

Influence Product Quality, Service Quality, Perceived Price, Customer Satisfaction Towards Customer Loyalty: A Case Study of Supermarket Retail

Bashil Mukhlis¹, Binarin Tirto Andika, S.E., M.Sc²

¹Undergraduate Student of Management, Islamic University of Indonesia.

²Lecturer of Management, Islamic University of Indonesia.

Corresponding author : 21311462@students.uii.ac.id

Abstract

This study aims to analyze the influence of Product Quality, Service Quality, Perceived Price, and Customer Satisfaction on Customer Loyalty in the supermarket retail industry in Indonesia. This study is based on the Stimulus-Organism-Response (S-O-R) theory, which explains how external stimuli such as product quality, service, and price can influence consumers' internal responses in the form of satisfaction, which ultimately affects loyalty. The research method used is a quantitative approach with a causal research type. Primary data was obtained by distributing questionnaires to 276 respondents who are supermarket consumers in various regions of Indonesia. Data analysis was performed using multiple linear regression with SPSS software. The results showed that Product Quality, Service Quality, and Perceived Price had a positive and significant effect on Customer Loyalty, while Customer Satisfaction did not have a significant effect on Customer Loyalty. These findings indicate that consumer loyalty is more influenced by product quality, service, and price than by satisfaction alone. The managerial implications of this study emphasize the importance of supermarket management to improve product and service quality, set competitive pricing policies, and build long-term relationships with customers through loyalty programs.

Keywords: Product quality, Service quality, Perceived price, Customer satisfaction, Customer loyalty, Supermarket.



INTRODUCTION

The trade sector, including the retail industry, contributes significantly to the national economy, accounting for 12.94% of the Gross Domestic Product (GDP) in 2023 (Laoli, 2024). However, data shows a downward trend in the number of retail outlets in recent years (Data Indonesia, 2023). The closure of a number of large outlets such as Transmart and Hypermart indicates the major challenges facing this industry, such as the shift in shopping behavior to e-commerce, increased price competition, and declining purchasing power (Tempo.co, 2023; SAB, 2023).

In this context, understanding consumer behavior and satisfaction is key to maintaining the sustainability of the retail business. Customer loyalty is a strategic factor that determines a company's competitiveness and sustainability. Factors such as product quality, service quality, and perceived price have been identified as the main determinants in shaping customer satisfaction, which in turn influences customer loyalty (Suchánek & Králová, 2019; Zhong & Moon, 2020).

Based on the Stimulus-Organism-Response (S-O-R) theoretical framework, these variables can be explained as external stimuli (product quality, service quality, perceived price) that affect the organism in the form of customer satisfaction, and ultimately result in a response in the form of customer loyalty. By understanding the relationship between these variables, retail companies can design more effective marketing strategies to increase satisfaction and maintain customer loyalty in the long term. Therefore, this study aims to analyze the influence of Product Quality, Service Quality, and Perceived Price on Customer Satisfaction, as well as the influence of Customer Satisfaction on Customer Loyalty in the supermarket retail industry in Indonesia.

The results of this study are expected to provide empirical contributions to the development of marketing management science, particularly in the context of retail consumer behavior, while also providing strategic recommendations for businesses to improve their competitiveness amid a dynamic and competitive market.

Objectives

This article aims to:

1. To determine whether there is a positive and significant relationship between product quality and customer satisfaction.
2. To determine whether there is a positive and significant relationship between service quality and customer satisfaction.



3. To determine whether there is a positive and significant relationship between perceived price and customer satisfaction.
4. To determine whether there is a positive and significant relationship between customer satisfaction and customer loyalty.

LITERATURE REVIEW

Product Quality

Product quality is the ability of a product to meet consumer desires and needs in accordance with their expectations. According to Kotler and Keller (2016:156), product quality is the totality of characteristics and features of a good or service that can meet stated or implied needs. In the context of supermarket retail, product quality includes the freshness of goods, cleanliness, packaging, and consistent stock availability. Customer assessment of product quality will affect their level of satisfaction. If the products sold are of high quality and meet expectations, customers will tend to make repeat purchases and develop loyalty to the supermarket. Previous research by Suchánek and Králová (2019) shows that product quality has a significant positive effect on customer satisfaction, which in turn has an impact on customer loyalty.

H1: Product Quality has a positive effect on Customer Satisfaction.

Service Quality

Service quality reflects the extent to which the services provided by a company are able to meet or exceed customer expectations. According to Parasuraman, Zeithaml, and Berry (1988), service quality consists of five dimensions, namely tangibles, reliability, responsiveness, assurance, and empathy. In the context of supermarkets, this includes the friendliness of cashiers, speed of service, comfort of the shopping area, and the ability of staff to assist customers. According to Caruana (2002), good service quality creates a positive experience for customers, which directly increases their satisfaction. Customers who feel cared for and valued through professional service will have a strong emotional bond with the company, which ultimately strengthens their loyalty.

H2: Service Quality has a positive effect on Customer Satisfaction.

Perceived Price

Perceived price is consumers' subjective assessment of the fairness and appropriateness of a product's price compared to the benefits obtained. Zeithaml (1988) explains that perceived price is not just the nominal price paid, but how consumers assess

712

IJEBIR, Volume 04 Issue 06, 2025



Copyright at authors some right reserved this work is licensed under a [Creative Commons Attribution-ShareAlike 4.0 International License](https://creativecommons.org/licenses/by-sa/4.0/).

the value of the product or service. In supermarket retail, customers tend to feel satisfied when the price they pay is considered reasonable and commensurate with the quality received. According to Mohammed et al. (2015), prices that match customer value perceptions will lead to satisfaction, while prices that are considered disproportionate can reduce satisfaction. Therefore, positive price perception is an important factor in shaping customer satisfaction and loyalty.

H3: Perceived price has a positive effect on Customer Satisfaction.

Customer Satisfaction

Customer satisfaction is an emotional response that arises after consumers compare their expectations with the actual performance of a product or service. According to Oliver (1999), satisfaction occurs when the results received by customers meet or exceed their expectations. In the context of supermarkets, customer satisfaction is not only influenced by product quality, service, and price, but also by the overall shopping experience. Satisfied customers are more likely to make repeat purchases, recommend the supermarket to others, and show long-term loyalty to it.

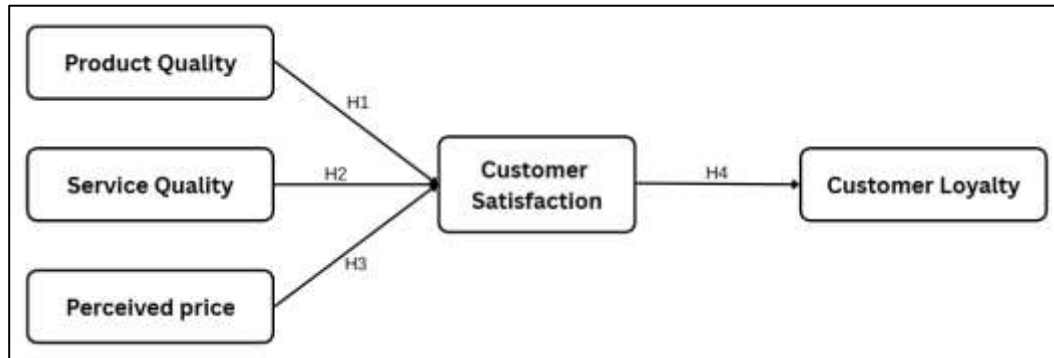
H4: Customer Satisfaction has a positive effect on Customer Loyalty.

Customer Loyalty

Customer loyalty is the commitment of customers to consistently make repeat purchases in the future even though there are competing alternatives. According to Griffin (2002), customer loyalty reflects positive behavior towards the company, such as repeat purchases, recommendations, and resistance to competitors.

In the supermarket retail industry, customer loyalty is an important indicator of long-term success. Reichheld and Sasser (1990) emphasize that loyal customers contribute significantly to company profitability because the cost of retaining existing customers is lower than attracting new customers.



Research Framework**Figure 1 Research Framework****METHODOLOGY**

This study uses a quantitative approach with a causal associative research type, which aims to determine the relationship and influence between variables. This approach was chosen to analyze how product quality, service quality, and price perception affect customer satisfaction, as well as their impact on customer loyalty in supermarket retail in Indonesia.

The population in this study was supermarket customers who had made direct purchases in various regions of Indonesia. The sampling technique used was non-probability sampling with the convenience sampling method, because respondents were selected based on ease of access and willingness to fill out the questionnaire. A total of 276 respondents were involved in this study.

The research instrument was a closed questionnaire with a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). Each statement was compiled based on indicators of the variables of product quality (X_1), service quality (X_2), price perception (X_3), customer satisfaction (X_4), and customer loyalty (Y). The validity and reliability test results showed that all statement items were valid (calculated $r > 0.118$) and reliable (Cronbach's Alpha between 0.776 and 0.866).

The data were analyzed using multiple linear regression with the help of SPSS version 25. This analysis was used to test the simultaneous and partial effects between variables. The regression model equation used was:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

Before the analysis was conducted, the data was tested using classical assumption tests, including normality, multicollinearity, and heteroscedasticity tests to ensure that the



regression model was suitable for use. Hypothesis testing was performed using the t-test to determine the partial effect and the F-test to determine the simultaneous effect with a significance level of $\alpha = 0.05$.

The results of this method are expected to provide empirical evidence regarding the influence of product quality, service, and price perception on customer satisfaction and loyalty, as well as strengthen understanding of consumer behavior in the supermarket retail sector in Indonesia.

RESULT

Based on the results of the research conducted, it can be concluded that product quality, service quality, and price perception have a positive and significant effect on customer satisfaction, which in turn has an impact on increasing customer loyalty in supermarket retail. The price perception variable has the most dominant influence, indicating that customers are very concerned about the suitability between price and perceived value.

This finding reinforces the Stimulus–Organism–Response (S–O–R) theory, in which product quality, service, and price perception act as stimuli that influence the internal condition of customers in the form of satisfaction, which then results in a response in the form of loyalty. Thus, the higher the level of customer satisfaction, the greater the likelihood that customers will remain loyal to the supermarket. This study also confirms that customer loyalty cannot be created without consistent positive experiences, both in terms of product quality, service provided, and price perception that is considered fair and commensurate with the benefits received by customers.

Overall, the results of this study show that the combination of quality products, good service, and prices that are in line with customer perceptions are key factors in building customer satisfaction and loyalty in the supermarket retail industry. Improving quality in these aspects will help companies retain customers amid increasingly fierce market competition.

DISCUSSION

The Effect of Product Quality on Customer Satisfaction

The results of the study show that product quality has a positive and significant relationship with customer satisfaction. This means that the better the quality of products offered by supermarkets—such as product completeness, variety, consistent quality standards, and attractive appearance—the higher the level of customer satisfaction. This

715



finding is in line with research conducted by Özkan and Tekeli (2022), which states that product quality is an important factor in increasing customer satisfaction.

The Effect of Service Quality on Customer Satisfaction

This study also found that service quality has a positive and significant effect on customer satisfaction. This means that friendly, fast, and convenient service while shopping can increase customer satisfaction with supermarkets. These results support the findings of Ali and Naushad (2020), who emphasize that service quality is an important factor that has a long-term impact on customer satisfaction.

The Effect of Perceived Price on Customer Satisfaction

The perceived price variable was also found to have a positive and significant effect on customer satisfaction, and was even the most dominant variable in this study. This shows that consumers' perceptions of affordable prices, commensurate with quality, and in line with their financial capabilities play a major role in creating satisfaction. This finding is consistent with the research by Ryu and Han (2010), which explains that the price factor plays an important role in increasing customer satisfaction.

The Effect of Customer Satisfaction on Customer Loyalty

Contrary to the previous hypothesis, the results of the study show that customer satisfaction does not have a significant effect on customer loyalty. This finding indicates that even though consumers feel satisfied, it does not necessarily make them loyal customers of the supermarket. This result contradicts the opinion of Oliver (1999) and the research of Zhong and Moon (2020), which states that satisfaction is a key element in forming loyalty. Thus, it can be concluded that in the context of this study, there are other factors beyond satisfaction that play a greater role in increasing customer loyalty.

CONCLUSION

Based on the results of the study, it can be concluded that product quality, service quality, and perceived price have a positive and significant effect on customer satisfaction among supermarket consumers. This shows that the better the product quality, the service provided, and the consumer's perception of a reasonable price, the higher the level of customer satisfaction. However, customer satisfaction does not have a significant effect on customer loyalty, indicating that satisfaction alone is not enough to foster loyalty in the context of the supermarket retail industry. Thus, other factors such as trust, emotional



attachment, or consistent shopping experiences are needed to encourage customers to become more loyal.

SUGGESTION

- In future research, it is hoped that broader variables or factors can be examined, such as whether the atmosphere or music in supermarkets affects consumer comfort.
- Researchers can collect comparative data between supermarkets in villages and cities, on islands with and without residents.

REFERENCES

- Abigail, R., Rahman, A., & Wahid, S. (2024). Product quality and customer satisfaction in retail industry. *Journal of Business and Management*, 16(2), 45–57.
- Ali, S., & Naushad, M. (2020). Impact of product quality on customer satisfaction: A study of FMCG industry. *International Journal of Marketing Studies*, 12(3), 14–25. <https://doi.org/10.5539/ijms.v12n3p14>
- Caruana, A. (2002). Service loyalty: The effects of service quality and the mediating role of customer satisfaction. *European Journal of Marketing*, 36(7/8), 811–828. <https://doi.org/10.1108/03090560210430818>
- Griffin, J. (2002). *Customer loyalty: How to earn it, how to keep it*. Jossey-Bass.
- Kotler, P., & Keller, K. L. (2016). *Marketing management* (15th ed.). Pearson Education.
- Mehrabian, A., & Russell, J. A. (1974). *An approach to environmental psychology*. MIT Press.
- Mohammed, A., Ghoneim, A., & Hashem, M. (2015). The effect of perceived price fairness on customer satisfaction and loyalty: Evidence from retail sector. *Journal of Retail Marketing*, 9(1), 32–48.
- Oliver, R. L. (1999). Whence consumer loyalty? *Journal of Marketing*, 63(Special Issue), 33–44. <https://doi.org/10.2307/1252099>
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(1), 12–40.
- Reichheld, F. F., & Sasser, W. E. (1990). Zero defections: Quality comes to services. *Harvard Business Review*, 68(5), 105–111.



- Suchánek, P., & Králová, M. (2019). Effect of quality on satisfaction and loyalty: An empirical study on the Czech retail sector. *Economics and Management*, 22(2), 57–72. <https://doi.org/10.15240/tul/001/2019-2-004>
- Zeithaml, V. A. (1988). Consumer perceptions of price, quality, and value: A means–end model and synthesis of evidence. *Journal of Marketing*, 52(3), 2–22. <https://doi.org/10.1177/002224298805200302>
- Zhong, Y., & Moon, H. C. (2020). What drives customer satisfaction, loyalty, and happiness in the fast-fashion retail industry? *Sustainability*, 12(19), 8436. <https://doi.org/10.3390/su12198436>
- Zhong, Y., & Moon, H. C. (2020). What drives customer satisfaction, loyalty, and happiness in the fast-fashion retail industry? *Sustainability*, 12(19), 8436. <https://doi.org/10.3390/su12198436>

