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Customer Satisfaction As A Bridge: The Impact Of Service Quality And Product Diversification On Loyalty

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ABSTRACT

This study aims to analyze the influence of product diversity and service quality on customer loyalty through customer satisfaction as an intervening variable in PT. Tirta Sakti Mandiri. The food and beverage (F&B) industry is a vital sector in the economy, offering significant market potential amid increasing competition. Customer loyalty is the key to success; However, the data shows a decline in loyalty due to inadequate product availability and service support. This study uses a quantitative method with the Structural Equation Modeling (SEM-PLS) approach to analyze the relationship between variables. Data was collected through a survey to customers of PT. Tirta Sakti Mandiri, including hotels, villas, cafes, and restaurants in Bali. The results of the study show that product diversity and service quality have a positive and significant influence on customer satisfaction, which in turn increases customer loyalty. Customer satisfaction serves as a mediating variable in the relationship between product diversity and service quality to customer loyalty. This study provides managerial implications for PT. Tirta Sakti Mandiri to increase product diversity and service quality to maintain customer loyalty. With the right strategy, companies can build a sustainable competitive advantage.

INTRODUCTION

The development of the food and beverage (F&B) industry in Indonesia has created complex dynamics in the business world, encouraging companies to innovate and adapt to the ever-changing demands of the market. In the context of globalization, companies in this sector are required not only to meet consumer needs, but also to create superior products that differentiate themselves from competitors. According to Soekresno (2017), the main goal of the F&B department is to sell as much food and beverages as possible at a reasonable price while providing the best service to ensure customer satisfaction. With an ever-increasing population

and higher purchasing power, the market potential for F&B in Indonesia is huge and ever-present. Data from the Central Statistics Agency (BPS) shows that in 2022, the F&B sector experienced an annual growth of 4.90%, contributing 6.47% to national GDP. In Bali, the number of F&B companies increased from 413 in 2022 to 456 in 2023, reflecting the increasing competition in the industry.

The arrival of visitors, both domestic and international, has also had a significant impact on the F&B industry. In 2023, the number of tourists visiting Bali jumped to 5.273 million, with European tourists being the highest proportion. This provides an opportunity for F&B industry players to continue to innovate their products and services. One of the challenges faced by PT Tirta Sakti Mandiri, a company operating in the F&B sector in Bali, is the decline in customer loyalty. The data shows that the average transaction decreased from 1,126 transactions in 2023 to 757 transactions in 2024. This decline may be due to a lack of product availability and inadequate quality of service. According to Hurriyati (2015); Giantari et al., (2022), customer loyalty is greatly influenced by the satisfaction felt. Therefore, it is important for companies to realize that product diversity and service quality are two key factors in building customer loyalty.

Additionally, the importance of an effective marketing strategy cannot be overlooked. The American Marketing Association (AMA) defines marketing as an activity that creates, communicates, and provides value to customers. A good marketing strategy includes market segmentation, target market identification, and the development of a marketing mix that includes products, prices, promotions, and venues (Atmoko, 2018). According to Hurriyati (2015), customer loyalty is a commitment of consumers to persist deeply to resubscribe or repurchase selected goods or services consistently in the future, even though the influence of the situation and marketing efforts have the potential to cause behavior changes. The increasing competition faced therefore businessmen must have a strategy in marketing. One of them is to provide a variety of products and alternative options (Permana, 2017). Service quality is also the main factor that affects customer loyalty because customers who are satisfied with their personal values and experience a positive mood towards service will have high loyalty to the company (setini et al., 2025).

Table 1. Data Customer Transaction

YEAR	Jan	Feb	Mar	Apr	May	Jun	Jul	Agus	Sept	Oct	Nov	Des	Total	Average2
2021	552	552	495	498	552	551	517	519	532	541	546	550	6405	534
2022	644	654	660	668	677	693	724	746	772	798	809	838	8683	724
2023	834	860	891	912	942	967	1004	1031	1062	1081	1100	1126	11810	984
2024	705	824	712	710	746	763	792	804	-	-	-	-	6056	757

Source; Data processed in 2024

Table 1 illustrates that in January-August 2024 there was a significant decrease compared to customer transaction data in the same month in 2023, where from the transaction customer data it can be seen that there was a decrease in the level of customer loyalty who bought products in the same month in 2023. This can be caused by the lack of availability of stock of goods or the diversity of products and service quality at PT. Tirta Sakti Mandiri. Meanwhile, The average customer who makes a repeat purchase is calculated based on the number of customers who always buy goods repeatedly every month from January to December each year. Although there is indeed an increase in customer data that makes repeat purchases every year. Repeat purchase refers to a form of customer loyalty where products and services from a company are routinely chosen by customers within a certain period of time which are carried out repeatedly (Purba, 2023). Repurchases are made by the customer because they are satisfied with the product or service that has been purchased previously. In this study, repeat purchase is an important indication for PT Tirta Sakti Mandiri to assess the level of customer satisfaction and

estimate the potential profits that will be obtained. Therefore, it is important for PT Tirta Sakti Mandiri to continue to pay attention to the availability of products to the quality of service to customers so that later the average data of customers who make repeat purchases can be the same as the average data of customers who make transactions every year.

The problems faced by PT. Tirta Sakti Mandiri tends to have too many products diversity so that the company has difficulty controlling stock where this causes product stock to often be excess and undersupply, so that it becomes one of the complaints from customers because the products they want are always unavailable. This can affect customer loyalty to make the next purchase. Product diversity is a collection of all products and goods that a particular seller offers to buyers (Utama & Ngatno, 2017). Consumer interest in varied products will greatly affect sales volume. In research conducted by (Masruroh, 2021), (Tjahjaningsing et al., 2020), (Khoriah, 2017), and (Lindawati et al., 2020), it was found that product diversity has a significant effect on customer loyalty. The problems faced by PT. Tirta Sakti Mandiri regarding the quality of service that at the time the customer has provided a list of ordered goods, but sometimes the goods that arrive at the customer can be different from the list of goods ordered or the goods are not brought by the company's delivery department. In addition, in the service of providing sponsorship for anniversary celebrations of hotels, villas, cafes and so on, it is still relatively small because the total history of purchasing goods from customers for the past year is only multiplied by 0.1% as a sponsorship support service

This study aims to explore the impact of product diversity and service quality on customer loyalty at PT Tirta Sakti Mandiri, as well as the role of customer satisfaction as an intervening variable. By identifying the factors that affect customer loyalty, it is hoped that PT Tirta Sakti Mandiri can develop the right strategy to increase customer satisfaction and loyalty, so that it can survive and compete in the increasingly competitive F&B industry.

LITERATURE REVIEW

Theory of Planned Behavior (TPB)

The Planned Behavior Theory (CPD), developed by Ajzen in 1985, explains that the intention to perform a behavior is influenced by three main factors: attitudes toward behavior, subjective norms, and perceived behavioral control. The hope is that after an intention is formed, a behavior begins in appropriate circumstances so as not to prevent someone from acting (Sok et al., 2021). Since the development of TPB, it has been used in various fields, namely health, the environment, consumer behavior, and social behavior (Harjana, 2023). One of the advantages of the SDGs is to analyze situations where individuals do not have full control over their behavior (Sakdiyah et al., 2019). TPB states that a person can perform a behavior or action because he has an intention (Prakoso & Fatah, 2017). Ajzen (2020) stated in the TPB, the direct factor of behavior is the intention to perform the behavior, the stronger the intention, the more likely the behavior to occur, so it can be interpreted that intention is the main factor to influence a person's behavior.

Marketing

Marketing is a company's effort to meet the needs and desires of consumers through the products and services offered. According to Kotler and Keller (2016), marketing involves the process of creating, communicating, and providing value to customers. According to Sedjati (2018), marketing is any effort or activity in delivering goods or services of producers to consumers, where these activities are aimed at satisfying needs and desires in a certain way called exchange. According to Sudaryono (2016), marketing is a combination of interconnected activities to find out consumer needs through the creation, offer and exchange of valuable products and services as well as develop promotions, distribution, services and prices so that consumer needs can be satisfied properly at a certain level of profit. According to Putri (2021),

there are several goals of marketing as follows, providing information (promotion), creating purchases, creating repeat purchases, creating a lean workforce, creating megabrand products. According to Gugup (2015), the definition of marketing mix is a combination of variables or activities that form the core of marketing consisting of product strategy, price, promotion and place.

Customer Loyalty

Customer loyalty is a behavior related to a product's brand, including the possibility of renewing the brand contract in the future, how likely it is that customers will change their support for the brand, how likely it is that customers want to increase the positive image of a product (Hasan, 2014). Customer loyalty is defined as a long-term commitment to continue buying products or services from a particular company (Griffin, 2016). Priansa (2017), defines customer loyalty as a long-term commitment of customers, which is implemented in the form of loyal behavior and attitude towards the company and its products. Customer loyalty indicators according to Kotler and Keller (2017) are, repeat purchase (loyalty to product purchases), retention (resistance to negative influences on the company), referalls (referencing the total essence of the company). According to Hasan (2016), the main factors that affect customer loyalty are customer satisfaction, product or service quality, brand image, perceived value, trust, customer relation, switching costs, and dependability.

Product Diversity

According to Kotler and Keller (2015), product diversity is the collection of products and goods that a company offers to be sold by a particular seller. Product diversity includes a variety of product characteristics and attributes offered to consumers, giving them more options to meet their needs and preferences (Sinambela & Mardikaningsing, 2022). With this diversity of products, consumers have more choices that suit their needs and preferences. The diversity of products also reflects innovation and response to market trends and needs, allowing consumers to explore and find solutions that best match their desires (Aisha & Si, 2023). The existence of product diversity, the market becomes more dynamic and competitive, encouraging innovation to meet diverse consumer expectations (Ahmad & Sobariah, 2023). According to (Arsyanti & Astuti, 2016), the measurement of product diversity variables consists of several indicators, namely, product completeness, product brand, product size variation, and product quality variation.

Service Quality

Good service quality is the key to meeting customer expectations and increasing satisfaction (Arianto, 2018). According to Kotler and Keller (2016), quality is the completeness of the features of a product or service that has the ability to provide satisfaction with a need. According to Kasmir (2017), service quality is defined as the action or act of a person or organization that aims to provide satisfaction to customers or employees. Meanwhile, according to Atika and Wahyono (2018), service quality is an important component that must be considered in providing excellent service quality. Service quality indicators include reliability, responsiveness, assurance, empathy, and physical aspects (Walsman et al., 2014). This research focuses on how service quality can affect customer perceptions of their experience, which in turn affects customer loyalty to the company.

Customer Satisfaction

Customer satisfaction is the result of an evaluation that arises from the comparison between expectations and performance of a product or service (Tjiptono, 2015). According to Danang (2015), customer satisfaction is one of the reasons where consumers decide to shop somewhere. Meanwhile, according to Riyanto (2018), customer satisfaction is a comparison of

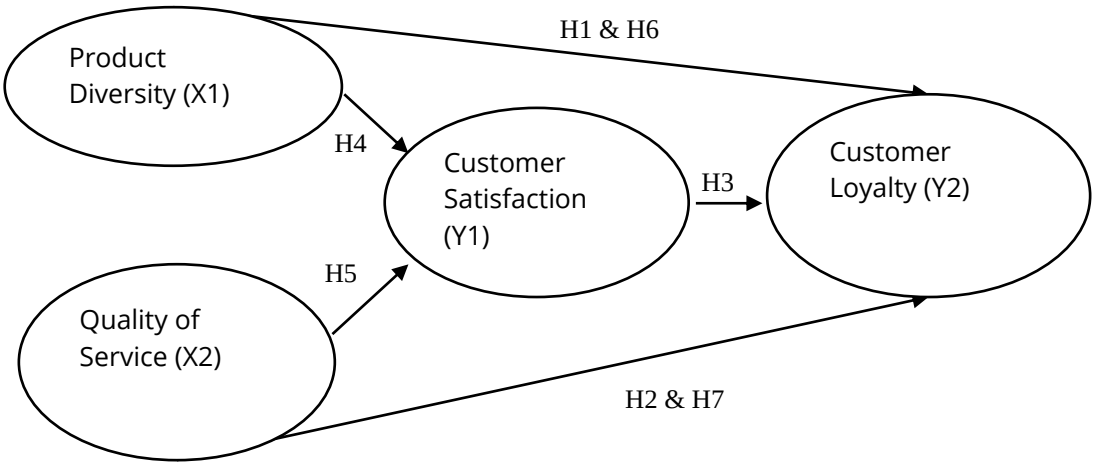
the quality experienced by customers, which is expected if the quality experienced by customers is lower than expected, then dissatisfaction will occur. The better the performance, the higher the level of customer satisfaction. On the other hand, dissatisfaction will spike when the performance is far below customer expectations (Kotler and Keller, 2016). According to Indrasari (2019), customer satisfaction indicators include alignment of expectations, interest in returning, and recommendations to others. High satisfaction has the potential to drive customer loyalty, which is the main focus of this study.

Research Hypothesis and Conceptual Framework

Based on a literature review, this study proposes the following hypothesis:

1. Hypothesis 1: Product diversity (product completeness, product brand, size variation and product quality variation) has a positive and significant effect on customer loyalty
2. Hypothesis 2: Service quality has a positive and significant effect on customer loyalty
3. Hypothesis 3: Customer satisfaction (matching expectations, interest in returning and proposing) has a positive and significant effect on customer loyalty
4. Hypothesis 4: Product diversity has a positive and significant effect on customer satisfaction
5. Hypothesis 5: Service quality has a positive and significant effect on customer satisfaction
6. Hypothesis 6: Customer satisfaction is able to fully mediate the relationship between product diversity and customer loyalty
7. Hypothesis 7: Customer satisfaction is able to mediate part of the relationship between service quality and customer loyalty

Figure 2. Research Concept Framework



Source: Researcher's Processed Products (2024)

METHODS

This study uses a quantitative methodology with data collection through questionnaires from customers of PT. Tirta Sakti Mandiri in the Seminyak area, Bali. The population consists of all customers who make purchases from PT. Tirta Sakti Mandiri with an average of 984 customers from data for 2022-2023. The purposive sampling method is used to select respondents who are available to fill out the questionnaire and are willing to be interviewed. The sample size was calculated using the Slovin formula with a margin of error of 10%, resulting in 91 respondents. This study analyzes the influence of product diversity and service quality on customer loyalty through customer satisfaction at PT. Tirta Sakti Mandiri, uses SEM (Structural Equation Modeling) for analysis. Hypothesis testing will be carried out using SEM based on PLS

(Partial Least Squares). This method is suitable for analyzing complex relationships between variables without strict assumptions about data distribution. This analysis includes measurement (external model) and structural (internal model) evaluation. The outer model is assessed through convergence validity, discriminatory validity, and composite reliability. The inner model, evaluated based on R-Square values for predictive power and hypothesis testing using t-test and SmartPLS software.

The study included two types of variables: independent and dependent. The independent variable is Product Diversity (X1) with 3 indicators according to Arsyanti & Astuti (2016), Tan & Saputra (2020), Satria et al. (2020), namely (product completeness, product brand, variation in size and variation in product quality) and Service Quality (X2) with 5 indicators according to Walsman et al. (2014), Zaini (2022) and Tjiptono & Chandra (2016), namely (tangibles, reliability, responsiveness, assurance, and empathy) of these 5 indicators will be divided into 3 sub-indicators on tangibles, 4 sub-indicators on reliability, 3 sub-indicators on responsiveness, 3 sub-indicators on assurance and 3 sub-indicators on empathy, while the dependent variables are Customer Satisfaction (Y1) with 3 indicators according to Indrasari (2019), Setyo (2017) and Jaka (2018), namely (suitability of expectations, interest in returning and proposing) and Customer Loyalty (Y2) with 3 indicators according to Haninda et al. (2024), Kotler & Keller (2017), and Oliver (2016), namely (repeat purchase, retention, and referalls). The Likert Scale is used to measure the attitudes, opinions and perceptions of a person or group of people about social phenomena (1 = strongly disagree, 2 = disagree, 3 = disagree, 4 = agree, 5 = strongly agree) (Sugiyono, 2017). Table 1 below summarizes the questionnaire indicators and literature sources used in the measurement.

RESULTS

Model Measurements

In this study, the standard loading factor value > 0.7 was used, which means that the indicator is valid for measuring the constructed construction. This value shows that the percentage of constructs is able to explain the variations in the indicator (Haryono, 2017).

Table 2. Loading Factor

	Product Diversity (X1)	Quality of Service (X2)	Customer Satisfaction (Y1)	Customer Loyalty (Y2)	Ket
X1.1 (Product Accessories)	0.922				Valid
X1.2 (Product Brand)	0.912				Valid
X1.3 (Size Variation)	0.919				Valid
X1.4 (Quality Variation)	0.887				Valid
X2.1 (Office Area)		0.540			Invalid
X2.2 (Employee Neatness)		0.467			Invalid
X2.3 (Facilities)		0.501			Invalid
X2.4 (Address Compatibility)		0.446			Invalid
X2.5 (On Time)		0.832			Valid
X2.6 (Ease of Service)		0.839			Valid
X2.7 (Communication Ability)		0.866			Valid
X2.8 (Taking Time)		0.827			Valid
X2.9 (Responsive to Complaints)		0.873			Valid
X2.10 (Ability to Serve		0.885			Valid

Complaints)					
X2.11 (Employee Competencies)		0.880			Valid
X2.12 (Goods Guarantee)		0,824			Valid
X2.13 (On-Time Guarantee)		0.828			Valid
X2.14 (Reward)		0.678			Invalid
X2.15 (Solution)		0.654			Invalid
X2.16 (Greetings)		0.592			Invalid
Y1.1 (Expectation Conformity)			0.919		Valid
Y1.2 (Interest)			0.899		Valid
Y1.3 (Propose)			0.908		Valid
Y2.1 (Repeat Purchase)				0.851	Valid
Y2.2 (Retention)				0.815	Valid
Y2.3 (Referalls)				0.838	Valid

Based on results loading factor In the table above, it can be seen that the indicator variable in Table 2 has a value of loading factor between 0.446 to 0.922 which means that there are still several indicator variables with a value of loading factor < 0.7 which means that the indicator is not ideal or invalid in measuring the constructed construct. Indicators that get a value loading factor < 0.7 is located in the Service Quality variable (X2), namely, X2.1, X2.2, X2.3, X2.4, X2.14, X2.15 and X2.16. Value loading factor those < 0.7 are dropped or deleted because they do not meet the validity criteria.

Validity Test

According to Mulang(2023), validity is a measure that shows the level of validity of a measuring tool. The validity test was carried out with the aim of finding out whether each question item submitted to the respondents had been said to be valid or not, the indicator was said to be valid if the correlation coefficient value > 0.207 at a significance level of 5%. The results of the validity test can be seen in the table below:

Table 3. Validity Test Results

No	Indicator	Correlation	Signification	Ket
Product Diversity (X1)				
1	X1.1	0.906	Significant	Valid
2	X1.2	0.894	Significant	Valid
3	X1.3	0.932	Significant	Valid
4	X1.4	0.912	Significant	Valid
Quality of Service (X2)				
1	X2.1	0.582	Significant	Valid
2	X2.2	0.523	Significant	Valid
3	X2.3	0.543	Significant	Valid
4	X2.4	0.505	Significant	Valid
5	X2.5	0.836	Significant	Valid
6	X2.6	0.843	Significant	Valid
7	X2.7	0.881	Significant	Valid
8	X2.8	0.827	Significant	Valid

9	X2.9	0.866	Significant	Valid
10	X2.10	0.889	Significant	Valid
11	X2.11	0.870	Significant	Valid
12	X2.12	0.834	Significant	Valid
13	X2.13	0.824	Significant	Valid
14	X2.14	0.664	Significant	Valid
15	X2.15	0.591	Significant	Valid
16	X2.16	0.523	Significant	Valid
Customer Satisfaction (Y1)				
1	Y1.1	0.919	Significant	Valid
2	Y1.2	0.901	Significant	Valid
3	Y1.3	0.906	Significant	Valid
Customer Loyalty (Y2)				
1	Y2.1	0.744	Significant	Valid
2	Y2.2	0.893	Significant	Valid
3	Y2.3	0.901	Significant	Valid

Source: Data source (2024)

Based on table 1.6 above, it can be seen that the correlation of the scores of each question is greater than 0.207 and has a significance standard less than 0.05 which means significant. This explains that all indicators have met the validity requirements, so it can be concluded that each question item used in this study is valid.

Reliability Test

Reliability testing was carried out using the Cronbach Alpha statistical test. A construct or variable is said to be reliable if it gives a Cronbach Alpha value > 0.7 according to Ghozali (2016).

Table 4. Reliability Test Results

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Product Diversity	0.932	0.948	0.951	0.829
Customer Satisfaction	0.895	0.895	0.934	0.826
Quality of Service	0.970	0.971	0.974	0.808
Customer Loyalty	0.801	0.888	0.873	0.696

Source: Data Processed (2024)

Based on the table above, it can be seen that this research instrument has a Cronbach's Alpha > value of 0.06. So, it can be concluded that the questions used in this study have good reliability.

R-square (R2)

Table 5. Result of the Score R-square

	R Square	R Square Adjusted
Customer Satisfaction	0.359	0.344
Customer Loyalty	0.639	0.627

Source: Data processed (2024)

In the table above, it can be seen that the R square value of customer satisfaction (Y1) is 0.359 which means that product diversity (X1) and service quality (X2) are able to explain the customer satisfaction variable (Y1) of 35.9% and the remaining 64.1% is explained by other variables outside the analyzed research model. Meanwhile, the R square value of customer loyalty (Y2) is 0.639%, which means that product diversity (X1) and service quality (X2) are able to explain the customer loyalty variable (Y2) of 63.9% and the remaining 36.1% is explained by variables outside the analysis model of this study.

Q Square Predictive Relevance (Q2)

Q Square Predictive Relevance (Q2) is used to assess predictive relevance. A Q2 value of > 0 indicates that the model has accurate predictive relevance to a particular construct, while a Q2 value < 0 indicates that the model lacks predictive relevance (Sarstedt et al, 2017).

Table 6. Results of Value Analysis Q2

	SSO	SSE	Q^2 (=1-SSE/SSO)
Product Diversity	364.000	364.000	
Customer Satisfaction	273.000	197.700	0.276
Quality of Service	819.000	819.000	
Customer Loyalty	273.000	171.545	0.372

Source: Data Processed (2024)

It can be seen in the table above that the Q2 value in the customer loyalty variable (Y2) is 0.372. Based on these results, it can be said that this research model has accurate predictive relevance to the construction.

Goodness of Fit (GoF)

The Goodness of Fit value ranges from 0 (zero) to 1 (one), the closer to the value of 1, the better the model built. There are criteria for GoF values among others, 0-0.25 is included in small GoF, 0.26-0.36 is included in moderate GoF values and 0.36 is included in large GoF values. The following is the calculation of the GoF value using the formula:

$$\text{GoF} = \sqrt{\text{AVE x } R^2}$$

$$\text{GoF} = \sqrt{0.80 \text{ x } 0.5}$$

$$\text{GoF} = 0.63$$

The results of the calculation of the GoF value above show a result of 0.63 which means that this study has a large GoF value which can be concluded that the model has a large GoF and the larger the GoF value, the more appropriate it is in describing the research sample.

Hypothesis Results

Tabel 7. Path Analysis

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Direct effect					
Product Diversity -> Customer Satisfaction	0.245	0.246	0.116	2.115	**0.035**

Product Diversity -> Customer Loyalty	0.012	0.010	0.094	0.130	**0.897**
Customer Satisfaction -> Customer Loyalty	0.783	0.797	0.079	9.897	**0.000**
Quality of Service -> Customer Satisfaction	0.469	0.477	0.111	4.205	**0.000**
Quality of Service -> Customer Loyalty	0.020	0.015	0.101	0.196	**0.844**
Spesific Indirect Effect					
Product Diversity -> Customer Satisfaction -> Customer Loyalty	0.192	0.197	0.096	1.993	**0.047**
Service Quality -> Customer Satisfaction -> Customer Loyalty	0.367	0.382	0.105	3.498	**0.001**
Total Effect					
Product Diversity -> Customer Satisfaction	0.245	0.246	0.116	2.115	**0.035**
Product Diversity -> Customer Loyalty	0.204	0.207	0.106	1.933	**0.054**
Customer Satisfaction -> Customer Loyalty	0.783	0.797	0.079	9.897	**0.000**
Quality of Service -> Customer Satisfaction	0.469	0.477	0.111	4.205	**0.000**
Quality of Service -> Customer Loyalty	0.387	0.397	0.092	4.208	**0.000**

Source: Data Processed (2024)

The Effect of Product Variety on Customer Loyalty

The results of the analysis that have been carried out in Table 8 show that the original sample value is 0.012 with a T statistical value of 0.130 and a P value of 0.897 > 0.05. This means that the hypothesis is rejected where product diversity has a positive but not significant effect on customer loyalty. The results of this study are not in accordance with research conducted by (Masruroh, 2021), (Tjahjaningsing et al., 2020), (Khoriah, 2017), and (Lindawati et al., 2020), which found that product diversity has a significant effect on customer loyalty.

However, if you look at the results of the analysis of Table 8 specific indirect effects, the results are that the original sample value is 0.192, the T statistics value is 1.993 and the P value is 0.047 < 0.05. This means that product diversity has a positive and significant effect on customer loyalty through customer satisfaction mediation variables. This shows that while product variation does not directly affect loyalty, customer satisfaction plays an important mediating role. Product variations can meet customer needs, but product quality and value remain key factors in building loyalty.

The Effect of Service Quality on Customer Loyalty

The results of the analysis that have been carried out in Table 8 show an original sample value of 0.020 with a T statistical value of 0.196 and a P value of 0.844 > 0.05. This means that the hypothesis is rejected where the quality of service has a positive but insignificant influence on customer loyalty. This is not in accordance with the research conducted by (Putri & Hardi, 2017),

(Syakur, 2018), (Dennisa & Suryono, 2016), (Safitri & Annur, 2022), (Dewi et al., 2024), and (Musyaffa & Ngatno, 2019), which states that service quality has a positive and significant effect on customer loyalty.

In addition, if you look at the results of the analysis of Table 8 specific indirect effects, the results are obtained that the original sample value is 0.367, the T statistics value is 3.498 and the P value is 0.001 < 0.05. This means that service quality has a positive and significant effect on customer loyalty through customer satisfaction mediation variables. This shows that good service quality can increase customer satisfaction, which in turn contributes to loyalty.

The Effect of Customer Satisfaction on Customer Loyalty

The results of the analysis that have been carried out in Table 8 show an original sample value of 0.783 with a T statistical value of 9.897 and a P value of 0.000 < 0.05. This means that the hypothesis is accepted where customer satisfaction has a positive and significant effect on customer loyalty. This is in accordance with research conducted by (Husen et al., 2021), (Supertini et al., 2020), (Sucihati & Suhartini, 2022), (Winata & Budi, 2022) and (Sutapa et al., 2022), which states that there is a positive and significant influence of customer satisfaction variables on customer loyalty. This shows that customer satisfaction has a huge impact on customer loyalty. The greater the sense of satisfaction obtained, the more likely customers will be loyal and this is the main factor that makes customers loyal to the company.

The Effect of Product Variety on Customer Satisfaction

The results of the analysis that have been carried out in Table 8 show an original sample value of 0.245 with a T statistical value of 2.115 and a P value of 0.035 < 0.05. This means that the hypothesis is accepted where product diversity has a positive and significant effect on customer satisfaction. This is in accordance with research conducted by (Sari & Selfi, 2017), (Capriati, 2023), (Rohman & Novi, 2021), (Crismon & Andy, 2022), and (Ahmad & Sobariah, 2023), which states that product diversity has a positive and significant effect on customer satisfaction. Companies must make the right decisions about the products sold, with the existence of a variety of products in the sense of complete products ranging from quality, size, brand and product availability will make it easier for consumers to buy the goods they want (Rohmawati, 2018). The diversity of products provided will be able to attract a wider range of consumers.

The Effect of Service Quality on Customer Satisfaction

The results of the analysis that have been carried out in Table 8 show the original sample value of 0.469 with a T statistical value of 4.205 and a P value of 0.000 < 0.05. This means that the hypothesis is accepted where the quality of service has a positive and significant effect on customer satisfaction. This is in accordance with research conducted by (Setiawan et al., 2019), (Nanincova, 2019), (Riyanto, 2017), (Noor, 2019), (Indiani et al., 2016), (Surahman et al., 2020) and (Husna et al., 2020), which stated that service quality variables have a positive and significant effect on customer satisfaction. The quality of service provided is greater than customer expectations, then customers will be satisfied (Herlambang, 2014).

The Role of Customer Satisfaction in Mediating the Relationship Between Product Variety and Customer Loyalty

Based on the results of the analysis in Table 8, the total effects of the relationship between product diversity and customer loyalty were obtained from the original sample value of 0.204, the T statistics value of 1.933 and the P value of 0.054 > 0.05 where this means that product diversity has a positive but not significant effect on customer loyalty which means that the increase in product diversity does not strongly increase customer loyalty to PT. Tirta Sakti Mandiri.

Meanwhile, in Table 8, the total effects of the relationship between product diversity and customer satisfaction have a positive and significant influence with an original sample value of 0.245, a T statistics value of 2,115 and a P value of 0.035 < 0.05 which means that with an increase in product diversity, it is able to strongly increase customer satisfaction at PT. Tirta Sakti Mandiri. In Table 8, the specific indirect effects of the relationship between product diversity and customer loyalty mediated by customer satisfaction have a positive and significant influence with an original sample value of 0.192, a T value of statistics of 1.993 and a P value of 0.047 > 0.05, which means that the hypothesis is accepted on the relationship of customer satisfaction that is able to fully mediate the relationship of product diversity to customer loyalty.

The Role of Customer Satisfaction in Mediating the Relationship Between Service Quality and Customer Loyalty

Based on the results of the analysis in Table 8, the total effects of the relationship between service quality and customer loyalty were obtained from the original sample value of 0.387, the T statistics value of 4.208 and the P value of 0.000 < 0.05 which means that the quality of service has a positive and significant effect on customer loyalty, which means that the improvement of service quality strongly increases customer loyalty at PT. Tirta Sakti Mandiri.

Meanwhile, in Table 8, the total effects of the relationship between service quality and customer satisfaction have a positive and significant influence with the original sample value of 0.469, the T statistics value of 4.205 and the P value of 0.000 < 0.05 which means that the improvement of service quality is able to strongly increase customer satisfaction at PT. Tirta Sakti Mandiri. In Table 8, the specific indirect effects of the relationship between service quality and customer loyalty mediated by customer satisfaction have a positive and significant influence with the original sample value of 0.367, the T statistics value of 3.498 and the P values of 0.001 < 0.05 which means that the hypothesis is accepted on the relationship of customer satisfaction that is able to mediate some complementary (complementary partial mediation) the relationship between service quality and customer loyalty.

DISCUSSION

The main purpose of this study is to analyze the influence of product diversity and service quality on customer loyalty, with customer satisfaction as a mediating variable in PT. Tirta Sakti Mandiri. The results of the study show that product diversity has a significant positive impact on customer satisfaction, meaning that the more diverse the product choices offered, the higher the level of customer satisfaction. However, the direct relationship between product diversity and customer loyalty is not significant, suggesting that customer satisfaction plays an important role as a link between these two variables.

In addition, this study also confirms that service quality has a significant impact on customer satisfaction and loyalty. This is in line with existing literature that emphasizes the importance of service quality in creating a positive experience for customers. This finding highlights the need for PT. Tirta Sakti Mandiri to focus on improving the quality of service and ensuring that the diversity of products offered meets customer expectations and needs.

CONCLUSION

This study shows that product diversity and service quality have a significant influence on customer satisfaction at PT. Tirta Sakti Mandiri. Although product diversity has no direct effect on customer loyalty, customer satisfaction plays an important mediating variable. This suggests that increasing product variety can increase customer satisfaction, which in turn can drive loyalty. On the other hand, the quality of service has been proven to have a positive and significant direct impact on customer loyalty. This finding has important implications for the

management of PT. Tirta Sakti Mandiri to continue to improve the diversity of products and the quality of services offered. By focusing on these aspects, companies can create a better experience for customers, thereby increasing satisfaction and loyalty. Appropriate and innovative marketing strategies are also needed to face the increasingly fierce competition in the food and beverage industry, as well as to maintain a competitive position in the market.

LIMITATION

This research has several limitations, including a limited focus on PT. Tirta Sakti Mandiri in Bali, which can affect the generalization of results to other contexts. The method of collecting data through questionnaire surveys has the potential to result in respondent bias, so the results may not be completely accurate. In addition, there are other possible variables, such as price and brand image, that also affect customer satisfaction and loyalty but were not identified in this study. Therefore, further research is needed to explore additional factors as well as to improve understanding of the dynamics of the food and beverage industry.

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