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The Effect Of Perceived Value, Perceived Satisfaction, And Perceived Quality On Customer Loyalty At Kkv Retail Stores In Yogyakarta

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Abstract

This study aims to analyze the influence of perceived value, perceived satisfaction, and perceived quality on customer loyalty at KKV retail stores in Yogyakarta, using a sample of 150 respondents who have made purchases more than three times. A quantitative approach was used in this study with the SEM-PLS analysis tool. The results showed that all independent variables, namely perceived value, perceived satisfaction, and perceived quality, had a positive and significant effect on customer loyalty. This finding provides important managerial implications, namely that retail companies need to improve perceived value, service quality, and customer satisfaction to strengthen customer loyalty in the face of increasingly fierce retail industry competition.

Keywords: Perceived value, perceived satisfaction, perceived quality, consumer loyalty

INTRODUCTION

In an increasingly competitive business environment, many companies prioritize strategies to retain their customers and build loyalty. Customer loyalty has become one of the main objectives for companies, especially in the face of intense competition in various industries. To survive and thrive, businesses must focus on creating and maintaining customer loyalty by implementing optimal service delivery and setting appropriate product prices. These strategies are effective in achieving customer loyalty, as they align with customer needs and expectations. According to Kotler and Keller

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(2018), loyalty represents a strong commitment to repurchasing or supporting a favored product or service in the future, even when situational factors or marketing efforts from competitors could influence customers to switch. This highlights the importance of maintaining customer loyalty as an essential component of a company's overall marketing strategy. Customer loyalty is not merely a consequence of a single transaction; it is an ongoing relationship built through repeated positive interactions and satisfaction with the brand over time (Karjuni & Susliawati, 2021).

The retail sector in Indonesia has experienced significant growth and development over the years, driven by increasing consumer purchasing power and the evolution of modern shopping behaviors. Indonesian retail stores have adapted to contemporary consumer demands, incorporating innovative strategies to remain competitive. The growth of the retail industry is evident in the expansion of both small-scale and large-scale stores that cater to a wide range of customer needs. Modern retail stores in Indonesia are not just transactional spaces but have also transformed into lifestyle destinations, where customers can enjoy a unique and different shopping experience. Many retail stores have adopted the omnichannel concept, integrating both offline and online sales to provide convenience and flexibility that aligns with millennial and Gen Z lifestyles. This trend is driven not only by the increasing number of retail stores but also by the rising expectations of customers regarding product quality, competitive prices, and perceived value (APRINDO, 2021). The adoption of the omnichannel approach by retail businesses demonstrates their commitment to meeting the changing needs of consumers and enhancing their shopping experiences.

The development of modern retail stores significantly contributes to Indonesia's national economic growth. Data from Bank Indonesia (BI) show steady growth in the retail sales index from 2021 to 2023, indicating the growing significance of retail in the country's economy. According to BI's Retail Sales Survey (Survei Penjualan Eceran or SPE), the retail sales index reached 218.1 in 2023, marking a 0.2% year-on-year growth, albeit lower than the 2.1% growth recorded in the previous month. This data highlights the fluctuating yet consistent growth in Indonesia's retail sector, reflecting consumers' increasing purchasing power and retail store expansion. Modern retail businesses contribute around 60% of national retail sales, a figure expected to rise as purchasing power continues to increase (APRINDO, 2021). The modern retail landscape in Indonesia is marked by the entrance of foreign players, such as KKV, a Chinese retailer that has rapidly expanded its presence in major cities like Jakarta and Yogyakarta. KKV has become a popular shopping destination, offering an array of household essentials while

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appealing to the preferences of millennial and Gen Z consumers. As competition intensifies in the retail sector, businesses like KKV must find innovative ways to retain and attract loyal customers to thrive in the market.

KKV, a lifestyle retail brand under China's KK Group, entered the Indonesian market in 2020 and quickly gained popularity, particularly among young consumers. The company's multi-brand strategy and focus on creating an integrated lifestyle shopping experience have helped it capture a significant market share. Despite its rapid growth, KKV faces challenges in maintaining customer loyalty amid fierce competition in the retail sector. Customer loyalty is crucial for KKV, as loyal customers contribute to sustained revenue growth through repeat purchases and word-of-mouth recommendations. According to Sinulingga and Sihotang (2021), loyal customers not only continue purchasing products but also encourage others to try them, further boosting a company's reputation and market presence. For KKV, building and maintaining customer loyalty is vital to differentiate itself from competitors and create long-term value in the eyes of consumers. The company must continuously innovate to meet customer expectations and enhance their shopping experience.

In the context of KKV, perceived value plays a critical role in influencing customer loyalty. Perceived value refers to the benefits consumers receive compared to the costs and efforts they invest in purchasing a product or service (Kotler & Keller, 2016). Research by Ndoen and Kusumadewi (2019) has shown that perceived value significantly impacts both customer satisfaction and loyalty. When customers perceive high value in a product or service, they are more likely to remain loyal to the brand, as it meets or exceeds their expectations (Ganthika & Wahdiniwaty, 2020). In addition to perceived value, product quality is another key factor that drives customer loyalty. High-quality products not only meet customer expectations but can also exceed them, leading to repeat purchases and long-term loyalty. According to Putri et al. (2016), product quality directly influences customer satisfaction and loyalty, as it represents the company's commitment to delivering products that fulfill customers' needs and preferences. For KKV, maintaining high product quality is essential for retaining customers and building a strong reputation in Indonesia's highly competitive retail market. By offering products that meet or surpass customer expectations, KKV can strengthen its competitive edge and foster enduring customer relationships.

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LITERATURE REVIEW

Emotional Attachment

Emotional attachment is a psychological concept that describes the bond individuals form with objects, brands, or services driven by emotional experiences and personal connections (Thomson, MacInnis, & Park, 2005). In consumer behavior studies, emotional attachment plays a crucial role in influencing purchasing decisions and long-term brand loyalty. When consumers develop a strong emotional relationship with a product or service, they tend to exhibit higher commitment, a willingness to pay premium prices, and increased advocacy for the brand (Park et al., 2010). This attachment is rooted in emotional experiences where the product or service becomes a part of the consumer's identity and self-expression. The affective bond created often leads to stronger consumer loyalty, making emotional attachment a key driver in maintaining relationships between consumers and brands. Therefore, emotional attachment serves as a powerful mediator between consumer attitudes and their behavioral intentions, enhancing the overall consumer experience. Emotional attachment significantly influences perceived value, satisfaction, and perceived quality, as this attachment deepens the subjective value consumers receive from a product or service. Consumers who feel emotionally attached tend to rate products they use more highly, regardless of their functional attributes (Kumar & Nayak, 2019). This perceived value then strengthens their satisfaction levels, as emotional relationships often result in more fulfilling consumption experiences. Moreover, emotional attachment positively impacts perceived quality, where consumers are likely to view products they favor in a more positive light, thus enhancing perceived quality beyond objective evaluations (Batra et al., 2012). Consequently, the integration of emotional attachment with perceived value, satisfaction, and perceived quality provides a comprehensive understanding of consumer behavior, underscoring the importance of building strong emotional bonds to drive positive consumer outcomes.

Customer Loyalty

Customer loyalty is a steadfast commitment to consistently repurchase or finance a preferred product or service in the future, regardless of situational influences and potential marketing efforts (Nuraeini et al., 2020). From this definition, loyalty can be described as a deep commitment. According to Sumarwan & Tjiptono (2019), consumer loyalty refers to consumers who are satisfied with a product or brand they have consumed or used and will repurchase it. Loyalty can be interpreted as the quantity and frequency of consumer purchases from a company, as they find that the quality of the relationship

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includes satisfaction, trust, and loyalty with fidelity (Winarti & Primadiana, 2017). Meanwhile, Ruslim (2017) emphasizes that customer loyalty is the willingness of customers to remain with a business for a long period, repeatedly purchasing and using the business's goods or services, and voluntarily recommending the business's goods or services to friends or relatives. This description illustrates that customer loyalty represents a behavioral attitude and motivation to purchase products or services, including the emotional aspect of the company, particularly regular repeat purchases with high consistency. It involves not only repurchasing goods and services but also having a commitment and positive attitude toward the product or service supplier (Kotler et al., 2015).

H2: *Product Quality (PQ) has a positive influence on customer satisfaction in the B2B context.*

Perceived Value

Perceived value, or the value perceived by consumers, refers to the overall evaluation of the benefits received from a product or service compared to the sacrifices made, such as time, effort, and cost (Mainardes and Freitas, 2023). This concept involves the subjective assessment by consumers, taking into account the product or service quality, price, and other factors that contribute to benefits or satisfaction. Perceived value is not limited to the functional aspects of a product but also includes emotional, social, and personal experiences related to the use of the product or service. According to Parasuraman et al. (1988), perceived value can be divided into four main dimensions: emotional value, social value, functional value (quality/performance), and functional value (price). These dimensions help to describe how consumers assess products or services based on various aspects they find beneficial. Perceived value also often becomes an important variable in studies exploring the relationship between product quality, customer satisfaction, and loyalty. Nguyen et al. (2021) indicate that the value perceived by consumers has a significant impact on purchase decisions and the intention to repurchase. In the context of marketing research, perceived value serves as a key indicator influencing consumer behavior and company strategies in creating attractive value propositions. When consumers perceive that a product or service offers greater value than the sacrifices made, they tend to be more satisfied and are more likely to become loyal customers (Devi and Yasa, 2021). Additionally, perceived value can mediate the relationship between product or service quality and customer satisfaction and

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loyalty, meaning that companies that successfully enhance perceived value can create a competitive advantage in the market.

Perceived Satisfaction

Perceived satisfaction, or consumer satisfaction, refers to the subjective evaluation of consumers regarding their experience after using a product or service. According to Kusumawati and Rahayu (2020), satisfaction results from comparing consumer expectations before consumption and their perceptions after consumption, a concept known as disconfirmation theory. If the product or service meets or exceeds expectations, consumers will feel satisfied; conversely, if it falls short, they will feel dissatisfied. Consumer satisfaction can also be influenced by various factors such as product quality, price, after-sales service, and interactions with the company (Paulose and Shakeel, 2022). In marketing research, perceived satisfaction is a critical indicator in measuring the success of a product or service in the market, as satisfied consumers are more likely to provide positive evaluations, recommend the product to others, and even become loyal customers. Therefore, many companies focus on strategies to enhance customer satisfaction to create positive experiences and maintain long-term relationships with consumers. Perceived satisfaction also plays a vital role as a mediator between other variables such as perceived value, product quality, and customer loyalty. Indarto et al. (2022) explain that consumer satisfaction is significantly influenced by the perceived value of the product or service. When consumers feel that they are receiving value equal to or greater than the price they pay, satisfaction tends to increase. Additionally, perceived satisfaction is often a key predictor of customer loyalty, indicating that satisfaction is not just a short-term success indicator but also contributes to repeat purchases and long-term relationships (Mehta and Tariq, 2020). In research, perceived satisfaction is frequently used as a crucial variable to evaluate the impact of factors such as service quality, product quality, and price perception on loyalty and repurchase behavior. In the context of modern business, a deep understanding of how to build and maintain customer satisfaction becomes a key factor for success and competitive advantage.

Perceived Quality

Perceived quality refers to the consumer's subjective assessment of the quality of a product or service based on their perceptions rather than solely on objective characteristics or technical features (Parasuraman et al., 1988). It reflects the consumer's evaluation of how well a product or service meets their expectations, often influenced by

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personal experience, information from external sources, and brand reputation. Consumers tend to form quality perceptions based on various indicators such as durability, performance, reliability, and product design. In marketing, perceived quality is crucial as it plays a key role in shaping purchase decisions and brand loyalty, with consumers more likely to choose products they perceive as having higher quality compared to competitors (Chi et al., 2020). Consequently, companies often strive to enhance perceived quality through branding strategies, marketing communication, and product innovation. Perceived quality is also closely related to factors such as price, perceived value, and consumer satisfaction. For instance, when consumers perceive that a product is of high quality, they may be more willing to pay a higher price, which in turn influences their perception of the value they receive from the product (Suttikun and Meeprom, 2021). Furthermore, perceived quality often serves as a mediator between consumer expectations and satisfaction. Products perceived to have higher quality tend to generate greater satisfaction, which in turn strengthens consumer loyalty to the brand (Assaker et al., 2020). Thus, perceived quality not only affects purchase decisions but also creates long-term impacts on the consumer's relationship with the brand. In consumer behavior studies, this variable is a key factor that determines how consumers evaluate and compare different product options in the market.

RESEARCH FRAMEWORK

Based on the description and explanation of theoretical investigations and hypotheses, a research model can be created which is used in this research. This research model is shown in the following figure:

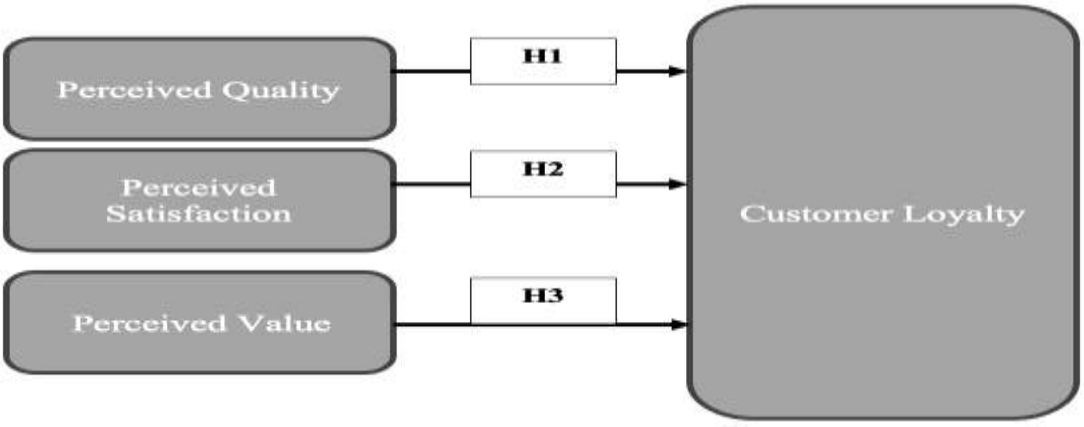


Figure 1. Research Framework

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H1: Perceived Quality has a positive effect on Customer Loyalty
H2: Perceived Satisfaction has a positive effect on Customer Loyalty
H3: Perceived Value has a positive effect on Customer Loyalty

RESEARCH METHODS

This research employs a quantitative design and approach, aiming to measure and analyze the relationships between variables numerically. The study gathers data through a questionnaire distributed to a sample of consumers who have made at least three purchases from KKV. Data analysis is conducted using statistical techniques to test hypotheses. The population of this study consists of all individuals who have shopped at KKV, and a sample of 150 respondents is chosen using non-probability sampling with a purposive sampling method. A Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) is employed in the questionnaire to capture respondents' perceptions.

The independent variables in this research are perceived value, perceived satisfaction, and perceived quality, while the dependent variable is customer loyalty. Instrument validation is done through validity and reliability tests using SPSS. The sample size was calculated by multiplying the number of indicators and variables by five, yielding a minimum sample of 100 respondents. However, to reduce errors, the questionnaire was distributed to 150 respondents. Validity testing involved correlation analysis, with valid items showing a correlation greater than the critical value.

RESULTS

From the results of the questionnaires distributed, 150 respondents were obtained. From a number of respondents, data analysis was then carried out using model evaluation. The evaluation of the measurement model was tested using several indicators, including:

Statistics Analysis

Outer Model Testing (Measurement Model)

Convergent Validity Testing

An indicator is said to be valid if the loading factor of an indicator is positive and greater than 0.7 and the AVE value is more than 0.5. The loading factor value shows the weight of each indicator/item as a measure of each variable. An indicator with a large loading factor indicates that the indicator is the strongest (dominant) measure of the variable.

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Table 1. Convergent Validity Testing Results

Variable	Item	Loading Factor	AVE	Results
Perceived Value	PV1	0,898	**0,816**	Valid
	PV2	0,885		Valid
	PV3	0,922		Valid
	PV4	0,908		Valid
Perceived Satisfaction	PS1	0,870	**0,787**	Valid
	PS2	0,905		Valid
	PS3	0,853		Valid
	PS4	0,919		Valid
Perceived Quality	PQ1	0,841	**0,779**	Valid
	PQ2	0,907		Valid
	PQ3	0,922		Valid
	PQ4	0,858		Valid
Customer Loyalty	CL1	0,888	**0,810**	Valid
	CL2	0,915		Valid
	CL3	0,859		Valid
	CL4	0,936		Valid

Based on table 2, it is known that the loading factor value produced by each indicator is more than 0.7 and the AVE value is more than 0.5. Thus, these indicators are declared valid as a measure of the latent variables.

Discriminant Validity Testing

Discriminant validity measures the validity of the model by examining the cross loading value and the Fornell-Larcker criterion, which shows the correlation between the construct and its indicators compared to other constructs. Discriminant validity is considered good if the square root value of the Average Variance Extracted (AVE) of each construct is higher than the correlation between the construct and other constructs in the model.

Table 2. Fornell Larcker Criterion

Variable	Customer Loyalty	Perceived Quality	Perceived Satisfaction	Perceived Value
Customer Loyalty	**0,900**			

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Perceived Quality	0,664	**0,883**		
Perceived Satisfaction	0,626	0,491	**0,887**	
Perceived Value	0,557	0,389	0,351	**0,903**

Table 3. Cross Loading Results

Item	Customer Loyalty	Perceived Quality	Perceived Satisfaction	Perceived Value
CL1	**0,888**	0,637	0,512	0,478
CL2	**0,915**	0,598	0,558	0,504
CL3	**0,859**	0,532	0,618	0,509
CL4	**0,936**	0,623	0,564	0,513
PQ1	0,599	**0,841**	0,417	0,388
PQ2	0,615	**0,907**	0,445	0,349
PQ3	0,578	**0,922**	0,397	0,327
PQ4	0,547	**0,858**	0,475	0,306
PS1	0,592	0,457	**0,870**	0,334
PS2	0,549	0,452	**0,905**	0,280
PS3	0,494	0,410	**0,853**	0,216
PS4	0,576	0,420	**0,919**	0,401
PV1	0,511	0,331	0,283	**0,898**
PV2	0,499	0,341	0,348	**0,885**
PV3	0,508	0,370	0,324	**0,922**
PV4	0,493	0,364	0,314	**0,908**

Based on tables 2 and 3, the cross loading value on each item has a value > 0.70, and also each item has the largest value when connected to its latent variable compared to when connected to other latent variables. This shows that each variable in this study has correctly explained its latent variable and proves that the discriminant validity of all items is valid.

Reliability Testing

Table 4. Reliability Testing Results

Variable	Cronbach's Alpha	Composite Reliability
Customer Loyalty	0,922	0,945
Perceived Quality	0,905	0,934

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Perceived Satisfaction	0,910	0,937
Perceived Value	0,925	0,947

The table above shows that the composite reliability values for all research variables are greater than 0.7, and the Cronbach Alpha values are also above 0.7. These findings suggest that each variable satisfies the criteria for composite reliability and Cronbach alpha, indicating a high level of reliability for all variables. Therefore, further analysis can proceed by evaluating the goodness of fit model through an assessment of the inner model.

Heterotrait-Monotrait Ratio (HTMT)

The last validity test is to look at the Heterotrait-Monotrait Ratio (HTMT) value. The required HTMT ratio must be less than 0.9 so that it can be said to meet the discriminant validity assessment.

Table 5. HTMT Results

Variable	Customer Loyalty	Perceived Quality	Perceived Satisfaction	Perceived Value
Customer Loyalty				
Perceived Quality	0,726			
Perceived Satisfaction	0,681	0,541		
Perceived Value	0,603	0,425	0,378	

The Heterotrait-Monotrait Ratio value in the table above is not above 0.9 so that it can be said that the research model formed from the four variables above is valid.

Inner Model (Structural Model)

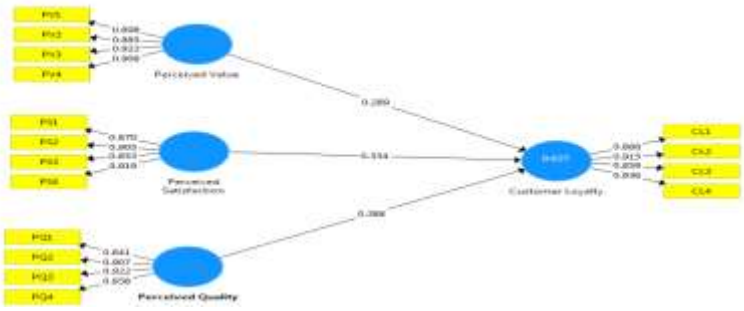


Figure 2. Structural Model

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The evaluation of the PLS structural model begins by looking at the R-square of each dependent latent variable. Table 6 is the result of the R-square estimate using PLS.

R-Square (R^2)

Table 5. R-Square Testing Results

Variable	R-	R-*Square*
Customer Loyalty	0,62	0,619

Based on table above, the R-Square value of the Customer Loyalty variable is 0.627, this value means that the Customer Loyalty variable can be explained by the independent variable of 62.7% and the remaining 37.3% can be explained by other variables not included in this study..

Predictive Relevance (Q-Square)

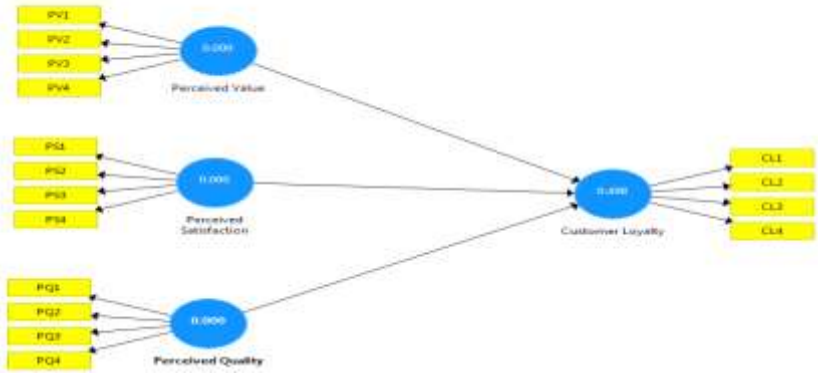


Figure 3. Predictive Relevance

Table 6. Predictive Relevance

Variabe	Q^2 (=1-SSE/SSO)	Results
Customer Loyalty	0.498	Has a predictive relevance Value

Based on the data presented in the table above, it can be seen that the Q square value on the dependent variable is > 0. By looking at this value, it can be concluded that this study has a good observation value because the Q square value is > 0 (zero).

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Hypotesis Testing

Table 8. Hypotesis Testing Results

Variable	Original Sample (O)	T Statistics (| O/STDEV |)	P Values
Perceived Quality -> Customer Loyalty	0,388	4,572	0,000
Perceived Satisfaction -> Customer Loyalty	0,334	4,750	0,000
Perceived Value -> Customer Loyalty	0,289	4,553	0,000

The results of the PLS bootstrapping test show that the three hypotheses regarding the influence of Perceived Quality, Perceived Satisfaction, and Perceived Value on Customer Loyalty are accepted because all three have p-values <0.05 and t-statistics> 1.960. The influence of Perceived Quality on Customer Loyalty has a coefficient of 0.388 (p-values 0.000; t-statistics 4.572), the influence of Perceived Satisfaction on Customer Loyalty has a coefficient of 0.334 (p-values 0.000; t-statistics 4.750), and the influence of Perceived Value on Customer Loyalty has a coefficient of 0.289 (p-values 0.000; t-statistics 4.553), which indicates that all variables have a positive and significant effect on Customer Loyalty.

DISCUSSION

The significant impact of perceived quality on customer loyalty has been well-established in prior studies. Kusumawati & Rahayu (2020) argue that perceived quality, or consumers' perception of product or service quality, plays a crucial role in building customer loyalty. Customers who believe that the quality meets or exceeds their expectations are more likely to remain loyal. The hypothesis testing for perceived quality's effect on customer loyalty shows a coefficient value of 0.388, p-values of 0.000 < 0.05, and t-statistic of 4.572 > 1.960, indicating a positive and significant influence. Additionally, Lesmana et al. (2020) found that perceived quality not only affects satisfaction but also strengthens emotional bonds between customers and brands, further enhancing loyalty.

Perceived satisfaction is another key driver of customer loyalty, as explained by Ilyas et al. (2021), who highlight customer satisfaction as a primary indicator of loyalty. Satisfied customers are more likely to maintain long-term relationships with companies. The hypothesis testing for perceived satisfaction's effect on customer loyalty shows a coefficient value of 0.334, p-values of 0.000 < 0.05, and t-statistic of 4.750 > 1.960, proving a positive and significant relationship. Budur & Poturak (2021) add that

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satisfaction not only directly influences loyalty but also fosters emotional attachment to the brand. As a result, Matsuoka (2022) emphasizes that in a competitive market, high customer satisfaction becomes a significant differentiator in retaining loyalty.

Perceived value also plays a critical role in determining customer loyalty. Adly (2019) asserts that when customers perceive high value in the products or services they receive, they tend to stay loyal. The hypothesis testing for perceived value's effect on customer loyalty shows a coefficient value of 0.289, p-values of 0.000 < 0.05, and t-statistic of 4.553 > 1.960, indicating a positive and significant effect. Mohammed & Swidi (2019) further explain that perceived value strengthens the bond between brands and consumers by delivering both functional and emotional benefits. Suttikun & Meeprom (2021) highlight that perceived value is vital in competitive markets, as it not only encourages repeat purchases but also drives brand recommendations.

CONCLUSION

The research findings indicate that perceived quality, satisfaction, and value all have a positive and significant impact on customer loyalty at KKV. Perceived quality shows a coefficient of 0.388, p-values of 0.000, and a t-statistic of 4.572, suggesting that the higher the perceived quality, the more likely customers are to remain loyal. Perceived satisfaction, with a coefficient of 0.334, p-values of 0.000, and a t-statistic of 4.750, reveals that satisfied customers tend to be more loyal and emotionally connected, contributing to long-term loyalty. Similarly, perceived value, with a coefficient of 0.289, p-values of 0.000, and a t-statistic of 4.553, confirms that customers who perceive value in the products and services offered are more likely to stay loyal. Thus, maintaining high product quality, satisfaction, and competitive pricing is crucial for sustaining KKV's customer loyalty.

RESEARCH LIMITATIONS

This study is limited by time and resource constraints, resulting in a focus on a sample that may not fully represent the broader population or more diverse conditions. Additionally, the use of surveys for data collection may introduce respondent bias or inaccuracies. Employing other techniques, such as in-depth interviews or direct observation, could provide a more comprehensive perspective.

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RECOMMENDATION

Given the significant influence of perceived quality on customer loyalty, KKV should consistently enhance product and service quality standards. The company must regularly evaluate and improve service quality to meet or exceed customer expectations, ensuring continued loyalty. KKV should also focus on boosting customer satisfaction, as perceived satisfaction significantly impacts loyalty. Proactively addressing customer feedback and ensuring positive customer experiences are key steps in this effort. For future research, expanding variables to include factors like brand trust or emotional attachment and using qualitative methods such as in-depth interviews could offer a more comprehensive understanding of customer motivation and enable comparative studies with competitors to identify more effective loyalty strategies.

MANAGERIAL IMPLICATIONS

Given the significant positive impact of perceived quality on customer loyalty, KKV Yogyakarta should consistently maintain and enhance its product and service quality standards. This involves not only meeting but exceeding customer expectations through regular evaluations and innovation in service delivery. Additionally, focusing on customer satisfaction is crucial for building loyalty, which can be achieved by being responsive to customer feedback and ensuring positive experiences with every interaction. Lastly, KKV should ensure that customers feel they are receiving good value for their money by offering high-quality products at competitive prices, thereby strengthening loyalty and encouraging repeat purchases.

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