2022). The variables in this study include Service Quality (X1), Customer Orientation (X2), Customer Satisfaction (Z) and Customer Loyalty (Y). The data used for analytical purposes in this study are data consisting of primary data obtained from distributing questionnaires using the help of Google forms distributed via WhatsApp.

This research analysis method uses the (SEM PLS) method, the researcher conducts a pretest validity test with factor analysis using SPSS. Pretest test by looking at the Kaiser-Meyer-Olkin (KMO) and Measure of Sampling Adequacy (MSA) measurement values. With the guidelines, the Kaiser-Meyer-Olkin (KMO) and Measure of Sampling Adequacy (MSA) values must be greater than 0.5. KMO and MSA values above 0.5 indicate that factor analysis is feasible (SARWONO, 2006). Next, the convergent validity test is carried out using the guidelines for the loading factor value > 0.7, and Average Variance Extracted (AVE) > 0.5 (HAIR *et al.*, 2022). Adding to discriminant validity using cross-loadings value guidelines, namely all indicators on the measured construct must have higher cross-loadings than other constructs and the Fornell-Larcker criterion guideline, namely the square root value of the AVE for each construct must be greater than the correlation value between

the construct and other constructs. Meanwhile, to test reliability using the Cronbach Alpha > 0.7 and composite reliability > 0.7 guidelines. Furthermore, the inner model test is carried out to test the relationship of the variable preparation indicators. The measurements used are R-square, Path coefficient and Indirect Effect. The R-square test guidelines are 0.75 indicating a strong model, 0.50 moderate and 0.25 weak. Guidelines for path coefficient values range from -1 to 1, with values closer to 1 or -1 indicating a stronger positive or negative relationship. For guidelines on significant indirect effects, a T statistic value  $\geq 1.96$  and a P value  $\leq 0.05$  are used (Hair et al. 2022)

**RESEARCH RESULTS AND DISCUSSION**

This research was conducted on all *customers* at JCO Outlets who live in the Jabotabek area, totalling 103 Outlets, by distributing 29 questionnaires. The number of questionnaires distributed was adjusted to the number of samples used, namely 170 respondents, the number of samples used in this study based on the sampling method from (Hair *et al.*, 2002), (2022) Each respondent in this study has different characteristics, these characteristics include gender, age and position of the respondent. The following are the results of the grouping of respondents based on the questionnaires that have been distributed as follows, the gender of the respondents is mostly female as many as 92 people (54.1%), the most age is 18-23 years old as many as 45 respondents (26.3%), the most dominant respondent's job is private employee as many as 48 people (28.2%), based on how many times the purchase of JCO products is > 10 times with 62 respondents (36.5%).

As stated by Hair et al. (2022), indicators with outer loading values  $\geq 0.7$  and AVE values > 0.5 are considered valid. Meanwhile, variable reliability can be measured using Cronbach's alpha and composite reliability value > 0.7. Based on table 1, all variable indicators are declared valid and reliable because the outer loading, AVE, Cronbach's alpha, and composite reliability values meet the criteria. It can be seen that the service quality variable has an AVE value = 0.637, Cronbach's alpha = 0.929, and composite reliability = 0.931. Then, the customer orientation variable has an AVE value = 0.649, Cronbach's alpha = 0.909, and composite reliability = 0.912. Customer satisfaction variable with AVE value = 0.587. Cronbach's alpha = 0.912, and composite reliability = 0.913. Finally, the customer loyalty variable with AVE value = 0.777, Cronbach's alpha = 0.904, and composite reliability = 0.905.

According to Hair et al. (2022) the *R2* value ranges from 0-1, where the higher the value, the stronger the effect. Also grouped the *R2* value into 3 categories, namely the value of *R2* = 0.75 for the strong category, *R2* = 0.50 for the moderate category, and *R2* = 0.25 for the weak category. Based on the research that has been conducted, it can be seen that the R-Square value of customer satisfaction is 0.644, which means that the variables of service quality and customer orientation are able to explain their impact on customer satisfaction by 64.4%, while 35.6% is driven by other variables outside the model studied. Meanwhile, the R-Square value of the customer loyalty variable is 0.690, which means that service quality, customer orientation and customer satisfaction are able to encourage customer loyalty by 69% while 31% is driven by other variables outside the model studied. Finally, the service quality variable has a value of *R2* = 0.465, which means that customer orientation is able to encourage service quality by 46.5%, while 53.5% is driven by other variables outside the model studied.

**Table 1. Model Fit Test**

	Saturated Model	Estimated Model
SRMR	0.067	0.069
d_ULS	1.962	2.049
d_G	1.122	1.120
Chi-Square	1006.729	1019.565
NFI	0.761	0.758

Based on the official PLS page, the fit model can be seen from the SRMR and NFI values with the guidelines for the SRMR value <0.09 and NFI > 0.90. In this study, it is known that the SRMR value = 0.067 and NFI = 0.761. However, this model is still declared fit and feasible to use because the SRMR value meets the criteria.

Testing the outer model (hypothesis testing) by looking at the path coefficient value. According to Hair et al. (2022), if the T statistic value > 1.960 with a P-value <0.05, it can be said that there is a significant effect, while the direction of the relationship can be determined by looking at the Original Sample value. Based on the

calculation results with the following bootstrapping method, the results are obtained:

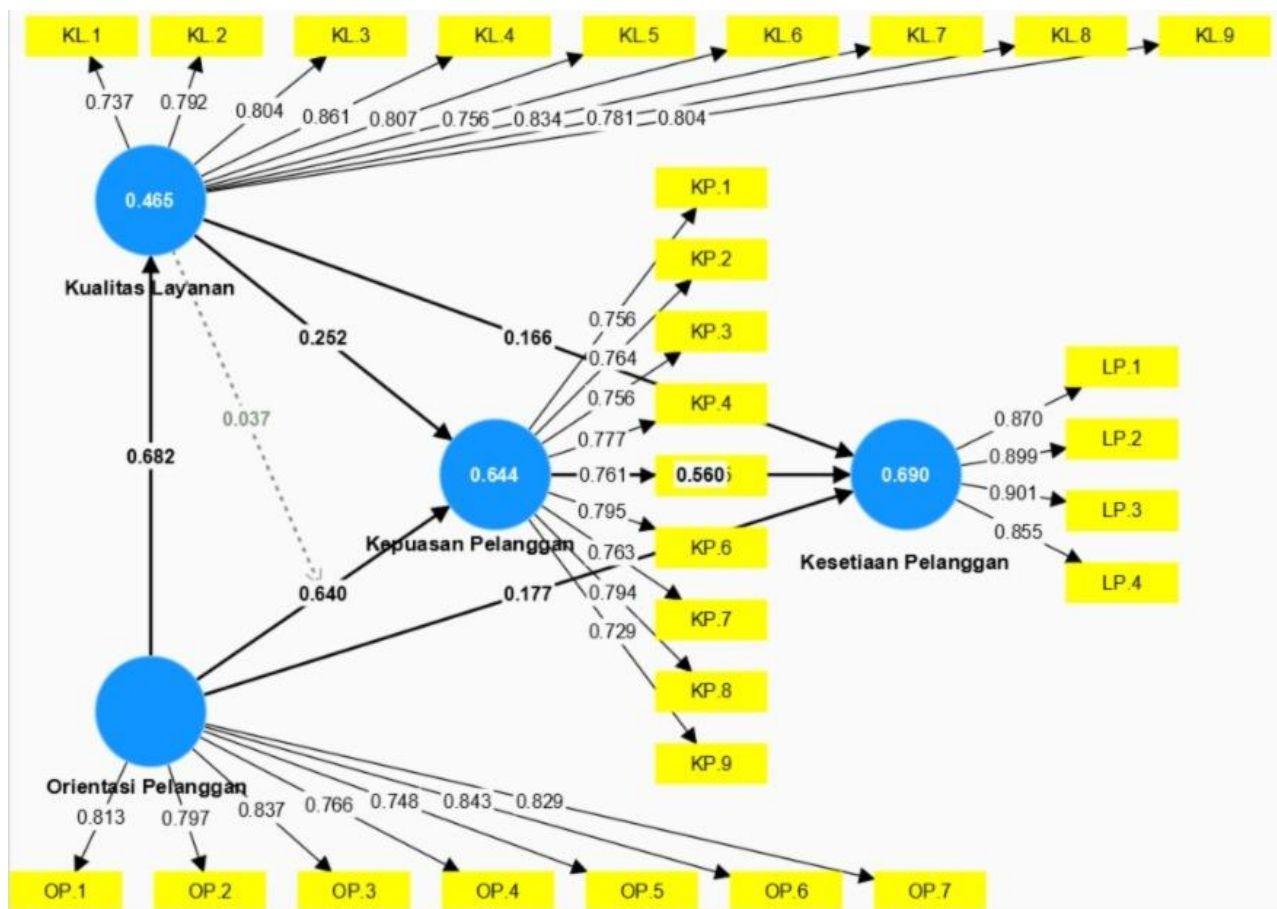


Figure 1. Outer Loading

The results of hypothesis testing, it can be seen that the results of all hypotheses in this study are accepted and some are rejected.

Hypothesis 1 from the table can be concluded that customer orientation has a positive impact on service quality as indicated by the T-statistic value = 8.673 greater than 1.96 and P-value = 0.000 smaller than 0.05 so that hypothesis 1 is accepted.

Hypothesis 2 of these results shows that service quality has a significant positive impact on customer satisfaction with a T-statistic value = 2.457 greater than 1.96 and a P-value = 0.014 smaller than 0.05 so that Hypothesis 2 is accepted.

In hypothesis 3, the T-statistic value = 7.542 exceeds the value of 1.96 and the P-value = 0.000 is smaller than 0.05, meaning that there is a positive impact between customer orientation on customer satisfaction, so Hypothesis 3 is accepted.

Hypothesis 4 also shows a positive impact between service quality on customer loyalty because T-statistic = 2.005 and P-value = 0.045 so Hypothesis 4 is accepted.

Hypothesis 5 does not show a positive impact between customer orientation on customer loyalty because the T-statistic = 1.730 which should be 1.96 but from the results it shows that the value is less than what has been determined and also the p-value shows a result of P-value = 0.084 which should be less than 0.05 but from the research results the value exceeds 0.05 so it can be concluded that Hypothesis 5 is rejected.

Hypothesis 6 with T-statistic = 5.905 and P-value = 0.000 explains that customer satisfaction has a positive impact on customer loyalty so that Hypothesis 6 is accepted.

In addition to the direct effect, there is also an indirect effect.

Hypothesis 7, which proves customer orientation on customer satisfaction, is not moderated by service quality because the T-statistic value = 0.844 is less than 1.96 and the P-value = 0.399, which should be less than 0.05.



Hypothesis 8 service quality has a positive impact on customer loyalty through customer satisfaction has a T-statistic value = 2.295 and a P-value = 0.022.

Finally, hypothesis 9 on the effect of customer orientation has a positive impact on customer loyalty mediated by customer satisfaction has a T-statistic value = 4.491 and a P-value = 0.000.

This research project examines the impact of service quality, customer orientation and customer satisfaction on customer loyalty among all customers at JCO Outlets in the Jabotabek area, which encompasses a total of 103 outlets.

The initial hypothesis posits a positive correlation between customer orientation and service quality. The findings of this study demonstrate that service quality is a crucial factor in fostering and enhancing customer interactions, thereby contributing to organisational effectiveness. This outcome is attributable to JCO's unwavering dedication to customer satisfaction, particularly with regard to taste and quality. Consequently, customer orientation exerts a pronounced influence on service quality. Hence, service quality represents a pivotal element (variable) in determining perceived service quality. This aligns with the findings of Bruhn (2003) and Gonu *et al.* (2023), which posit that customer orientation has a favourable impact on service quality (Bruhn, 2003); (Gonu *et al.*, 2023).

The results of the second hypothesis test indicate a positive influence between service quality and customer satisfaction. As posited by Syahputra *et al.* (2022) and Ariani *et al.* (2023), customer happiness and related service quality in the context of services indicate that satisfaction is positively driven by service quality characteristics. This result is due to the fact that the service provided by JCO remains consistent across all outlets, thus demonstrating that service quality has a significant impact on customer satisfaction. Service quality and customer satisfaction directly drive customers' desire to repurchase goods and services (M. Fiqih Syahputra G., Ritonga and Lubis, 2022).

In accordance with the findings of previous research, the third hypothesis indicates a positive correlation between customer orientation and customer satisfaction. It is imperative that the requests and opinions expressed by customers are given due consideration by the staff members in order to ascertain their fundamental requirements, select the most appropriate solutions to meet those needs, and present the products in a manner that is easily comprehensible to the customers. This outcome is attributable to JCO's unwavering dedication to customer satisfaction, particularly with regard to taste and quality. Consequently, customer orientation exerts a considerable influence on customer satisfaction. This is consistent with the findings of previous research, including that of Legi *et al.* (2021) and Hibatullah & Tjahjaningsih (2023) (Legi, C. M., Tulung, J. E., & Pandowo, 2021); (Hibatullah, N. F., & Tjahjaningsih, 2023).

As with the preceding hypotheses, the fourth hypothesis demonstrates the influence of service quality on customer loyalty, which is also positive. The quality of the service provided and the level of customer satisfaction are considered to be the primary drivers of customer loyalty. An improvement in service quality can lead to an increase in customer loyalty, which in turn affects their decision to purchase other products. This outcome is attributable to the consistency of the service provided by JCO across various outlets, which underscores the pivotal role of service quality in fostering customer loyalty. Prior empirical research has substantiated the positive correlation between customer satisfaction and service quality with customer loyalty in diverse industries. This aligns with the findings of Naini *et al.* (2022) and Tannady & Purnamaningsih (2023) (Naini *et al.*, 2022)(Tannady and Purnamaningsih, 2023).

The results of the fifth hypothesis test indicate that customer orientation does not exert a positive influence on customer loyalty. This result is at odds with the findings of Ramadhan & Pradana (2017), who posited that a salesperson should prioritise fostering customer loyalty through customer orientation and customer perceived value. One potential explanation for this discrepancy is that JCOs are deficient in their responsiveness to customer complaints. Customer orientation enables the collection and consideration of customer perceptions, thereby facilitating the development of responsive strategies and enhanced company performance (Ramadhani, 2024).

The results of the sixth hypothesis test indicate a positive correlation between customer satisfaction and customer loyalty. As posited by Lina (2022) and Setyorini & Yolandari (2023), customer loyalty is influenced by customer satisfaction. This result is attributable to the customer satisfaction provided by JCO, which has a significant impact on customer loyalty. It is essential that customers can trust every employee at the JCO outlet. Furthermore, long-term customer loyalty will increase the proportion of customers who consume goods or services provided by service providers with satisfaction, which helps in retaining customers and preventing customers from visiting other stores (Lina, 2022); (Setyorini and Yolandari, 2023).

The results of the seventh hypothesis test indicate that service quality does not act as a mediator in the positive impact of customer orientation on customer satisfaction. One potential explanation for this outcome is



that JCO lacks effective responsiveness to customer grievances. This finding contrasts with the findings of Gonu et al. (2023), who posit that collaborative customers can contribute to the creation of shared value, and who suggest that such customers tend to perceive high-quality service as a result of their participation. Service personnel at JCO tend to provide a high level of customer service.

The results of the eighth hypothesis test indicate that the effect of customer satisfaction mediating service quality on customer loyalty is positive. Service quality and customer satisfaction are considered the primary drivers of customer loyalty. Improved service quality will result in higher customer satisfaction and lead to greater customer loyalty. This is because the service provided by JCO remains consistent across other outlets, indicating that service quality has a significant impact on customer loyalty. Service quality positively affects customer loyalty based on customer satisfaction, aligning with the findings of Yum & Yoo (2023) (Yum and Yoo, 2023).

Additionally, the ninth hypothesis indicates a positive influence of customer orientation on customer loyalty, which is mediated by customer satisfaction. As Annisa (2022) asserts, the orientation of the customer is a crucial element in the enhancement of service operations, constituting a fundamental aspect of quality management. It has been demonstrated that customer satisfaction and customer loyalty are shaped by their interactions with employees and other customers. This outcome is attributed to JCO's unwavering dedication to customer satisfaction, both in terms of taste and quality. Consequently, customer orientation exerts a profound influence on customer loyalty through customer satisfaction. Furthermore, customer orientation is a powerful tool for enhancing service quality, fostering customer satisfaction, and influencing customer behaviour (Annisa, 2022).

## CONCLUSIONS

The results of the research, based on the hypotheses that have been tested, are varied. The initial hypothesis posits that customer orientation has a positive effect on service quality. This is followed by subsequent hypotheses, namely that service quality has a positive effect on customer satisfaction, that customer orientation has a positive effect on customer satisfaction, and that service quality has a positive effect on customer satisfaction. With regard to customer loyalty, it was found that customer orientation has no impact on this variable. However, customer satisfaction was found to have an impact on customer loyalty. In contrast to the aforementioned findings, it was determined that service quality does not mediate customer orientation on customer satisfaction. In contrast, customer satisfaction was found to mediate service quality and customer orientation on customer loyalty.

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