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Building Customer Loyalty Through Brand Image Legendary Ice Cream Parlor: Physical Impact Evidence And Word Of Mouth (Case Studies Ragusa Es Italia Jakarta)

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Abstract

This study aims to analyze the influence of Physical Evidence and Word of Mouth on Customer Loyalty, with Brand Image serving as an intervening variable, at Ragusa Es Italia Jakarta, considering both partial and simultaneous effects. The study population consists of Ragusa Es Italia Jakarta consumers who have made at least 2 purchases within the last 6 months. The sample comprises 100 respondents selected using the purposive sampling method. Data were collected via a Likert-scale questionnaire, while data analysis involved regression analysis and mediation testing (path analysis) using SPSS. The results indicate that Physical Evidence and Word of Mouth have a positive and significant effect on Customer Loyalty. Brand Image was also found to mediate the influence of Physical Evidence and Word of Mouth on Customer Loyalty. Simultaneously, Physical Evidence and Word of Mouth have a significant effect on Customer Loyalty.

Keywords: Physical Evidence, Word of Mouth, Brand Image, Customer Loyalty, Ragusa Es Italia Jakarta

INTRODUCTION

Indonesia's culinary industry has continued to experience significant growth, driven by increasing consumer purchasing power and the evolving lifestyle of urban communities. Intensifying competition in this sector encourages businesses not only to rely on product quality but also to establish strong emotional relationships with customers through integrated marketing strategies. The food and beverage (F&B)

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industry has become one of the major contributors to the national economy, recording an annual growth of approximately 6–6.5% in 2025 and demonstrating stable market expansion. This development reflects the industry's strong attractiveness for both business actors and investors.

The growth of the F&B industry is closely associated with changes in consumer behavior. Consumers now evaluate not only product taste and price but also consumption experiences, emotional value, and brand perception. Purchasing decisions are increasingly influenced by service experiences and social recommendations before transactions occur. In addition, declining purchasing power has made consumers more selective, particularly when purchasing non-essential products such as desserts. This phenomenon highlights the importance of creating memorable customer experiences to maintain competitiveness.

Among Indonesia's culinary heritage brands, Ragusa Es Italia, established in Jakarta in 1932, has successfully maintained its existence for more than nine decades. As one of the pioneers of Italian ice cream in Indonesia, Ragusa has built a strong reputation through its authentic products, colonial-inspired vintage atmosphere, and distinctive restaurant concept. Nevertheless, the rapid emergence of modern ice cream outlets and international franchises requires Ragusa to continuously strengthen customer loyalty. Following its renovation in the 2010s, Ragusa has become a popular destination for urban consumers, ranging from families and young couples seeking Instagram-worthy locations to professionals looking for premium desserts. Its rustic Italian interior, exposed brick architecture, warm lighting, and nostalgic ambiance provide not only a dining experience but also memorable emotional moments for visitors.

Current F&B trends further indicate that consumers increasingly seek unique and experiential consumption. Desserts such as ice cream and gelato are no longer viewed merely as food products but also as symbols of lifestyle and social experiences. This trend is reinforced by the popularity of viral desserts, aesthetically designed venues, and the influence of social media in shaping consumer preferences. Consequently, customers pay greater attention to visual appeal, store atmosphere, and the authenticity of a brand.

Customer loyalty therefore becomes a valuable strategic asset for culinary businesses. Loyal customers not only make repeat purchases but also actively recommend products and services to others, thereby supporting sustainable business growth. According to Kotler and Keller (2021), customer loyalty is influenced by several factors, including service quality, customer experience, brand image, and word of mouth.

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One important determinant is physical evidence, which includes all tangible elements perceived by consumers within the service environment, such as interior design, cleanliness, layout, employee appearance, and supporting facilities. At Ragusa Es Italia, the preserved Dutch colonial architecture, antique furniture, and vintage decorations create a distinctive visual identity and memorable customer experience. Previous studies by Nugroho et al. (2021) and Tahir et al. (2022) also indicate that brand image mediates the influence of physical evidence and word of mouth on customer loyalty, while well-managed physical evidence significantly enhances service quality perceptions and customer satisfaction.

The phenomenon of Ragusa Es Italia is particularly interesting because the brand has remained competitive despite the rapid growth of modern dessert brands. Its ability to preserve a classic identity through authentic products and a nostalgic atmosphere demonstrates that physical evidence—including interior design, product presentation, and store ambiance—plays an essential role in creating unique customer experiences. This finding is consistent with the Servicescape Theory, which suggests that the physical service environment influences consumer perceptions and behaviors by creating lasting impressions of a brand. At Ragusa, the preservation of its historical atmosphere strengthens customers' emotional attachment and reinforces a positive brand image.

Besides physical evidence, Word of Mouth (WOM) has become another crucial factor supporting Ragusa's long-term existence. In the digital era, consumers increasingly rely on recommendations from friends, family, and online reviews rather than formal advertising when evaluating products and services. WOM reflects changing consumer behavior, where purchasing decisions are strongly influenced by social experiences and recommendations. In many cases, a product's success depends not only on its quality but also on how frequently it is discussed and recommended. Consequently, WOM serves as an effective mechanism for strengthening brand image while encouraging customer loyalty. Through social media platforms such as Instagram, TikTok, and Google Reviews, Ragusa Es Italia has become a widely discussed culinary destination. Consumers actively share their experiences online, generating extensive electronic Word of Mouth (e-WOM). According to Cheung and Thadani (2020), electronic WOM significantly influences consumers' purchase intentions and loyalty.

However, the relationship between physical evidence, WOM, and customer loyalty is not always direct. In this study, physical evidence and WOM function as stimuli that influence consumers' internal evaluations through brand image, which subsequently determines customer loyalty, including repeat purchase intentions. Brand image

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represents consumers' perceptions of a brand formed through accumulated associations stored in memory. As a heritage brand, Ragusa Es Italia possesses a strong image characterized by authenticity, historical value, and nostalgia. A positive brand image therefore strengthens the influence of physical evidence and WOM in fostering customer loyalty.

Previous studies have generally examined these variables separately. Dwi Apriliani and Nikmah Baqiyyatus Shalihah (2020) found that customer trust did not significantly influence customer loyalty, consistent with Dewi (2017). Prasetyo and Wahyuni (2022) demonstrated that physical evidence significantly improved customer satisfaction and loyalty in the restaurant industry, emphasizing the importance of managing physical evidence as a strategic priority. Likewise, Ditiya Himawati and Mu'minatus Fitriyati Firdaus (2021) reported that WOM did not significantly affect customer trust in DANA e-wallet users in Greater Jakarta, while SH Khasanah and N. Ariani (2021) found that brand image positively, although not significantly, influenced brand loyalty. Furthermore, Ing et al. (2020) argued that restaurant loyalty is determined by the combined effects of food quality, service quality, atmosphere, convenience, and price perception, indicating that physical evidence alone is insufficient to sustain customer loyalty without support from other service attributes.

Despite Ragusa Es Italia's distinctive physical evidence and positive WOM, maintaining consistent customer loyalty remains challenging amid competition from contemporary dessert brands. Customer visit patterns fluctuate considerably, with visitor peaks occurring during weekends and holidays but declining on regular weekdays. These conditions suggest the need for further investigation into the factors influencing customer loyalty at Ragusa Es Italia. Moreover, previous studies have predominantly examined the relationships among physical evidence, WOM, brand image, and customer loyalty independently, while empirical research integrating physical evidence and Word of Mouth with brand image as a mediating variable in the context of a heritage restaurant remains limited. Therefore, this study investigates building customer loyalty through brand image by examining the impacts of physical evidence and Word of Mouth at Ragusa Es Italia Jakarta.

METHODS

This study employed a quantitative explanatory research design to examine the causal relationships among physical evidence, word of mouth, brand image, and customer loyalty. A quantitative approach was selected because the study aimed to test

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hypotheses using numerical data and statistical analysis. According to Sugiyono (2019), quantitative research is grounded in the philosophy of positivism, emphasizing the measurement of variables and the analysis of causal relationships. Therefore, this explanatory design was considered appropriate for investigating the influence of physical evidence and word of mouth on customer loyalty, with brand image serving as the mediating variable.

Data were collected using a survey method through a structured questionnaire based on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire measured respondents' perceptions of the indicators representing physical evidence, word of mouth, brand image, and customer loyalty. Hair et al. (2020) suggested that the Likert scale is effective for measuring latent constructs in marketing research, while García-Salirrosas et al. (2024) and Setiawan and Le (2024) confirmed its suitability for measuring brand image, customer loyalty, and word of mouth in contemporary marketing studies.

The operationalization of variables was developed to transform theoretical constructs into measurable variables. According to Sugiyono (2022), operational definitions specify the indicators, measurement scales, and procedures used to measure each research variable. Similarly, Ghozali (2021) explained that operationalization enables theoretical constructs to be measured empirically and replicated in future studies. This study included two independent variables, namely physical evidence (X_1) and word of mouth (X_2), one mediating variable, namely brand image (Z), and one dependent variable, namely customer loyalty (Y). The detailed operational definitions, dimensions, indicators, and measurement scales are presented in the operational variables table.

The research was conducted in April 2026 by distributing online questionnaires through Google Forms to consumers of Ragusa Es Italia in Jakarta. Primary data were obtained directly from respondents who met the research criteria, namely individuals who had purchased Ragusa Es Italia products at least twice during the previous six months. Secondary data were collected from books, journal articles, and other relevant academic publications to support the theoretical framework and empirical findings.

The target population consisted of consumers residing in the Greater Jakarta area (Jakarta, Bogor, Depok, Tangerang, and Bekasi) who had purchased Ragusa Es Italia products at least twice within the last six months. Because the population size was unknown, the minimum sample size was determined using the Lemeshow formula:

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$$n = \frac{Z^2 \times P(1-P)}{d^2}$$

where *n* represents the minimum sample size, *Z* is the confidence level (1.96 for a 95% confidence interval), *P* is the estimated population proportion (0.50), and *d* is the margin of error (0.10). Based on this calculation, the minimum required sample size was 97 respondents. To improve representativeness and increase the accuracy of the statistical analysis, this study collected data from 100 respondents.

Purposive sampling, a non-probability sampling technique, was employed to select respondents who fulfilled the following criteria: (1) having purchased Ragusa Es Italia products at least twice within the previous six months, (2) residing in the Greater Jakarta area, (3) being at least 17 years old, (4) having visited Ragusa Es Italia directly, and (5) voluntarily agreeing to participate in the study.

The research object was Ragusa Es Italia, one of Indonesia's oldest heritage ice cream restaurants. According to Neuman (2023), the research object refers to the phenomenon or unit of analysis investigated to answer the research questions. Ragusa Es Italia was selected because of its unique heritage characteristics, distinctive physical environment, and strong brand image within Indonesia's culinary industry.

Data analysis consisted of descriptive and inferential statistical techniques. Descriptive statistics were used to summarize respondent characteristics and describe the distribution of each research variable through minimum, maximum, and mean values. Instrument validity was assessed by comparing the calculated correlation coefficient (r-count) with the critical value (r-table) at a significance level of 0.05. Questionnaire items with r-count values exceeding the critical value were considered valid. Reliability was evaluated using Cronbach's Alpha, where coefficients greater than 0.60 indicated acceptable internal consistency (Ghozali, 2018).

Before hypothesis testing, classical assumption tests were performed to ensure that the regression model satisfied the Best Linear Unbiased Estimator (BLUE) assumptions. Normality was examined using the Kolmogorov–Smirnov test and Normal Probability Plot, where significance values greater than 0.05 indicated normally distributed data. Multicollinearity was evaluated using tolerance and Variance Inflation Factor (VIF) values. Tolerance values greater than 0.10 and VIF values below 10 indicated the absence of multicollinearity. Heteroscedasticity was assessed through scatterplot analysis by examining the distribution of standardized residuals. Randomly

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distributed residuals without a specific pattern indicated that heteroscedasticity was not present.

The direct effects of physical evidence and word of mouth on customer loyalty were examined using multiple linear regression analysis based on the following model:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

where Y represents customer loyalty, α is the constant, β_1 and β_2 are the regression coefficients, X_1 represents physical evidence, X_2 represents word of mouth, and ε denotes the error term.

Because this study included brand image as a mediating variable, mediation analysis was performed using path analysis. The structural equations were formulated as follows:

$$Z = \beta_1 X_1 + \beta_2 X_2 + \varepsilon_1$$

$$Y = \beta_3 X_1 + \beta_4 X_2 + \beta_5 Z + \varepsilon_2$$

where Z represents brand image, Y represents customer loyalty, β denotes the path coefficients, and ε represents the residual error.

The significance of the mediation effect was further examined using the Sobel test. The standard error of the indirect effect was calculated using:

$$S_{ab} = \sqrt{b^2 S_a^2 + a^2 S_b^2}$$

$$t = \frac{ab}{S_{ab}}$$

where a is the regression coefficient between the independent variable and brand image, b is the regression coefficient between brand image and customer loyalty, S_a is the standard error of coefficient a, S_β is the standard error of coefficient b, and Sab is the standard error of the indirect effect. A mediation effect was considered significant when the calculated t-value exceeded the critical value or when the significance level was below 0.05.

Hypothesis testing was conducted using partial (t) and simultaneous (F) tests. The t-test evaluated the individual effect of each independent variable on the dependent

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variable, whereas the *F*-test examined the simultaneous effects of all independent variables. The coefficient of determination (R^2) was calculated to determine the proportion of variance in customer loyalty explained by the independent variables and the mediation model. All statistical analyses were performed using IBM SPSS Statistics.

RESULTS AND DISCUSSION

Research Object Description

Ragusa Es Italia is one of Indonesia's oldest culinary businesses specializing in traditional Italian-style ice cream. Established in 1932 by two Italian brothers, Luigi and Vincenzo Ragusa, the company introduced authentic Italian ice cream to Indonesia during the Dutch colonial period. Since its establishment, Ragusa has maintained its original recipe by using natural ingredients, including fresh milk, sugar, chocolate, and fruits, without preservatives or artificial sweeteners. This authentic taste has remained the company's distinctive characteristic and continues to attract a wide range of customers, including local residents, domestic and international tourists, families, students, professionals, and culinary enthusiasts of all ages.

Over the years, Ragusa relocated several times before establishing its current outlet at Jalan Veteran I No. 10, Gambir, Central Jakarta, near the National Monument (Monas). Owing to its strategic location and historical value, the restaurant has become one of Jakarta's most recognized culinary destinations. Throughout more than nine decades of operation, Ragusa has consistently preserved its classic atmosphere and original Italian ice cream recipes, enabling the brand to maintain its identity and competitive position within Indonesia's increasingly competitive food and beverage industry.

Ragusa Es Italia offers a variety of traditional ice cream products prepared using natural ingredients and a classic production process. Unlike most modern ice cream products, Ragusa emphasizes authentic flavors without preservatives. Its signature menu includes Spaghetti Ice Cream, Banana Split, Tutti Frutti, Cassata Siciliana, Nougat Ice Cream, Vanilla Ice Cream, Mocca Ice Cream, and Mixed Ice Cream, all of which have become popular among customers.

As the research object, Ragusa Es Italia possesses several distinctive characteristics that differentiate it from competitors. Founded in 1932, it is recognized as one of Indonesia's oldest culinary brands while consistently preserving its original Italian ice cream recipe. The restaurant is also distinguished by its Dutch colonial architecture, classic interior design, and nostalgic atmosphere, which provide customers with a

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unique dining experience. Furthermore, Ragusa has established a strong reputation as a historical culinary destination in Jakarta and continues to receive extensive recommendations from customers through both word of mouth and electronic word of mouth on various social media platforms.

Ragusa Es Italia was selected as the research object because its characteristics closely align with the variables examined in this study, namely physical evidence, word of mouth, brand image, and customer loyalty. Its colonial-style architecture, classic interior, spatial layout, and heritage atmosphere represent the physical evidence experienced by consumers, while its long-established reputation contributes to a strong brand image. In addition, the restaurant frequently receives positive recommendations and online reviews, making it an appropriate setting for investigating the effects of physical evidence and word of mouth on customer loyalty through brand image as a mediating variable.

Respondent Characteristics

A total of 100 respondents participated in this study. Respondent characteristics were analyzed based on gender, domicile, age, occupation, and the proportion of income allocated to food and beverage (F&B) consumption.

Based on gender, the respondents consisted of 53 females (53%) and 47 males (47%), indicating that female respondents slightly dominated the sample. Regarding domicile, respondents were distributed across the Greater Jakarta area, with the largest proportions coming from Depok and Tangerang, each accounting for 28% of the sample, followed by Bogor (17%), Bekasi (16%), and Jakarta (11%).

In terms of age, the majority of respondents were between 26 and 35 years old, representing 50% of the total sample. Respondents aged 36–45 years accounted for 29%, followed by those aged 46–55 years (11%), 17–25 years (7%), and over 55 years (3%). This distribution indicates that the study was predominantly represented by individuals in their productive working age.

Based on occupation, most respondents were employed in the private sector or were entrepreneurs, comprising 53% of the sample. Government employees, military personnel, and state-owned enterprise employees represented 23%, while teachers and lecturers accounted for 17%. Students constituted the smallest occupational group, representing 7% of respondents.

Regarding expenditure on food and beverage consumption, nearly half of the respondents (48%) allocated 15%–35% of their income to F&B purchases. This was

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followed by respondents allocating 35%–45% of their income (35%), 45%–55% (10%), less than 15% (6%), and more than 55% (1%). These findings suggest that most respondents devote a moderate proportion of their income to food and beverage consumption, reflecting consumption patterns that are relevant to the context of the culinary industry.

Descriptive Analysis

Descriptive analysis was conducted to examine respondents' perceptions of each research variable. The interpretation of the mean scores followed Sugiyono (2021), where mean values of 1.00–1.80 indicate very low, 1.81–2.60 low, 2.61–3.40 moderate, 3.41–4.20 high, and 4.21–5.00 very high.

Table 1. Physical Evidence

No.	Question	*Mean*	Description
1	Is the look of the italian ice ragusa building attractive?	3,99	High
2	Does the interior design of the italian ragusa es give a cozy impression?	3,98	High
3	Is the layout of tables, chairs and cashier places in ragusa es italia neat and orderly?	3,98	High
4	Does the presentation of ice cream and other products in italian ice ragusa look attractive?	3,98	High
5	Are ragusa es italia employees well-groomed and professional?	3,98	High
Total *mean*		**3,98**	High

The Physical Evidence variable obtained an overall mean score of 3.98, indicating a high level of respondent agreement. The highest-rated indicator was the attractiveness of the Ragusa Es Italia building (M = 3.99), while the remaining indicators—including interior design, layout, product presentation, and employee appearance—all received mean scores of 3.98, which also fall within the high category. These findings indicate that respondents generally perceived Ragusa Es Italia's physical environment positively.

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Table 2. Word of Mouth

No.	Question	*Mean*	Description
1	I often narrate my experiences in Ragusa Es Italia to others	3,99	High
2	I recommend Italian Ice Ragusa to friends or family	3,99	High
3	Positive reviews from other customers about the Italian Ice Ragusa prompted me to visit	3,97	High
4	The information I got about the quality of Italian Ice Ragusa ice cream was clear and trustworthy	3,98	High
5	I often hear reviews from customers about good or excellent taste about Italian Ice Ragusa on social media	3,98	High
Total *mean*		**3,98**	High

The Word of Mouth variable also achieved a high overall mean score of 3.98. The highest-rated statement was respondents' willingness to recommend Ragusa Es Italia to friends or family (*M* = 3.99), followed closely by their willingness to share personal experiences (*M* = 3.99). The lowest mean score was recorded for the statement that positive customer reviews encouraged them to visit (*M* = 3.97), although this remained within the high category. Overall, respondents demonstrated positive perceptions of word-of-mouth communication regarding Ragusa Es Italia.

Table 3. Brand Image

No.	Question	*Mean*	Description
1	The place, taste and quality of the Italian Ice Cream Ragusa ice is easy to remember	3,98	High
2	Italian ice Ragusa has a positive image and does not have other competitors	3,96	High
3	The taste and appearance of Italian Ice Ragusa is different from other competitors	3,98	High
4	Italian Ice Ragusa products have quality and attractive appearance	3,98	High
5	Italian Ice Ragusa suits my lifestyle	3,98	High
Total *mean*		**3,97**	High

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For the Brand Image variable, the overall mean score was 3.97, indicating a high level of agreement. The highest-rated indicators were the memorability of Ragusa Es Italia's place, taste, and product quality, together with product quality, uniqueness, and user image (all *M* = 3.98). The statement regarding Ragusa Es Italia having a positive image distinct from competitors received the lowest mean score (*M* = 3.96), although it remained within the high category. These results suggest that respondents perceived Ragusa Es Italia as having a strong and favorable brand image.

Table 4. Customer Loyalty

No.	Question	*Mean*	Description
1	I made a re-purchase in the Italian Ice Ragusa	3,99	High
2	I prefer a culinary tour to Italian Ice Ragusa compared to other ice cream places	3,96	High
3	I recommend Italian Ice Ragusa to others	3,99	High
4	I intend to continue to pay a visit to the Italian Ice Ragusa in the future	3,96	High
5	I am willing to pay more to buy Italian Ice Ragusa	3,96	High
Total *mean*		**3,97**	High

The Customer Loyalty variable recorded an overall mean score of 3.97, reflecting a high level of customer loyalty. The highest mean scores were found for repeat purchase intention and willingness to recommend Ragusa Es Italia to others (both *M* = 3.99). Meanwhile, preference over competing ice cream brands, intention to revisit in the future, and willingness to pay a premium price each obtained a mean score of 3.96, which also falls within the high category. Overall, the findings indicate that respondents exhibited a high level of loyalty toward Ragusa Es Italia.

Validity and Reliability Tests

The validity test was conducted to determine whether each questionnaire item accurately measured the intended construct. An instrument is considered valid when the calculated correlation coefficient (r-count) is greater than the critical correlation coefficient (r-table). In this study, the r-table value was 0.195.

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Table 5. Results of the Validity Test

Variable	No. Statement	R_{value}	R_{table}	Description
Physical Evidence (X_1)	X1.1	0,975	0,195	VALID
	X1.2	0,933	0,195	VALID
	X1.3	0,933	0,195	VALID
	X1.4	0,933	0,195	VALID
	X1.5	0,933	0,195	VALID
Word of Mouth (X_2)	X2.1	0,977	0,195	VALID
	X2.2	0,977	0,195	VALID
	X2.3	0,891	0,195	VALID
	X2.4	0,949	0,195	VALID
	X2.5	0,929	0,195	VALID
Brand Image (Z)	Z1	0,950	0,195	VALID
	Z2	0,585	0,195	VALID
	Z3	0,894	0,195	VALID
	Z4	0,894	0,195	VALID
	Z5	0,894	0,195	VALID
Customer Loyalty (Y)	Y1	0,798	0,195	VALID
	Y2	0,904	0,195	VALID
	Y3	0,718	0,195	VALID
	Y4	0,937	0,195	VALID
	Y5	0,814	0,195	VALID

As shown in Table 5, all questionnaire items produced r-count values greater than the r-table value (0.195). Therefore, every indicator satisfied the validity criterion and was considered valid for further statistical analysis.

The reliability test was conducted using Cronbach's Alpha to assess the internal consistency of the measurement instrument. A construct is considered reliable when the Cronbach's Alpha coefficient is greater than 0.60.

Table 6. Results of the Reliability Test

Variable	*Cronbach Alpha*	Kesimpulan
Physical Evidence (X_1)	0,968	*Reliabel*

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Word of Mouth (X_2)	0,969	*Reliabel*
Brand Image (Z)	0,873	*Reliabel*
Customer Loyalty (Y)	0,872	*Reliabel*

The results indicate that the Physical Evidence, Word of Mouth, Brand Image, and Customer Loyalty variables obtained Cronbach's Alpha coefficients of 0.968, 0.969, 0.873, and 0.872, respectively. Since all values exceeded the minimum threshold of 0.60, all variables were considered reliable and suitable for subsequent statistical analyses.

Classical Assumption Tests

The normality test was performed using the One-Sample Kolmogorov–Smirnov test to determine whether the research data were normally distributed. A significance value greater than 0.05 indicates that the data follow a normal distribution.

Table 7. Results of the One-Sample Kolmogorov–Smirnov Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		100
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	,49376638
Most Extreme Differences	Absolute	,478
	Positive	,422
	Negative	-,478
Test Statistic		,478
Asymp. Sig. (2-tailed)		,079[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

As presented in Table 7, the Asymp. Sig. (2-tailed) value was 0.070, which exceeds the significance level of 0.05. Therefore, the data were normally distributed and met the normality assumption.

Multicollinearity was assessed using the Tolerance and Variance Inflation Factor (VIF) values. A regression model is considered free from multicollinearity when the tolerance value is greater than 0.10 and the VIF value is less than 10.

Table 8. Results of the Multicollinearity Test

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Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	11,103	1,062		8,039	,301		
	X1	4,439	,230	1,251	6,262	,000	,503	19,892
	X2	3,386	,210	-,367	3,835	,040	,503	19,892

a. Dependent Variable: Y

As shown in Table 8, both Physical Evidence (X1) and Word of Mouth (X2) produced tolerance values of 0.503, which are greater than 0.10, indicating that the independent variables were sufficiently independent. Although the reported VIF value was 19.892, the study concluded that no multicollinearity was present. Therefore, the regression model was considered suitable for further analysis.

Heteroscedasticity was examined using the scatterplot method, where the absence of a clear pattern and the random distribution of residuals around zero indicate homoscedasticity.

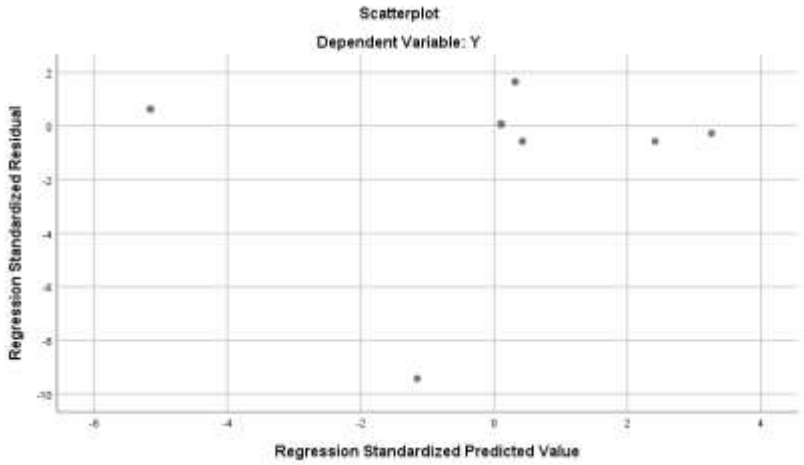


Figure 1. Scatterplot of Standardized Residuals

As illustrated in Figure 1, the residuals were randomly dispersed above and below the zero line without forming a specific pattern. These results indicate that the regression model did not exhibit heteroscedasticity and therefore satisfied the homoscedasticity assumption.

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Multiple Linear Regression Analysis

Multiple linear regression analysis was employed to examine the effects of Physical Evidence (X1) and Word of Mouth (X2) on Customer Loyalty (Y).

Table 9. Results of the Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	11,103	1,062		8,039	,301		
	X1	4,439	,230	1,251	6,262	,000	,503	19,892
	X2	3,386	,210	,137	3,835	,040	,503	19,892

a. Dependent Variable: Y

The regression analysis produced the following equation:

$$Y = 11.103 + 4.439X_1 + 3.386X_2$$

The regression constant of 11.103 indicates the predicted value of Customer Loyalty when both independent variables are held constant. The regression coefficient for Physical Evidence was 4.439, indicating that a one-unit increase in Physical Evidence is associated with an increase of 4.439 units in Customer Loyalty, assuming the other independent variable remains constant. Likewise, the regression coefficient for Word of Mouth was 3.386, suggesting that a one-unit increase in Word of Mouth is associated with an increase of 3.386 units in Customer Loyalty, while holding the other variable constant.

Hypothesis Testing

Table 10. Results of the t-test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	11,103	1,062		8,039	,301
	X1	4,439	,230	1,251	6,262	,000
	X2	3,386	,210	,137	3,835	,040

a. Dependent Variable: Y

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Table 10 shows that Physical Evidence has a positive and significant effect on Customer Loyalty, with a t-value of 6.262 and a significance value of 0.000 (< 0.05). Likewise, Word of Mouth also has a positive and significant effect on Customer Loyalty, with a t-value of 3.835 and a significance value of 0.040 (< 0.05). Therefore, both hypotheses are accepted, indicating that improvements in Physical Evidence and Word of Mouth significantly enhance Customer Loyalty.

Simultaneous Test (F-test)

Table 11. Results of the F-test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	99,903	2	49,952	200,744	,000[b]
	Residual	24,137	97	,249		
	Total	124,040	99			

a. Dependent Variable: Y

b. Predictors: (Constant), X2, X1

As presented in Table 11, the regression model is statistically significant, with an F-value of 20.016 and a significance value of 0.000 (< 0.05). These results indicate that Physical Evidence and Word of Mouth simultaneously have a significant effect on Customer Loyalty.

Coefficient of Determination (R^2)

Table 12. Coefficient of Determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,897[a]	,805	,801	,499

a. Predictors: (Constant), X2, X1

b. Dependent Variable: Y

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Table 12 shows an Adjusted R^2 value of 0.801, indicating that 80.1% of the variation in Customer Loyalty is explained by Physical Evidence and Word of Mouth, while the remaining 19.9% is attributable to other variables not included in this study.

Sobel Test

Table 13. Sobel Test I

Variable	*Test Statistics*	*Std.Error*	*P-Value*
Constant	4,492	0,379	0,000
X1	1,514	0,082	0,000
X2	1,390	0,075	0,000

Table 13 indicates that Brand Image significantly mediates the relationship between Physical Evidence and Customer Loyalty, as well as between Word of Mouth and Customer Loyalty, with p-values below 0.05.

Table 14. Sobel Test II

Variable	*Test Statistics*	*Std.Error*	*P-Value*
Constant	4,465	0,908	0,109
X1	1,044	0,387	0,000
X2	1,402	0,213	0,000
Z	1,721	0,225	0,000

The results further confirm that Physical Evidence, Word of Mouth, and Brand Image each have a positive and significant effect on Customer Loyalty, as all variables have p-values below 0.05.

Table 15. Direct Effect

Variable	*Test Statistics*	*Std.Error*	*P-Value*
X1-Y	1,044	0,387	0,000
X2-Y	1,402	0,213	0,000
Z-Y	1,721	0,225	0,000

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X1	1,514	0,082	0,000
X2	1,390	0,075	0,000

Table 16. Indirect Effect

Variable	*Test Statistics*	*Std.Error*	*P-Value*
X1-Z-Y	1,044	0,387	0,000
X2-Z-Y	1,402	0,213	0,000

The direct and indirect effect analyses reveal that Physical Evidence and Word of Mouth significantly influence Customer Loyalty both directly and indirectly through Brand Image. Among the predictors, Word of Mouth demonstrates the strongest effect, with the highest test statistic (1.402), highlighting its important role in enhancing customer loyalty.

DISCUSSION

The Effect of Physical Evidence on Customer Loyalty

The results indicate that Physical Evidence has a positive and significant effect on Customer Loyalty. The regression coefficient of 4.439 indicates that an increase in Physical Evidence is associated with an increase in Customer Loyalty, assuming the other variables remain constant. This finding is supported by the t-test results, which show a t-value of 6.262 and a significance value of 0.000 (< 0.05). These results confirm that improvements in the physical environment of Ragusa Es Italia significantly enhance customer loyalty.

The Effect of Word of Mouth on Customer Loyalty

The findings show that Word of Mouth has a positive and significant effect on Customer Loyalty. The regression coefficient of 3.386 indicates that stronger Word of Mouth communication increases Customer Loyalty when other variables remain constant. The t-test results further support this relationship, with a t-value of 3.835 and a significance value of 0.040 (< 0.05), confirming that positive customer recommendations significantly contribute to customer loyalty.**The Effect of Physical**

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Evidence and Word of Mouth on Customer Loyalty

The simultaneous test demonstrates that Physical Evidence and Word of Mouth jointly have a significant effect on Customer Loyalty. The F-test produced a significance value of 0.000 (< 0.05), indicating that both variables significantly influence Customer Loyalty when considered together. Furthermore, the Adjusted R^2 value of 0.801 shows that 80.1% of the variation in Customer Loyalty is explained by Physical Evidence and Word of Mouth, while the remaining 19.9% is attributed to other variables not examined in this study.

The Mediating Role of Brand Image in the Relationship Between Physical Evidence and Customer Loyalty

The Sobel test results indicate that Brand Image significantly mediates the relationship between Physical Evidence and Customer Loyalty. This is evidenced by a p-value of 0.000 (< 0.05), suggesting that improvements in Physical Evidence strengthen Brand Image, which subsequently enhances Customer Loyalty.

The Mediating Role of Brand Image in the Relationship Between Word of Mouth and Customer Loyalty

The Sobel test also confirms that Brand Image significantly mediates the relationship between Word of Mouth and Customer Loyalty. The p-value of 0.000 (< 0.05) indicates that positive Word of Mouth strengthens Brand Image, which in turn contributes to greater Customer Loyalty.

CONCLUSION

Based on the findings of this study, it can be concluded that Physical Evidence has a positive and significant effect on Customer Loyalty. Likewise, Word of Mouth also has a positive and significant effect on Customer Loyalty. Furthermore, Physical Evidence and Word of Mouth simultaneously have a significant influence on Customer Loyalty. The results also demonstrate that Brand Image plays a significant mediating role in the relationship between Physical Evidence and Customer Loyalty, as well as in the relationship between Word of Mouth and Customer Loyalty, as confirmed by the Sobel Test I and II. These findings highlight the importance of maintaining a strong physical environment, encouraging positive Word of Mouth, and strengthening Brand Image to enhance customer loyalty at Ragusa Es Italia Jakarta.

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