

The Effect of Price and Product Quality on Customer Loyalty with Customer Satisfaction as a Mediating Variable: Case Study at Luargaris Coffee & Kitchen

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Abstract

This research investigates how price and product quality influence customer loyalty, with customer satisfaction acting as a mediating variable, focusing on Luargaris Coffee & Kitchen. A quantitative approach was employed, using purposive sampling, and the study involved 372 respondents. This research primarily relies on primary data, which was gathered directly from participants who are consumers of Luargaris Coffee & Kitchen. The primary data was obtained through a carefully structured questionnaire designed specifically to address the research objectives. The dependent variable in this study is consumer loyalty, while the independent variables are price and product quality. Additionally, consumer satisfaction serves as the intervening variable. The data were analyzed through multiple linear regression, applying the SEM-PLS technique. The results indicate that product quality positively and significantly affects customer loyalty, mediated by customer satisfaction. In contrast, price and service quality did not show a significant impact on customers' purchasing decisions. The findings highlight the importance of prioritizing product quality improvement as a fundamental strategy to enhance long-term customer satisfaction and foster customer loyalty.

Keywords: Price, Product Quality, Satisfaction, Customer Loyalty.

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INTRODUCTION

The rapid proliferation of coffee shops across urban areas has intensified competition in the food and beverage industry. Coffee shops are now considered part of modern lifestyles, serving not only as places to purchase beverages but also as social hubs and workspaces (Wardah et al., 2021). In this competitive landscape, business owners must identify key factors influencing consumer preferences to sustain their market position. Among the most critical determinants are price and product quality, which often act as the primary differentiators. Affordable and fair pricing attracts customers, while consistent quality in taste, presentation, and reliability fosters trust. When both elements align, they generate consumer satisfaction that encourages repeat purchases and strengthens loyalty. Loyal customers not only provide sustainable revenue but also contribute to word-of-mouth promotion, making the balance between price and quality essential for long-term competitiveness.

Customer satisfaction plays a central role in shaping loyalty toward a brand or business. Satisfaction occurs when consumer expectations are met or exceeded across dimensions such as taste, service, ambiance, and value for money. Conversely, unmet expectations increase the likelihood of customers switching to competitors. Thus, monitoring satisfaction is vital for coffee shop management, as it not only enhances loyalty but also strengthens brand image and competitiveness. Satisfaction serves as a mediating factor, amplifying or weakening the direct effects of price and product quality on loyalty. In this regard, understanding the interplay between these variables is crucial for both practical business strategy and theoretical contributions to marketing management.

A relevant study by Astuti et al. (2022) investigated the relationships among price, product quality, satisfaction, and loyalty in Janji Jiwa coffee shops in Jakarta. Using a survey of 200 respondents aged 17–40 and path analysis, the study confirmed that satisfaction plays a pivotal mediating role. The findings revealed that higher satisfaction levels reinforced the influence of price and product quality on loyalty, positioning satisfaction as both an outcome and a critical reinforcing factor. Building on this evidence, further research in different contexts and locations is needed to enrich the understanding of consumer behavior and strategic marketing practices.

The present study extends this discussion by focusing on Luargaris Coffee & Kitchen in Tiban, Batam, a coffee shop known for its distinctive flavors, strategic location, and comfortable atmosphere that attracts diverse customer groups. Despite its popularity, the café faces intensifying competition from both local and national brands, making it necessary to continually assess factors that sustain customer satisfaction and loyalty. This study therefore analyzes the extent to which price and product quality affect satisfaction and loyalty at Luargaris. By concentrating on this local case, the research seeks to provide contextually relevant findings with practical managerial applications, while also contributing to the broader academic discourse.

The empirical setting differentiates this study from Astuti et al. (2022). Whereas their research examined Janji Jiwa in Jakarta, this study was conducted at Luargaris Coffee & Kitchen in Batam within the period 2021–2023. Such comparative research highlights variations in consumer preferences across regions, underscoring the importance of contextual approaches. The operationalization of variables is grounded in consumer perceptions: product quality is assessed through taste consistency, presentation, and ingredient use; price through perceived fairness relative to benefits; satisfaction through taste, price suitability, service, and atmosphere; and loyalty through repurchase intentions, recommendations, and brand commitment. Validity and reliability testing ensures that the instruments accurately capture these constructs before further analysis using SEM-PLS.

Theoretically, this study contributes to the enrichment of consumer behavior and marketing management research, particularly within the food and beverage industry. Practically, it provides insights for Luargaris to evaluate its service and product strategies, offering guidance for targeted improvements. For researchers, the study offers an opportunity to apply and refine

analytical models while producing empirically grounded findings. The academic and managerial implications are therefore balanced, ensuring both scholarly relevance and business utility.

The competitive dynamics of Batam's coffee industry underscore the importance of this study. With numerous brands vying for consumer attention, loyalty emerges as a decisive factor for business sustainability. While price and product quality remain fundamental drivers, their impact is limited without satisfaction as a mediating mechanism. High loyalty reduces promotional costs, strengthens retention, and generates organic promotion through positive consumer advocacy. By emphasizing the interconnected roles of price, product quality, satisfaction, and loyalty, this study provides a framework for both academic inquiry and practical strategy.

In conclusion, the background highlights how the balance of price and product quality, mediated by consumer satisfaction, plays a crucial role in sustaining loyalty in the competitive coffee shop industry. By focusing on Luargaris Coffee & Kitchen, the research provides both context-specific insights and broader contributions to marketing management, aiming to guide business strategies and enrich scholarly understanding of consumer behavior..

THEORETICAL BASIS

Theory of Planned Behavior (TPB)

The Theory of Planned Behavior (TPB) was developed by Ajzen (1991) as an extension of the Theory of Reasoned Action (TRA) by Ajzen and Fishbein (1980). TRA emphasized that behavior is shaped by intentions derived from attitudes and social norms, while TPB introduced perceived behavioral control as an additional factor. This refinement highlights that behavior is not only influenced by intentions and norms but also by an individual's perceived ability to perform the action. The theory assumes that people make deliberate decisions by considering potential outcomes, which makes it particularly useful for understanding consumer decision-making.

In consumer behaviours, TPB explains how attitudes, subjective norms, and perceived behavioural control shape purchase intentions, which in turn predict actual behaviours (Ajzen, 1991). A positive attitude toward a product, encouragement from social circles, and perceived ease of access or affordability increase the likelihood of purchase. For instance, when choosing a coffee shop, consumers' intentions may be shaped by their evaluation of coffee quality, recommendations from friends, and the accessibility of the location.

Several studies support the application of TPB in consumer contexts. Rosalina (2022) demonstrated that purchase intention significantly influences students' behaviours in choosing cosmetic products, mediated by attitudes, subjective norms, and behavioral control. Similarly, Hidayat (2021) found that consumers consider not only the direct benefits of a product but also social expectations and external constraints. These findings confirm that TPB provides a comprehensive framework for explaining consumer decisions.

Given its flexibility, TPB has been widely applied across industries, including the food and beverage sector. In this study, TPB is adopted as the grand theory to explain factors influencing consumer intention and loyalty, serving as the basis for hypothesis development and the design of measurement instruments.

Marketing Mix

The marketing mix is a set of strategic tools that businesses use to engage target audiences and achieve desired outcomes. Kotler and Armstrong (2016) define it through four interrelated components, known as the 4Ps: product, price, place, and promotion. These elements work in coordination to deliver value, meet consumer needs, and build long-term relationships. By optimizing the balance among them, companies can design strategies that align with market demands, enhance customer satisfaction, and strengthen competitiveness.

1. Product

Products are the core of the marketing mix. Without a product, nothing can be marketed. Products encompass everything a company offers to its target market to satisfy consumer needs and wants. Products can be tangible goods, services, experiences, information, or a combination of these. Important aspects of product elements include:

- a) Product quality: How well the product meets consumer needs.
- b) Features or specifications: Includes product innovations and advantages.
- c) Design: The visual and ergonomic appearance of the product.
- d) Brand: A unique identity that differentiates a product from competitors.
- e) Packaging: Protective function as well as visual appeal.
- f) Warranty and after-sales service: Guarantee of trust for consumers after purchase.
- g) Companies need to develop products with a consumer orientation (customer-centered innovation), not just focusing on technical excellence alone.

2. Price

Price is the amount of money a customer must pay to obtain a product or service. According to Kotler and Armstrong, price is not just a nominal figure, but also reflects the customer's perceived value of the product.

Pricing strategies include a variety of approaches, such as:

- a) Value-based pricing: Determining prices based on customer perceptions of value.
- b) Cost-based pricing: Based on production costs plus a profit margin.
- c) Discount and incentive strategies: Including rebates, coupons, purchase bonuses, etc.
- d) Psychological pricing: For example, the price is Rp. 9,999 to make it look cheaper than Rp. 10,000.
- e) Dynamic pricing: Prices change depending on market conditions or demand.
- f) Pricing decisions must take into account the purchasing power of the target market, the brand's position in the market, and the competition.

3. Place (Place/Distribution)

Place or distribution is how products are made available to customers at the right location and time. It encompasses all activities undertaken to ensure products reach end consumers in the most efficient and effective manner. Key elements of distribution include:

- a) Direct and indirect distribution channels: Does the company sell directly to consumers or through intermediaries (agents, wholesalers, retailers).
- b) Distribution coverage: Intensive (many outlets), selective (limited), or exclusive (very limited)
- c) Physical and digital sales locations: Physical stores, e-commerce, marketplaces, mobile apps.
- d) Supply chain management: Coordination of logistics, warehousing, transportation.
- e) Ease of access for customers: Products must be easy to find and reach.
- f) The success of a place strategy is heavily influenced by developments in digital technology and changes in consumer behavior, such as online shopping trends.

4. Promotion

Promotion is all marketing communication activities carried out to convey a product's value, persuade customers to buy, and build brand loyalty. It is the communication aspect of the marketing mix. Forms of promotion include:

- a) Advertising: Mass media, digital, social media, billboards, and others.
- b) Sales promotion: Discounts, free samples, bundling, and instant gifts.
- c) Public relations: Press releases, sponsored events, CSR, crisis management.
- d) Direct marketing: Email, SMS, catalog, telephone.
- e) Digital marketing: SEO, SEM, influencer marketing, content marketing, and social media.
- f) Personal selling: Face-to-face selling by salespeople.

g) Promotional strategies must be integrated so that the messages received by consumers are consistent and effective in forming brand image.

According to Kotler and Armstrong (2016), the marketing mix is a framework for designing effective strategies through four elements: product, price, place, and promotion. These elements must be aligned to consumer needs in order to build competitive advantage and loyalty. In the service sector, the mix has evolved into 7Ps with the addition of people, process, and physical evidence, which reflect service quality, operational flow, and tangible aspects such as design and cleanliness. For Luargaris Coffee & Kitchen, these dimensions are directly relevant as they shape both satisfaction and loyalty.

Price is a critical determinant of consumer choice because it reflects the perceived fairness between cost and quality. Afrizoni (2023) highlights that pricing strongly influences purchasing behavior in the food and beverage industry. Competitive yet fair pricing, when balanced with consistent quality, strengthens positioning and fosters loyalty. Thus, for Luargaris, continuous evaluation of pricing strategies is essential.

Equally important, product quality must meet expectations, ensure consistency, and differentiate from competitors. In the coffee shop context, the product encompasses not only beverages and food but also the overall experience. Menu innovation, attractive presentation, and reliable taste directly support customer satisfaction. Kotler and Armstrong (2019) emphasize that quality management requires ongoing development and feedback utilization to sustain competitiveness. Place and promotion complement these factors by enhancing accessibility and brand awareness. A strategic location provides convenience, while promotions through social media, discounts, and loyalty programs increase engagement. Together, these elements build stronger consumer attachment.

This study focuses on price and product quality within the marketing mix framework to examine their effect on loyalty, with satisfaction as a mediating factor. By integrating the Theory of Planned Behavior (Ajzen, 1991) with the marketing mix perspective, the research aims to provide a deeper understanding of consumer behavior at Luargaris Coffee & Kitchen.

Literature Review

The relationship between price, product quality, and customer loyalty has been widely examined, with many studies emphasizing the mediating role of customer satisfaction. Product quality is often highlighted as a central determinant of loyalty. Ma'arifah et al. (2021) found that Batik Keris Surakarta's marketing mix strategy enhanced loyalty by focusing on quality, while Nanda et al. (2020) showed that differentiation in the coffee shop industry, combined with effective Instagram marketing, strengthens consumer attachment. In line with this, Puji et al. (2022) confirmed that both product quality and price significantly affect loyalty, mediated by satisfaction.

Price also plays a crucial role in shaping consumer behavior, particularly in competitive markets. Dewi et al. (2021) emphasized that price must align with perceived quality to sustain satisfaction and loyalty. Similarly, Putra et al. (2022) demonstrated that Starbucks' strategy of offering quality coffee at competitive prices positively affects satisfaction and repeat patronage. Beyond price and product, Hartono et al. (2021) stressed that transaction convenience and e-service quality in online platforms also shape purchasing decisions and indirectly drive loyalty, highlighting the growing importance of service quality in digital contexts.

Customer satisfaction consistently emerges as the mediating factor linking price and product quality to loyalty. Panjaitan and Setyorini (2019) confirmed this mediating effect, showing that favorable pricing or quality alone is insufficient without corresponding satisfaction. Muahafidhah (2020) similarly noted that consumers assess value not just through price but also through product uniqueness and differentiation, making satisfaction critical for retention. Service quality is another determinant closely tied to satisfaction. Solikha and Suprapta (2020) showed that excellent service enhances satisfaction and fosters loyalty, particularly relevant in coffee shops where service quality differentiates brands. Digital marketing has also been

identified as influential; Yanuar (2018) found that Instagram engagement strengthens emotional connection and loyalty when coupled with quality products and competitive pricing.

In online commerce, consumer trust and information quality also affect satisfaction and loyalty. Susanto et al. (2023) highlighted that reliable product information and perceived security shape purchase decisions, a finding that extends to coffee shops with online ordering systems. Finally, Wina (2015) emphasized that maintaining quality while implementing differentiation strategies secures loyalty even amid price fluctuations.

Overall, prior studies converge on the idea that price and product quality are key drivers of customer loyalty, but their influence is consistently reinforced by customer satisfaction. In the context of Luargaris Coffee & Kitchen, integrating these insights highlights the importance of combining competitive pricing, high-quality products, effective service, and digital engagement to foster long-term loyalty.

Hypothesis Development

The Influence of Price on Consumer Loyalty

Price is a key factor in shaping consumer loyalty. Santoso (2019) found that appropriate pricing encourages loyalty, while Astuti (2022) noted that consumers remain loyal when prices are perceived as fair and beneficial. Within the Theory of Planned Behavior (Ajzen, 1991), perceptions of price fairness foster positive attitudes because consumers view the balance between cost and benefits as reasonable, which strengthens their intention to repurchase. Zhang et al. (2021) also confirmed that fair pricing significantly improves consumer attitudes and behavioral intentions. Moreover, when consumers believe they have the ability to repurchase (perceived behavioral control), this intention is reinforced and ultimately contributes to brand loyalty.

H1: Price has a positive effect on consumer loyalty.

The Influence of Product Quality on Consumer Loyalty

Research by Indrawati (2018) shows that product quality contributes significantly to customer loyalty, and Mahanani & Alam (2022) emphasize that consumers remain loyal if the quality they receive consistently meets expectations. These findings reinforce the role of superior quality in retaining a customer base. According to the Theory of Planned Behavior (Ajzen, 1991), positive perceptions of product quality shape attitudes that support repeat purchases. Furthermore, when consumers believe they can consistently obtain quality products (perceived behavioral control), their behavioral intention to be loyal is strengthened. An empirical study by Calvin Johari & Keni Keni (2022) on MSME cake products shows that product quality, consumer attitudes, and perceived behavioral control positively and significantly influence purchase intentions, in line with the TPB model. Thus, product quality shapes not only attitudes and behavioral control but also repurchase intentions—a crucial step towards customer loyalty.

H2: Product quality has a positive effect on consumer loyalty.

The Influence of Price on Consumer Satisfaction

Research by Solikha & Suprapta (2020) shows that price has a significant impact on customer satisfaction, while Pardede (2021) asserts that fair and rational pricing significantly increases customer satisfaction. Within the framework of the Theory of Planned Behavior (Ajzen, 1991), the perception of fair prices contributes to the formation of a positive attitude toward a product because consumers perceive a balance between price and benefits which subsequently strengthens behavioral intentions to make a purchase. A study by Susanti (2019) in the hotel sector stated that perceived price fairness has a significant effect on customer satisfaction, and this satisfaction acts as a mediator that strengthens customer loyalty. Furthermore, consumers' confidence that they can afford and receive a fair price (perceived behavioral control) also increases repurchase intentions. Thus, regular price evaluation is not

only important for maintaining satisfaction standards but also for supporting loyal consumer intentions and behavior.

H3: Price has a positive effect on consumer satisfaction.

The Influence of Product Quality on Consumer Satisfaction

Research by Afnina & Hastuti (2018) revealed that product quality is a major driver of customer satisfaction, and Imron (2019) emphasized that maintaining product quality according to consumer expectations is crucial for achieving high levels of satisfaction. These findings indicate that products that consistently meet expectations not only increase customer trust but also positively impact overall business performance. From the perspective of the Theory of Planned Behavior (Ajzen, 1991), consumer perceptions of product quality (perceived product quality) shape a positive attitude toward a brand. Consumers tend to view quality products as a good choice, which increases behavioral intention to repurchase. A study by Calvin Johari & Keni Keni (2022) in the context of MSMEs selling cake products showed that quality (as an antecedent variable) significantly influences attitude and purchase intention, verifying this TPB mechanism. Furthermore, when consumers feel able to access and trust that product quality will always be present (perceived behavioral control), their intentions become stronger, significantly influencing loyalty behavior.

H4: Product quality has a positive effect on consumer satisfaction.

The Influence of Consumer Satisfaction on Consumer Loyalty

Astuti (2022) stated that there is a close relationship between customer satisfaction and loyalty, and Santoso (2019) found a positive correlation between the two. This suggests that maintaining customer satisfaction is key to maintaining long-term loyalty. Based on the Theory of Planned Behavior (Ajzen, 1991), customer satisfaction shapes attitude, which is a positive attitude toward a brand or product that then increases behavioral intention to continue purchasing. The results of a study by Lee et al. (2022) in the context of tenants show that satisfaction has a direct and significant effect on loyalty, in line with the TPB pattern, where a positive attitude toward satisfaction strengthens loyal intentions and behavior. Furthermore, when consumers feel confident that they have control over the decision to continue using a product or service (perceived behavioral control), the intention to remain loyal is strengthened, strengthening the relationship between intention and behavior within the TPB framework.

H5: Consumer satisfaction has a positive effect on consumer loyalty.

The Influence of Price on Consumer Loyalty through Consumer Satisfaction

According to Astuti (2022), a price commensurate with a product's value directly influences loyalty, especially when consumers feel satisfied after a purchase. Santoso (2019) also emphasized that consumer satisfaction is a crucial channel bridging the influence of price on loyalty. This emphasizes that appropriate pricing, combined with achieving satisfaction, will strengthen consumer attachment to a brand. Within the TPB framework (Ajzen, 1991), consumer perceptions of price fairness play a role in shaping a positive attitude toward the brand. This attitude then increases behavioral intention to continue purchasing. A study by Puteri & Bernarto (2022) on the GoJek platform concluded that price fairness significantly influences consumer satisfaction, which in turn drives loyalty, strengthening the TPB mechanism where attitudes and intentions are influenced by price perceptions. Furthermore, perceived behavioral control, the belief that consumers can afford quality products at a fair price, also strengthens repurchase intentions. Therefore, careful price evaluation that is always aligned with product quality not only maintains satisfaction but also fosters consumer loyalty intentions and behavior.

H6: Price has a positive effect on Consumer Loyalty through Customer Satisfaction

The Influence of Product Quality on Consumer Loyalty through Consumer Satisfaction

Astuti's (2022) research shows that good product quality can create satisfaction and trigger customer loyalty, while Palilati et al. (2022) added that quality products also strengthen consumers' emotional attachment to the brand. Within the framework of the Theory of Planned Behavior (Ajzen, 1991), product quality perception is the main premise for the formation of brand loyalty.attitude(positive attitude), because consumers who believe that quality meets expectations will form a positive evaluation of the product. Furthermore, the belief that quality products are consistently available (perceived behavioral control) strengthens the intention to repurchase. A study by Calvin Johari & Keni Keni (2022), which analyzed MSMEs selling cakes, showed that product quality variables had a significant positive effect on attitude and purchase intention, confirming the TPB mechanism in the context of product quality. Thus, continuous quality improvement, whether through innovation or refinement, not only builds positive attitudes and behavioral control but also strengthens consumer intentions and brand loyalty.

H7: Quality has a positive effect on Consumer Loyalty through Customer Satisfaction

Data Types and Sources

This study relies primarily on primary data collected directly from consumers of Luargaris Coffee & Kitchen. Data were obtained through a structured questionnaire designed to capture consumer perceptions of price, product quality, satisfaction, and loyalty. The questionnaire was carefully developed to align with the research objectives and distributed to visitors who had direct experience with the café, ensuring that responses accurately reflected real consumer behaviors and preferences.

All data gathered are original and collected exclusively for this research, thereby enhancing validity and relevance. By relying on firsthand feedback from actual customers, the study provides authentic and context-specific insights into the factors influencing consumer satisfaction and loyalty at Luargaris Coffee & Kitchen.

RESEARCH METHOD

The study employed a quantitative approach, utilizing a closed-ended questionnaire that was designed based on established theoretical indicators for each variable being studied. This method enabled the collection of specific, measurable data that could be effectively analyzed. The questionnaires were distributed directly to customers who had previously visited Luargaris Coffee & Kitchen. The selection of participants was based on relevant demographic factors such as gender, age group, and previous visitation experience at the café, ensuring that the sample was diverse and represented the target consumer base.

A total of 372 respondents were successfully surveyed, meeting the study's inclusion criteria. This sample size was considered adequate to provide reliable results for statistical analysis. The data collected were analyzed using SPSS software, which allowed for both partial and simultaneous testing of the variables' effects. This analysis provided insights into how various factors, such as price and product quality, influence customer satisfaction and loyalty.

Table 1. Methods Research

Variable	Type of Variable	Definition	Indicator	Scale
Price (X1)	Independent Variable	Price is the amount of money charged for a product or service	1. Price Suitability 2. Price List 3. Price Discount 4. Price Perception	Likert
Product Quality (X2)	Independent Variable	Product quality refers to the characteristics or attributes of a	1. Product Performance	Likert

Variable	Type of Variable	Definition	Indicator	Scale
		product or service that determine how well it meets consumer needs, both direct and latent	2. Additional Features 3. Specification Conformance 4. Aesthetics	
Customer Loyalty (Y)	Dependent Variable	Customers who are satisfied with a product or service and make repeat purchases, showing loyalty to the brand	1. Reuse of Service 2. Recommend to Others	Likert
Customer Satisfaction (Z)	Intervening Variable	Consumers' satisfaction with whether their expectations and desires are met, based on the menu, price, facilities, and services provided	1. Expectation Suitability 2. Willingness to Revisit 3. Willingness to Recommend	Likert

Source: Processed from various sources(Nanda Annisa et al., 2020)

Research Instruments

Research Muhammad & Febriatmoko, (2022) For data collection, this study utilized a Likert scale ranging from 1 to 5. Respondents were asked to indicate their level of agreement with various statements, where a score of 5 represented "Strongly Agree" (SS) and a score of 1 represented "Strongly Disagree" (STS). The scale was specifically designed to capture the intensity of respondents' attitudes, opinions, and perceptions regarding the variables under study. The structure of the research instrument was adapted from previous research conducted by Muhammad & Febriatmoko (2022), who developed similar measurement scales to assess various consumer-related behaviors. This allowed the study to use well-established indicators for each variable, ensuring consistency and reliability in measuring the constructs defined in the operationalization phase.

The use of a Likert scale enables the researchers to quantitatively assess subjective opinions, making it easier to analyze trends and patterns in consumer responses. By employing this scale, the study can measure not just the direction of respondents' attitudes but also the intensity, providing a more comprehensive understanding of consumer preferences and attitudes toward price, product quality, customer satisfaction, and loyalty. This structured approach is particularly beneficial for studying attitudes in a systematic and quantifiable manner, ensuring the validity of the data collected.

Time, Location and Object of Research

The study was carried out in 2023, specifically at Luargaris Coffee & Kitchen, located in Tiban, Batam. The research focused on the visitors of this café, who were chosen as the subjects due to their direct experiences with the café's offerings. By selecting customers who had already interacted with the business, the study aimed to gather real-time feedback from individuals who had firsthand experience of the café's products and services. This approach allowed for the collection of data that is both relevant and grounded in actual consumer behavior, providing insights into the factors influencing customer loyalty and satisfaction at the café. The choice of location, Luargaris Coffee & Kitchen, was strategic as it represented a popular establishment with a diverse customer base.

Conducting research at a specific and active site, such as this café, provided the researchers with a targeted demographic. It also allowed for the study to capture valuable context-specific insights that are critical to understanding the local consumer market. The research's object was, therefore, centered on the interactions between the business and its

customers, focusing on how price, product quality, and customer satisfaction affect consumer loyalty in the context of this café.

Sample Size Determination Technique

The sample size in this study was determined by focusing on consumers who had visited Luargaris Coffee & Kitchen in Tiban, Batam, ensuring that the data reflected actual customer experiences. This purposive sampling approach allowed the research to capture insights from respondents who were directly familiar with the café and its offerings, thereby increasing the validity and relevance of the findings.

Data were collected through questionnaires distributed between November 6–12, 2023, targeting customers who visited the café during that period. The defined timeline was intended to maintain consistency in consumer responses and minimize the influence of seasonal or temporal fluctuations in customer behavior. This approach ensured that the sample represented the café's active customer base and provided reliable data for achieving the study's objectives.

Sampling Techniques

This study employed a non-probability sampling method, meaning not all individuals in the population had an equal chance of being selected. Instead, respondents were chosen based on specific criteria relevant to the research objectives, namely consumers who had visited Luargaris Coffee & Kitchen. Although this method does not ensure full statistical representativeness, it allows the study to focus on individuals whose experiences directly align with the research context, thereby increasing the relevance and depth of the findings.

Within this framework, a purposive sampling approach was applied. Respondents were deliberately selected because they possessed characteristics essential to the study specifically, firsthand experience with the café. This methodological choice prioritizes data quality over quantity, ensuring that the information collected is meaningful and contextually accurate. By establishing clear selection criteria, such as actual customer experience, the study was able to capture insights from participants most capable of providing relevant and reliable responses.

Data collection technique

Collection data technique on capture consumer perceptions and experiences regarding price, quality, satisfaction, and loyalty. Dissemination was conducted online, using the Google Forms platform, facilitating respondent participation and expediting the data collection process. The online approach was chosen to reach consumers more widely and efficiently.

Data Processing Techniques

After collecting the questionnaire data, the next step was to tabulate the initial data using Microsoft Excel. This process involved organizing the data into tables for easier analysis and interpretation. The data was then imported into SmartPLS software for further processing, including analyzing relationships between variables and testing hypotheses. This allowed the analysis process to be conducted systematically and based on measurable statistics.

Data Analysis Techniques

1. Partial Least Square (PLS) Data Analysis

This study employed the Partial Least Squares (PLS) method to analyze the relationships between price, product quality, consumer satisfaction, and consumer loyalty. PLS was selected because it is capable of handling complex models with multiple indicators, analyzing latent variables simultaneously, and accommodating relatively small sample sizes without requiring strict distributional assumptions. These characteristics make it particularly suitable for research on consumer behavior.

The analysis was carried out in two stages: the outer model and the inner model. The outer model evaluation tested the validity and reliability of the measurement indicators for each construct, ensuring that they accurately represented the theoretical framework and produced

consistent results. The inner model evaluation then examined the structural relationships between the latent variables, assessing the significance and strength of the hypothesized paths. This approach allowed the study to validate the proposed model and determine the extent to which price and product quality influence consumer satisfaction and loyalty.

RESULTS AND DISCUSSION

Evaluation of Measurement Model (Outer Model)

Convergent Validity

Convergent validity is assessed by examining the measurement indicators for each construct to ensure that they consistently represent the same underlying concept. This form of validity checks whether the indicators that are intended to measure the same construct are indeed converging, or aligned, in terms of their responses. To ensure this, the cross-loading value for each variable must exceed a threshold of 0.70. If any indicator demonstrates a factor loading below this value, it is considered weak and will be excluded from the model to maintain the integrity of the construct's measurement.

Table 2. Convergent Validity

Variable	Indicator	Outer Loadings	Notes
Price	HG1	0.893	Valid
	HG2	0.778	Valid
	HG3	0.839	Valid
	HG4	0.913	Valid
	HG5	0.923	Valid
Product Quality	KP1	0.810	Valid
	KP2	0.871	Valid
	KP3	0.897	Valid
	KP4	0.916	Valid
	KP5	0.929	Valid
Consumer Loyalty	LK1	0.832	Valid
	LK2	0.832	Valid
	LK3	0.905	Valid
	LK4	0.896	Valid
	LK5	0.927	Valid
Consumer Satisfaction	KK1	0.833	Valid
	KK2	0.827	Valid
	KK3	0.779	Valid
	KK4	0.853	Valid
	KK5	0.843	Valid

The modifications reflected in Figure 2 reveal that all the measurement indicators successfully meet the criteria for convergent validity. Specifically, each indicator demonstrates a loading factor greater than 0.70, which is the threshold for ensuring that the indicators are reliably capturing the intended construct. This indicates that the indicators are well-aligned with the theoretical framework, showing consistency in their measurement.

As a result, the findings suggest that the measurement model is robust, as all indicators contribute effectively to their respective constructs. The high loading factor values further confirm the validity of the model, affirming that each construct is represented by indicators that are both relevant and dependable in measuring the desired variables.

Table 3 Discriminant Validity

Variable	Price	Consumer Satisfaction	Product Quality	Consumer Loyalty
Price	0.945	0.919	0.948	0.903
Consumer Satisfaction	0.953	0.919	0.919	0.923
Product Quality	0.919	0.948	0.919	0.903
Consumer Loyalty	0.925	0.955	0.895	0.923

Based on the data analysis presented in Table 3, it can be observed that the loading factor values for the indicators of each variable are notably higher compared to the loading values of other variables. This suggests that the indicators are effectively measuring their respective constructs, displaying strong alignment with the theoretical framework. The higher the loading factor, the more reliable the indicator is in representing its corresponding variable.

However, it is also important to note that some variables show high correlations with other constructs. While this does not necessarily undermine their validity, it suggests that these variables may share common underlying dimensions, indicating potential overlap. Despite this, the overall results indicate that each variable exhibits good discriminant validity, as the indicators demonstrate sufficient distinction from one another while still being closely related within their respective constructs.

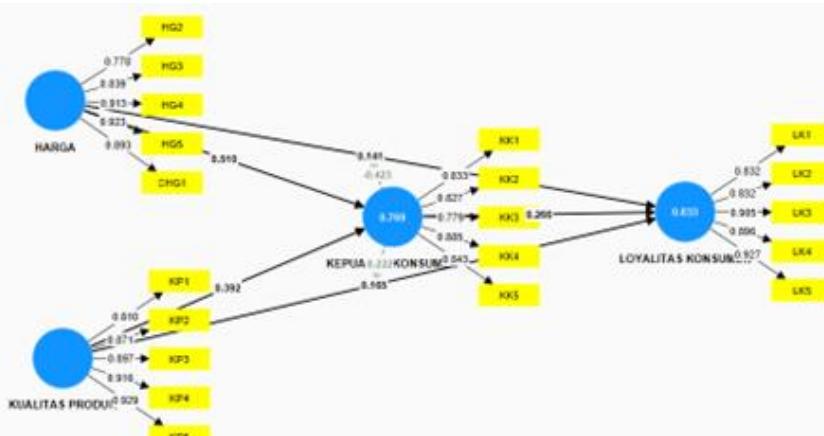


Figure 2. PLS Algorithm Results

The changes presented in Figure 2 demonstrate that every indicator has satisfied the criteria for convergent validity. Each indicator shows a loading factor exceeding the 0.70 threshold, which is considered the benchmark for establishing the strength of the relationship between the indicators and their corresponding constructs. This confirms that the indicators are effectively representing the constructs they are intended to measure.

These results validate the consistency and reliability of the measurement model. Since all the indicators have high loading values, it indicates that the model's constructs are accurately reflected, ensuring the validity of the study's measurement framework. Thus, the indicators are deemed appropriate for their respective variables, reinforcing the overall integrity of the model.

Discriminant Validity

Discriminant validity is used to confirm that each construct in the model is conceptually distinct and measures a unique concept. A construct demonstrates good discriminant validity when its indicators load more strongly on their respective latent variable than on any other construct, ensuring that there is no excessive overlap between variables.

In this study, discriminant validity was tested using the PLS algorithm. The results showed that all indicators had the highest loading factor on their corresponding latent variable

compared to others. These findings confirm that the constructs are sufficiently distinct, thereby supporting the robustness and reliability of the measurement model.

Table 4. Discriminant validity

Variable	Price	Consumer Satisfaction	Product Quality	Consumer Loyalty
Price	0.945	0.919	0.948	0.903
Consumer Satisfaction	0.953	0.919	0.919	0.923
Product Quality	0.919	0.948	0.919	0.903
Consumer Loyalty	0.925	0.955	0.895	0.923

Based on the data analysis presented in Table 4, it is evident that the loading factor values for the indicators of each variable are the highest when compared to those of other variables. This suggests that the indicators are effectively capturing the intended constructs, demonstrating their strong association with the variables they represent. The high loading factor values indicate that the constructs are measured with a high degree of reliability and consistency.

However, despite these high loading factors, some variables show a notable correlation with other constructs. While this does not necessarily undermine their validity, it highlights the potential overlap between certain constructs. Nevertheless, the overall analysis indicates that the model maintains good discriminant validity, as the primary indicators of each variable still demonstrate clear and distinct relationships with their respective constructs.

Construct Reliability and Validity

Table 5. Construct Reliability and Validity

Variable	Composite Reliability	Average Variance Extracted (AVE)
Price	0.944	0.758
Consumer Satisfaction	0.919	0.773
Product Quality	0.948	0.784
Consumer Loyalty	0.944	0.773

The results in Table 5 show that the composite reliability values for all latent variables exceed the threshold of 0.70, indicating that each construct is measured consistently and that the indicators are reliable. This demonstrates that the questionnaire used in this study functions as a dependable instrument for capturing the intended constructs, thereby supporting the credibility of the findings.

In addition, the Average Variance Extracted (AVE) values were found to be higher than the correlations between constructs, fulfilling the required standard for convergent validity. This means that each construct shares more variance with its indicators than with other constructs, further strengthening the validity of the measurement model and confirming the suitability of the data for subsequent testing.

Table 6. Structural Equation Model (Inner Model)

Variable	Price	Consumer Satisfaction	Product Quality	Consumer Loyalty
Price	0.945	0.919	0.948	0.903
Consumer Satisfaction	0.953	0.919	0.919	0.923
Product Quality	0.919	0.948	0.919	0.903
Consumer Loyalty	0.925	0.955	0.895	0.923

A structural model is developed based on theoretical concepts to examine the relationships between exogenous and endogenous variables, as outlined in the conceptual

framework. The evaluation of the structural model, or inner model, is carried out through various stages, which include the calculation of key metrics to assess the strength of the relationships between the variables. These steps help to ensure that the model accurately reflects the theoretical constructs and their interactions.

Coefficient of Determination (R2)

Table 7. Coefficient of Determination

Variable	R-square
Consumer Satisfaction	0.769
Consumer Loyalty	0.883

In the data analysis presented in Table 7, the Coefficient of Determination (R^2) values for the variables are shown. For Consumer Satisfaction, the R^2 value is 0.769, indicating that 76.9% of the variation in customer satisfaction is explained by the model, suggesting a strong relationship. Similarly, the Consumer Loyalty variable has an R^2 value of 0.883, meaning that 88% of the variation in consumer loyalty can be attributed to the factors in the model, demonstrating a very strong explanatory power.

F Square Value

Table 8. F Square Value

Variable	Variable	R-square
Consumer Satisfaction	Price	0.241
Consumer Loyalty	Product Quality	0.143

In Table 8, the F Square values for the variables in the model are provided. For the Consumer Satisfaction variable, the F^2 value with respect to Price is 0.241, indicating a moderate effect size. This suggests that Price has a notable impact on Consumer Satisfaction, contributing to a significant portion of the variation in this construct. Meanwhile, the Consumer Loyalty variable shows an F^2 value of 0.143 in relation to Product Quality, implying a relatively small but still meaningful effect of product quality on customer loyalty. These values help assess the strength of each variable's influence on the dependent constructs.

Q Square Value

Table 9. Q Square Value

Variable	Variable	Q ²
Consumer Satisfaction	Consumer Satisfaction	0.529
Consumer Loyalty	Consumer Loyalty	0.617

In Table 9, the Q^2 values for the constructs are presented, offering insight into the predictive relevance of the model. For Consumer Satisfaction, the Q^2 value is 0.529, which indicates that the model has moderate predictive relevance for explaining customer satisfaction. Similarly, the Consumer Loyalty variable has a Q^2 value of 0.617, suggesting a high level of predictive relevance for explaining consumer loyalty. These values provide an understanding of how well the model predicts the outcomes, with higher Q^2 values reflecting better predictive performance.

Hypothesis Testing

In hypothesis testing, it is crucial that the estimated path relationship within the structural model is statistically significant. To assess the significance of these relationships, the bootstrapping procedure is employed, which allows for the estimation of standard errors and t-values. This method helps determine whether the hypothesized relationships between the variables hold true. The significance of each hypothesis is evaluated by examining the parameter coefficients and their corresponding t-values as reported in the bootstrapping algorithm.

To evaluate whether a relationship is statistically significant, the calculated t-statistic is compared against the critical value from the t-table at an alpha level of 0.05 (5%), which corresponds to a critical value of 1.96. If the calculated t-statistic exceeds this threshold, the hypothesis is considered significant. This comparison ensures that the relationships tested within the model have sufficient statistical backing, confirming their relevance in explaining the underlying phenomena.

Table 10. Hypothesis Testing

Variable	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Price -> Consumer Satisfaction	0.510	0.508	0.054	9.421	0.000
Princw -> Consumer Loyalty	0.141	0.135	0.081	1.742	0.082
Consumer Satisfaction -> Consumer Loyalty	0.266	0.271	0.080	3.328	0.001
Product Quality -> Consumer Satisfaction	0.392	0.394	0.051	7.658	0.000
Product Quality -> Consumer Loyalty	0.165	0.171	0.077	2.145	0.032

Based on Table 10, the Direct Relationship Hypothesis Test shows that all have an influence with a p-value below 0.05, except for price on consumer loyalty, which shows an insignificant influence with a p-value of $0.082 > 0.05$.

Mediation Relationship Test Results

The mediation hypothesis test was conducted to analyze the indirect effects between the independent and dependent variables through the mediating variable. This test helps to determine whether a third variable influences the relationship between the primary variables. The significance of these indirect relationships was evaluated by comparing the calculated t-statistic with the critical value from the t-table at a significance level of 0.05 (5%), where the threshold is set at 1.96. If the t-statistic exceeds this value, the mediation effect is considered significant.

In this research, Consumer Perceived Value was selected as the mediating variable to examine how it influences the relationship between the independent and dependent variables. By assessing this indirect path, the study aims to understand the role of perceived value in shaping customer behaviors and satisfaction. The results of this mediation test provide deeper insights into how consumer perceptions affect the overall dynamics of the model.

Table 11. Mediation Relationship Test

Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T Value	P values
Consumer Satisfaction x Price -> Consumer Loyalty	-0.423	-0.416	0.106	3.989
Consumer Satisfaction x Product Quality -> Consumer Loyalty	0.222	0.218	0.108	2.046

Based on Table 11 of the Mediation Relationship Hypothesis Test, it can be seen that the consumer satisfaction variable mediates the relationship between variables X and Y.

DISCUSSION

1. The Influence of Price on Consumer Loyalty

The results show that Price (X1) does not have a significant effect on Consumer Loyalty (Y) at LuarGaris Coffee & Kitchen, as indicated by a significance value of 0.082, which is greater than the threshold of 0.05. This finding suggests that, although theoretically competitive prices may influence loyalty, in practice customers may prioritize other factors such as product quality, service, ambiance, and convenience. Therefore, management should not rely solely on pricing strategies to build loyalty but instead focus on improving overall customer experience through service excellence, menu innovation, and a comfortable environment.

2. The Influence of Product Quality on Consumer Loyalty

The analysis confirms that Product Quality (X2) significantly affects Consumer Loyalty (Y), with a T-value of 2.145. This indicates that higher quality products foster stronger loyalty. Enhancing product quality not only meets customer expectations but also strengthens brand attachment and competitive positioning. For LuarGaris Coffee & Kitchen, consistent quality improvement is an effective strategy for cultivating loyalty and long-term success in the market.

3. The Influence of Price on Consumer Satisfaction

The results demonstrate that Price (X1) significantly affects Consumer Satisfaction (Z), with a T-value of 9.421. Reasonable and value-aligned pricing increases satisfaction, which subsequently contributes to loyalty. This highlights the importance of maintaining fair pricing policies to ensure positive customer perceptions and satisfaction, which can foster stronger customer relationships and enhance loyalty.

4. The Influence of Product Quality on Consumer Satisfaction

The findings indicate that Product Quality (X2) significantly affects Consumer Satisfaction (Z), with a T-value of 4.125. High-quality products create positive customer experiences, increase trust, and strengthen brand reputation. By prioritizing consistent quality, LuarGaris Coffee & Kitchen can improve satisfaction, foster loyalty, and build sustainable customer relationships, providing a key advantage in the competitive coffee shop industry.

5. The Influence of Consumer Loyalty on Consumer Satisfaction

The analysis shows that Consumer Satisfaction (Z) significantly influences Consumer Loyalty (Y), with a T-value of 3.975. This confirms that satisfied customers are more likely to remain loyal. Customer satisfaction is thus a critical indicator of service and product quality. Maintaining high satisfaction not only ensures loyalty but also encourages positive word-of-mouth and customer retention, which are essential for long-term business growth.

6. The Influence of Price on Consumer Loyalty Through Consumer Satisfaction as an Intervening Variable

From the findings reveal that Price (X1) indirectly affects Consumer Loyalty (Y) through Consumer Satisfaction (Z). Significant relationships were found between price and satisfaction as well as satisfaction and loyalty, indicating that satisfaction mediates the effect of price on loyalty. This suggests that fair pricing increases satisfaction, which in turn fosters loyalty. Hence, balancing price and customer value is essential to strengthen long-term loyalty.

7. The Influence of Product Quality on Consumer Loyalty Through Consumer Satisfaction as an Intervening Variable

The results confirm that Product Quality (X2) positively affects Consumer Loyalty (Y) through Consumer Satisfaction (Z). Significant relationships were identified between product quality and satisfaction, and between satisfaction and loyalty, underscoring satisfaction's mediating role. High product quality creates positive experiences, builds satisfaction, and ultimately enhances loyalty. Therefore, continuous quality improvement integrated with strategies to sustain satisfaction is vital for achieving customer loyalty and ensuring the long-term sustainability of LuarGaris Coffee & Kitchen.

CONCLUSION

Based on the findings of the analysis conducted, this study concludes that both price and product quality play a significant role in shaping consumer satisfaction and loyalty. A price perceived as fair and commensurate with the value of the benefits received will provide a positive experience for consumers. When consumers perceive that the price paid reflects the quality and service received, satisfaction levels increase significantly. This demonstrates that price perception is a crucial aspect in building long-term loyalty to a brand or business, as seen in the case of LuarGaris Coffee & Kitchen.

Besides price, product quality is also a determining factor in building customer satisfaction. Products that meet consumer expectations in terms of taste, appearance, and service consistency will strengthen customer trust in the brand. Maintaining quality can create a satisfying and enjoyable consumption experience, which ultimately strengthens consumers' commitment to repurchase or recommend the product to others. Therefore, continuous product quality improvement is a crucial aspect in maintaining loyalty.

Customer satisfaction has proven to be a crucial element in bridging the influence of price and quality on loyalty. When customers are satisfied, their relationship with the product becomes stronger, even in the face of competition. This means that strategies focused on improving quality and adjusting prices must be geared toward maximizing customer satisfaction. Therefore, LuarGaris Coffee & Kitchen needs to adjust its marketing strategy while maintaining quality and creating competitive prices that meet customer expectations to maintain loyalty and sustainably expand market share.

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