

# Factors Influencing Customer Loyalty on A&W Customers in Jakarta

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## ABSTRACT

**Purpose:** The purpose of this study is to determine the effect of price, service quality, food quality, physical environment and customer satisfaction on customer loyalty of A&W customers in Jakarta.

**Design/methodology/approach:** The research design used in this research is descriptive research and causal research. Questionnaires were distributed as an effort to collect data using a 5-point Likert scale to measure variables. The research sample was obtained through a purposive sampling method of 200 respondents. This study used the Structural Equation Modeling (SEM) method with SmartPLS 4.0 as a test tool.

**Findings:** The results of this study indicate that price, service quality, food quality, and physical environment have an effect on customer satisfaction of A&W customers in Jakarta. In addition, customer satisfaction has an effect on customer loyalty of A&W customers in Jakarta.

**Research limitations/implications:** This research only focuses on one object of a fast food restaurant (A&W fast food restaurant); taking a limited number of research samples from A&W fast food restaurant customers in the Jakarta area due to time and cost constraints; and only focuses on the effect of price, service quality, food quality, physical environment and customer satisfaction on customer loyalty.

**Practical implications:** Fast food restaurants can consider the results of this study to ensure and evaluate customer satisfaction and customer loyalty from their fast food restaurants. Thus, when customers are loyal, fast food restaurants can retain their customers and develop their business better in the future.

**Originality/value:** This study will provide a reference for evaluating the business strategy of fast food restaurants related to price, service quality, food quality, physical environment and customer satisfaction in increasing customer loyalty and outperforming its competitors.

**Paper type:** Research paper.

**Keyword:** Customer loyalty, Customer satisfaction, Fast food restaurant.

Received : January 6<sup>th</sup>

Revised : January 16<sup>th</sup>

Published : March 31<sup>th</sup>

## I. INTRODUCTION

Indonesia's economic growth after the pandemic era has continued to increase from the achievements of the previous year which experienced a contraction in growth as a result of the pandemic conditions that occurred. Economic growth has affected various industrial sectors in Indonesia. One of the industries showing growth is the food and beverage industry. Based on sources from the Badan Pusat Statistik, the growth of the food and beverage industry will reach 2.54% in 2021.

DKI Jakarta is the province that has the largest number of medium-large-scale food and beverage providers in Indonesia when compared to other provinces (Badan Pusat Statistik). This shows that DKI Jakarta is a potential market as a provider of food and beverages for the people. The population growth of the city of Jakarta which has increased every year for the last five years also indicates that there will be an increase in consumption from the people of the city of Jakarta ([www.bps.go.id](http://www.bps.go.id)).

The development of the modernization era has driven many changes in the way of thinking and lifestyle of the people. This development refers to the ease of human activity, including in obtaining food and drink needs. Currently, people tend to want things that can be done quickly, thereby encouraging the creation of effectiveness and efficiency in doing various things in life. Many people choose to visit fast food restaurants because they want food and drink needs that can be done quickly. There are several well-known fast food restaurant brands that are consumed by Indonesian people. One of the well-known fast food brands among Indonesians is the A&W fast food restaurant. Until now, A&W fast food restaurants have spread all over the world by providing quality ready-to-eat food, including Indonesia.

Based on the Top Brand Index category, A&W has managed to become one of the five best brands for the last five years ([www.topbrand-award.com](http://www.topbrand-award.com)). However, A&W continues to be less competitive than other brands such as KFC, McDonald's and Hoka-Hoka Bento. Over the past five years, A&W has been ranked fourth. This shows that based on measurements from the Top Brand Index, A&W is still less desirable when compared to several other competing brands. In addition, the percentage of A&W's Top Brand Index has fluctuated over the last five years, which indicates a problem that has caused the percentage of the Top Brand Index to increase and decrease in the last five years. In fact, the percentage of A&W fast food restaurants decreased in 2022.

A&W restaurant as one of the fast food restaurants which is quite well-known among Indonesian people must be able to take steps to increase the satisfaction and loyalty of its customers. Customer loyalty can be interpreted as a strong commitment to repurchase or purchase continuously a product or service (Uddin, 2019). Loyalty is a long-term commitment from customers by making repeated purchases and recommending products from a brand to others (Triandewo & Yustine, 2020). Customer loyalty is formed from behavior that includes preferences, likes, and future intentions (Wirtz & Lovelock, 2016). Thus, customer loyalty plays a very important role in building strong customer relationships. This can be seen from positive customer attitudes and behavior, such as making repeat purchases and providing positive recommendations to others. Customers who are satisfied with a brand will become loyal customers. There are several factors that can affect customer satisfaction from the fast food industry. Some of these factors consist of price, service quality, food quality, and the physical environment of the fast food restaurant (Chian, 2020).

Consumers often compare the prices of several different brands to determine their perceived value and conclude their level of satisfaction (Hanaysha, 2016). Price can be interpreted as what must be spent by the consumer to be able to buy a product or service (Triandewo & Dewantoro, 2021). Price refers to the amount of money used as a medium of exchange to obtain a product or service (Chian, 2020). According to Dastane and Fazlin (2017) and Sabir et al. (2014), price has a positive effect on customer satisfaction. Customers tend to make evaluations that create post-purchase behavior through price. Therefore, the hypothesis can be described as follows:

H1: Price has an influence on customer satisfaction for A&W customers in Jakarta.

Service quality can be defined as a condition when customers formulate results of a comparison between expectations and perceptions of the service performance received (Triandewo & Yustine, 2020). According to Rashid et al. (2014), service quality refers to compliance with customer specifications related to services which have an important role for the company to consider and convey to customers. Chian (2020) and Abror et al. (2019) explained that service quality has a positive influence on customer satisfaction. Service that is prompt, courteous, offers reliable information, and responds appropriately to concerns can increase customer satisfaction.

Ha2 : Service quality has an influence on customer satisfaction for A&W customers in Jakarta.

Food is the most important part of the overall restaurant experience. Thus, food quality is an absolute requirement to be able to meet the needs and expectations of restaurant customers (Rozekehi et al., 2016). Food quality is one of the main determinants of dining experience as well as factors that influence customer satisfaction and post-dining behavioral intentions of customers (Triandewo & Ra'idah, 2020). The research results of Canny (2014) and Hanaysha (2016) found that there is a positive effect of food quality on customer satisfaction. Food quality is one of the factors that determine customer evaluation of a restaurant. Thus, food quality is used to satisfy and retain customers, thereby ensuring that the buying experience is positive.

Ha3 : Food quality has an influence on customer satisfaction for A&W customers in Jakarta.

In addition, physical environment is the place and atmosphere which a product or service is purchased or consumed, which is one of the influential factors in making purchasing decisions (Ryu & Jang, 2008). Physical environment helps restaurants in establish the dining experience of customers in the restaurant business (Canny, 2014). Jalilvand et al. (2017) and Chelliah et al. (2019) states that there is a positive influence of the physical environment on customer satisfaction. Creating and maintaining a distinct atmosphere is a key factor in satisfying and attracting customers.

Ha4 : Physical environment has an influence on customer satisfaction for A&W customers in Jakarta.

Customer satisfaction can be measured when customers feel that the product or service can meet their expectations, that is, when the customer is happy with the purchase results, achieves goals, and does not

experience difficulties (Chian, 2020). According to Triandewo and Ra'idah (2020), satisfaction refers to a customer's assessment after obtaining something that meets their expectations before consuming a product or service. Customer satisfaction becomes a tool that allows companies to gain insight into the needs and requirements of the customer (Dastane & Fazlin, 2017). Customers will be satisfied when their needs and demands can be met by the product or service. Furthermore, customers will turn into loyal customers and thus can provide benefits in increasing customer equity from the company. The results of research by Uddin (2019) and Carranza et al. (2018) shows that customer satisfaction has a positive effect on customer loyalty. Satisfied customers will become loyal customers by reflecting repeat purchase attitudes and behavior, as well as providing positive word of mouth recommendations to others.

Ha5 : Customer satisfaction has an influence on customer loyalty for A&W customers in Jakarta.

Therefore, developing loyalty using customer satisfaction through several variables such as price, service quality, food quality, and physical environment can help companies retain and reach more customers in the future.

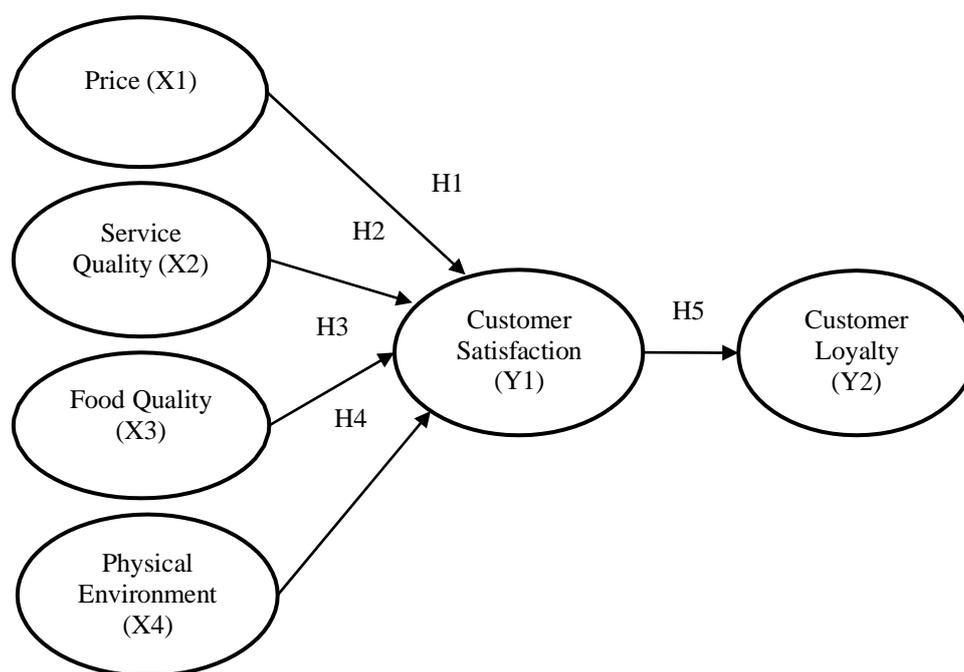


Figure 4. Conceptual Framework

## II. METHODOLOGY

The research design used in this research is descriptive and causal research. The object focused is the A&W fast food restaurant. Thus, the population of the study is all customers of A&W fast food restaurants in Jakarta. Customers from A&W fast food restaurants in Jakarta City who meet the criteria become respondents for this study. In this study, there are several exogenous latent variables used, including price, service quality, food quality and physical environment. Meanwhile, the endogenous latent variables used include customer satisfaction and customer loyalty. Primary data collection was collected through questionnaires as a data collection instrument. This study obtained respondents with a total of 325 respondents. However, there were 125 respondents who were deleted because they did not meet the research criteria. Thus, as many as 200 respondents who met the criteria were used as research data. Non-probability sampling technique with purposive sampling method was used for sampling to 200 respondents. Non-probability sampling can be explained as a sampling technique that does not provide equal opportunities for each element or member of the population to be selected as a sample. Meanwhile, purposive sampling was used with the aim of determining the sample with certain considerations (Sugiyono, 2021).

Indicators are measured using a Likert scale for variable measurement. All indicators are measured using the five-point Likert scale, which is 1 = strongly disagree, 2 = disagree, 3 = sufficient agree, 4 = agree, and 5 = strongly agree. The following are the criteria for respondents used in this study: 1) Domiciled in the City of

Jakarta, 2) At least 18 years old, 3) Visiting, consuming and using the services of A&W restaurants in Jakarta City, 4) Have income and are decision makers in purchasing A&W restaurant products, 5) First time purchasing and consuming A&W restaurant products more than 1 year ago, 6) Purchasing and having dining experience at A&W restaurants at least once a month. The questionnaire consists of two parts. The first part consists of the respondent's profile explaining the characteristics including gender, age, last education, occupation and income per month. Then, the second part consists of indicators that are answered in accordance with the opinions of respondents regarding several related variables. This study uses the Structural Equation Modeling (SEM) analysis method to analyze the research model. Structural Equation Modeling (SEM) can be explained as a statistical method that can be used in identifying relationships in social science research (Hair et al., 2017). Structural Equation Modeling (SEM) allows researchers to examine relationships that would otherwise not be found. The research results were tested using SmartPLS 4.0 software.

### III. RESULTS AND DISCUSSION

Based on some of the characteristics of respondents who meet the criteria, there are 200 respondents' data outlined through the results of the following data collection.

*Table 3. Characteristics of Respondents*

<i>Characteristic</i>	<i>Category</i>	<i>Frequency</i>	<i>Percentage</i>
<i>Gender</i>	<i>Male</i>	87	43.5
	<i>Female</i>	113	56.5
<i>Age</i>	<i>18 - 27</i>	171	85.5
	<i>28 - 37</i>	9	4.5
	<i>38 - 47</i>	10	5.0
	<i>&gt; 48</i>	10	5.0
	<i>Junior High School</i>	2	1.0
<i>Last Education</i>	<i>Senior High School</i>	135	67.5
	<i>Diploma</i>	7	3.5
	<i>Bachelor</i>	52	26.0
	<i>Postgraduate (S2/S3)</i>	4	2.0
	<i>Student</i>	144	72.0
<i>Occupation</i>	<i>Civil Servant / Private Employee</i>	32	16.0
	<i>Housewife</i>	5	2.5

	<i>Entrepreneur</i>	15	7.5
	<i>Others</i>	4	2.0
<i>Income per Month</i>	< Rp. 1.000.000	82	41.0
	Rp. 1.000.000 - Rp. 5.000.000	72	36.0
	> Rp. 5.000.000 - Rp. 10.000.000	33	16.5
	> Rp. 10.000.000	13	6.5

There were 87 male respondents (43.5 percent), while 113 female respondents (56.5 percent). Respondents aged 18-27 years were 171 people (85.5 percent), respondents aged 28-37 years were 9 people (4.5 percent), respondents aged 38-47 years were 10 people (5 percent), and respondents aged > 48 years were 10 people (5 percent). Respondents with junior high school education were 2 people (1 percent), senior high school education were 135 people (67.5 percent), diploma education were 7 people (3.5 percent), bachelor education were 52 people (26 percent), and postgraduate (S2/S3) education were 4 people (2 percent).

Respondents who were students were 144 people (72 percent), respondents who were civil servants / private employees were 32 people (16 percent), respondents who were housewives were 5 people (2.5 percent), respondents who were entrepreneurs were 15 people (7.5 percent), and other respondents were 4 people (2 percent). Respondents who have income per month < Rp. 1.000.000 were 82 people (41 percent), between Rp. 1.000.000 - Rp. 5.000.000 were 72 people (36 percent), > Rp. 5.000.000 - Rp. 10.000.000 were 33 people (16.5 percent), and > Rp. 10.000.000 were 13 people (6.5 percent).

When processing the data, there are three indicators that have loading factor values below 0.70 (SQ1, SQ5 and FQ5). These three indicators do not meet convergent validity because the loading value is less than 0.70. Therefore, an outlier test was carried out to optimize research data processing. The following is the result of data processing after the outlier test is performed:

*Table 4. Results of Measurement Scales and Reliabilities*

<i>Constructs and measurement items</i>	<i>Standardized loadings</i>
<i>Price (α = .843; CR = .895; AVE = .680) (Chian, 2020) (five-point scale, anchored by “Strongly Disagree” and “Strongly Agree”)</i>	
<i>The food prices charged by A&amp;W restaurants are reasonable.</i>	<i>.848 (41.078)</i>
<i>A&amp;W restaurant offers the best rate plan that meets my needs.</i>	<i>.849 (40.768)</i>
<i>The money spent to buy products at A&amp;W restaurants seems to be worth what I got.</i>	<i>.819 (28.733)</i>
<i>Overall, A&amp;W restaurants provide superior price options compared to other fast food restaurants.</i>	<i>.782 (23.431)</i>
<i>Service Quality (α = .823; CR = .876; AVE = .586) (Chian, 2020) (five-point scale, anchored by “Strongly Disagree” and “Strongly Agree”)</i>	

<i>A&amp;W restaurant employees are well groomed.</i>	<i>.724 (18.084)</i>
<i>When customers have problems, A&amp;W restaurants show genuine interest in solving them.</i>	<i>.809 (30.014)</i>
<i>A&amp;W restaurant provides fast and precise service.</i>	<i>.783 (27.159)</i>
<i>A&amp;W restaurant staff are consistently courteous.</i>	<i>.776 (23.147)</i>
<i>A&amp;W restaurant staff gives personal attention to customers.</i>	<i>.734 (20.079)</i>
<i>Food Quality (<math>\alpha = .813</math>; <math>CR = .870</math>; <math>AVE = .572</math>) (Chian, 2020) (five-point scale, anchored by "Strongly Disagree" and "Strongly Agree")</i>	
<i>A&amp;W restaurant serves hot and fresh food.</i>	<i>.743 (19.083)</i>
<i>A&amp;W restaurant serves delicious and flavorful food.</i>	<i>.772 (21.848)</i>
<i>A&amp;W restaurant prepares food using fresh ingredients.</i>	<i>.795 (25.963)</i>
<i>A&amp;W restaurant offers a wide variety of menu items.</i>	<i>.751 (22.224)</i>
<i>A&amp;W restaurant serves visually appealing food.</i>	<i>.720 (18.178)</i>
<i>Physical Environment (<math>\alpha = .810</math>; <math>CR = .868</math>; <math>AVE = .568</math>) (Chian, 2020) (five-point scale, anchored by "Strongly Disagree" and "Strongly Agree")</i>	
<i>A&amp;W restaurant has a visually appealing interior design and decor.</i>	<i>.767 (20.277)</i>
<i>A&amp;W Restaurant has a well-organized arrangement of facilities (easy to find).</i>	<i>.732 (18.723)</i>
<i>A&amp;W restaurant provides music and sounds that give a pleasant feeling.</i>	<i>.740 (18.792)</i>
<i>A&amp;W restaurant provides a completely clean dining area.</i>	<i>.775 (26.883)</i>
<i>A&amp;W restaurant has a pleasant smell from around the restaurant.</i>	<i>.754 (24.821)</i>
<i>Customer Satisfaction (<math>\alpha = .868</math>; <math>CR = .901</math>; <math>AVE = .604</math>; <math>R^2 = .641</math>; <math>Q^2 = .616</math>) (Chian, 2020) (five-point scale, anchored by "Strongly Disagree" and "Strongly Agree")</i>	
<i>My dining experience is enjoyable if I am satisfied with the restaurant.</i>	<i>.712 (13.740)</i>

<i>Considering all my experiences with A&amp;W restaurants, my decision to visit A&amp;W restaurants was a wise one.</i>	.796 (26.810)
<i>The performance of A&amp;W restaurant met my expectation.</i>	.783 (25.052)
<i>I will return to A&amp;W restaurant in the future if I am satisfied.</i>	.755 (21.658)
<i>I would recommend A&amp;W restaurant to others.</i>	.787 (25.247)
<i>Overall, I am satisfied with A&amp;W restaurant.</i>	.823 (30.231)
<i>Customer Loyalty (<math>\alpha = .870</math>; <math>CR = .911</math>; <math>AVE = .719</math>; <math>R^2 = .559</math>; <math>Q^2 = .517</math>) (Uddin, 2019) (five-point scale, anchored by "Strongly Disagree" and "Strongly Agree")</i>	
<i>I will continue to visit A&amp;W restaurants in the future.</i>	.839 (37.925)
<i>I would recommend A&amp;W restaurant to someone else.</i>	.850 (34.642)
<i>I will eat a variety of foods mentioned on an A&amp;W restaurant menu.</i>	.844 (39.126)
<i>For me, A&amp;W restaurant is the best alternative.</i>	.858 (38.308)

Based on the table above, each indicator shows a value of loading factor > 0.70. In addition, each variable has a value of AVE > 0.50. Thus, it can be concluded that each variable meets the requirements of convergent validity. The results of Cronbach's alpha and composite reliability for each variable show a value of more than 0.70. Each variable of this study has a good level of reliability.

The R-square value of customer satisfaction is 0.641, which means that 64.1% of the customer satisfaction variable can be explained by price, service quality, food quality, and physical environment variables. The remaining 35.9% is explained by other factors that are outside the research. In addition, the R-square value of customer loyalty is 0.559, which means that 55.9% of the customer loyalty variable can be explained by the customer satisfaction variable. The remaining 44.1% is explained by other factors that are outside the research. Furthermore, the Q-square value of customer satisfaction is 0.616, while the Q-square value of customer loyalty is 0.517. The Q-square ( $Q^2$ ) value of each variable is greater than 0. Thus, the model has predictive relevance.

*Table 5. Cross Loading of Discriminant Validity*

	<i>Price</i>	<i>Service Quality</i>	<i>Food Quality</i>	<i>Physical Environment</i>	<i>Customer Satisfaction</i>	<i>Customer Loyalty</i>
<i>P1</i>	<b>0.848</b>	0.378	0.321	0.371	0.529	0.543
<i>P2</i>	<b>0.849</b>	0.371	0.354	0.493	0.505	0.593
<i>P3</i>	<b>0.819</b>	0.350	0.394	0.378	0.528	0.555
<i>P4</i>	<b>0.782</b>	0.366	0.253	0.493	0.471	0.586

<i>SQ1</i>	0.347	<b>0.724</b>	0.445	0.412	0.493	0.350
<i>SQ2</i>	0.385	<b>0.809</b>	0.431	0.506	0.479	0.402
<i>SQ3</i>	0.295	<b>0.783</b>	0.427	0.476	0.489	0.402
<i>SQ4</i>	0.308	<b>0.776</b>	0.489	0.482	0.501	0.339
<i>SQ5</i>	0.367	<b>0.734</b>	0.404	0.448	0.437	0.424
<i>FQ1</i>	0.338	0.381	<b>0.743</b>	0.283	0.471	0.317
<i>FQ2</i>	0.231	0.383	<b>0.772</b>	0.361	0.454	0.339
<i>FQ3</i>	0.315	0.481	<b>0.795</b>	0.414	0.488	0.422
<i>FQ4</i>	0.340	0.466	<b>0.751</b>	0.492	0.501	0.404
<i>FQ5</i>	0.294	0.457	<b>0.720</b>	0.465	0.484	0.384
<i>PE1</i>	0.448	0.479	0.449	<b>0.767</b>	0.504	0.606
<i>PE2</i>	0.385	0.503	0.363	<b>0.732</b>	0.511	0.424
<i>PE3</i>	0.459	0.363	0.365	<b>0.740</b>	0.441	0.511
<i>PE4</i>	0.401	0.417	0.332	<b>0.775</b>	0.529	0.463
<i>PE5</i>	0.288	0.516	0.505	<b>0.754</b>	0.520	0.426
<i>CS1</i>	0.438	0.444	0.513	0.481	<b>0.712</b>	0.458
<i>CS2</i>	0.501	0.451	0.524	0.512	<b>0.796</b>	0.605
<i>CS3</i>	0.470	0.582	0.533	0.603	<b>0.783</b>	0.540
<i>CS4</i>	0.437	0.491	0.494	0.426	<b>0.755</b>	0.528
<i>CS5</i>	0.517	0.486	0.404	0.494	<b>0.787</b>	0.715
<i>CS6</i>	0.507	0.474	0.508	0.584	<b>0.823</b>	0.615
<i>CL1</i>	0.561	0.403	0.422	0.473	0.607	<b>0.839</b>
<i>CL2</i>	0.558	0.455	0.469	0.539	0.689	<b>0.850</b>

<i>CL3</i>	0.573	0.446	0.445	0.586	0.635	<b>0.844</b>
<i>CL4</i>	0.648	0.382	0.334	0.581	0.597	<b>0.858</b>

The correlation of each variable indicator shows a greater cross loading value than the correlation of other construct indicators, so that the indicators of each research variable have a better correlation value than the blocks of indicators from other variables and fulfill discriminant validity.

*Table 6. Fornell-Larcker Criterion of Discriminant Validity*

	<i>Customer Loyalty</i>	<i>Customer Satisfaction</i>	<i>Food Quality</i>	<i>Physical Environment</i>	<i>Price</i>	<i>Service Quality</i>
<i>Customer Loyalty</i>	<b>0.848</b>					
<i>Customer Satisfaction</i>	0.748	<b>0.777</b>				
<i>Food Quality</i>	0.495	0.635	<b>0.757</b>			
<i>Physical Environment</i>	0.643	0.667	0.535	<b>0.754</b>		
<i>Price</i>	0.689	0.617	0.403	0.522	<b>0.825</b>	
<i>Service Quality</i>	0.499	0.628	0.575	0.607	0.444	<b>0.766</b>

The square root value of AVE for each construct has a greater value than the squared correlation with the other constructs. It can be concluded that discriminant validity is fulfilled.

*Table 7. Heterotrait-Monotrait (HTMT) Ratio of Discriminant Validity*

	<i>Customer Loyalty</i>	<i>Customer Satisfaction</i>	<i>Food Quality</i>	<i>Physical Environment</i>	<i>Price</i>	<i>Service Quality</i>
<i>Customer Loyalty</i>						
<i>Customer Satisfaction</i>	0.852					
<i>Food Quality</i>	0.584	0.759				
<i>Physical Environment</i>	0.768	0.791	0.656			
<i>Price</i>	0.808	0.719	0.483	0.640		
<i>Service Quality</i>	0.590	0.742	0.700	0.740	0.535	

The HTMT value of each construct is below 0.90. Therefore, this shows that discriminant validity has been fulfilled.

*Table 8. Summary of the Structural Model*

<i>Hypothesis</i>	<i>Path</i>	<i>Original Sample (O)</i>	<i>Standard Deviation</i>	<i>T Statistics ( O/STDEV )</i>	<i>P Values</i>	<i>Supported</i>
<i>H1</i>	<i>P =&gt; CS</i>	<i>0.291</i>	<i>0.063</i>	<i>4.634</i>	<i>0.000</i>	<i>YES</i>
<i>H2</i>	<i>SQ =&gt; CS</i>	<i>0.186</i>	<i>0.060</i>	<i>3.110</i>	<i>0.002</i>	<i>YES</i>
<i>H3</i>	<i>FQ =&gt; CS</i>	<i>0.275</i>	<i>0.066</i>	<i>4.161</i>	<i>0.000</i>	<i>YES</i>
<i>H4</i>	<i>PE =&gt; CS</i>	<i>0.255</i>	<i>0.057</i>	<i>4.483</i>	<i>0.000</i>	<i>YES</i>
<i>H5</i>	<i>CS =&gt; CL</i>	<i>0.748</i>	<i>0.034</i>	<i>22.167</i>	<i>0.000</i>	<i>YES</i>

Hypothesis 1 has a positive original sample value (0.291), this indicates a positive relationship between price and customer satisfaction. The T-Statistic value is greater than the T-table value (4,634 > 1.96) and the P-value value is 0.000 < 0.05. Thus, Ha was accepted. Price has an influence on customer satisfaction for A&W customers in Jakarta. Perceptions of fair prices are one of the main criteria for assessing customer satisfaction in the restaurant industry (Hanaysha, 2016). Price is the main factor that determines the choice of customers to continue their purchases at a store. With a good price and in accordance with the quality provided, it can lead to customer satisfaction (Dastane & Fazlin, 2017). A&W fast food restaurants offer prices that match the products and services offered. Customers form a perception of fair and reasonable pricing of A&W fast food restaurants. Thus, customer satisfaction increases along with the perception of a fair price in the minds of customers.

Hypothesis 2 has a positive original sample value (0.186), this indicates a positive relationship between service quality and customer satisfaction. The T-Statistic value is greater than the T-table value (3,110 > 1.96) and the P-value value is 0.002 < 0.05. Thus, Ha was accepted. Service quality has an influence on customer satisfaction for A&W customers in Jakarta. Customer satisfaction can be obtained by improving the quality of service according to customer needs and wants, as well as following up on customer complaints quickly and precisely (Chian, 2020). With the excellent service provided by the restaurant, customers can be served in a fast time so as to create customer satisfaction (Rashid et al., 2014). A&W fast food restaurant provides services according to the needs and wants of customers, such as by always looking neat, being polite, providing fast and accurate service, and giving personal attention to customers. Thus, customer perceptions and experiences related to good service quality will increase customer satisfaction.

Hypothesis 3 has a positive original sample value (0.275), this indicates a positive relationship between food quality and customer satisfaction. The T-Statistic value is greater than the T-table value (4,161 > 1.96) and the P-value value is 0.000 < 0.05. Thus, Ha was accepted. Food quality has an influence on customer satisfaction for A&W customers in Jakarta. Food quality plays an important role in determining customer satisfaction for restaurants (Rozekhi et al., 2016). Food quality is the main product of the restaurant industry. Therefore, restaurants must consistently and reliably serve food of a quality appropriate to freshness, temperature, taste and attractive presentation (Canny, 2014). A&W fast food restaurants strive to serve delicious, quality, visually appealing food and offer a variety of menu items. Thus, good food quality can create customer satisfaction, because high quality food is a key indication for the success of a restaurant business.

Hypothesis 4 has a positive original sample value (0.255), this indicates a positive relationship between physical environment and customer satisfaction. The T-Statistic value is greater than the T-table value (4,483 > 1.96) and the P-value value is 0.000 < 0.05. Thus, Ha was accepted. Physical environment has an influence on customer satisfaction for A&W customers in Jakarta. The physical environment helps restaurants shape the customer's dining experience in the restaurant business, so that it has a positive effect on customer satisfaction (Canny, 2014). The physical environment is one of the influential factors in making purchasing decisions (Ryu & Jang, 2008). This refers to the design of the buying environment, which produces a certain emotional state in consumers so as to increase purchase intention. The physical environment has an impact on the customer's emotional level, satisfaction, perceived service quality, and subsequent behavior. The A&W fast food restaurant has an attractive interior design, organized facilities, cleanliness of the dining area, and provides comfort to customers while in the restaurant. Thus, creating a good perception of the customer related to the physical environment of the restaurant, so that customer satisfaction can be increased.

Hypothesis 5 has a positive original sample value (0.748), this indicates a positive relationship between customer satisfaction and customer loyalty. The T-Statistic value is greater than the T-table value (22,167 > 1.96) and the P-value value is 0.000 < 0.05. Thus, Ha was accepted. Customer satisfaction has an influence on customer loyalty for A&W customers in Jakarta. Satisfied customers become loyal customers, which reflect attitudes and behaviors such as repurchasing and providing positive recommendations to others (Uddin, 2019). Satisfaction has a significant impact on customer loyalty related to the attitudes and behavior of customers (Abror et al. 2019). When a customer is satisfied, the customer will be loyal to the product or service. Customer satisfaction that is created through price, service quality, food quality, and the physical environment of the A&W fast food restaurant causes customers to have a desire to continue visiting and recommending the A&W fast food restaurant to others. Thus, increased customer satisfaction will create customer loyalty.

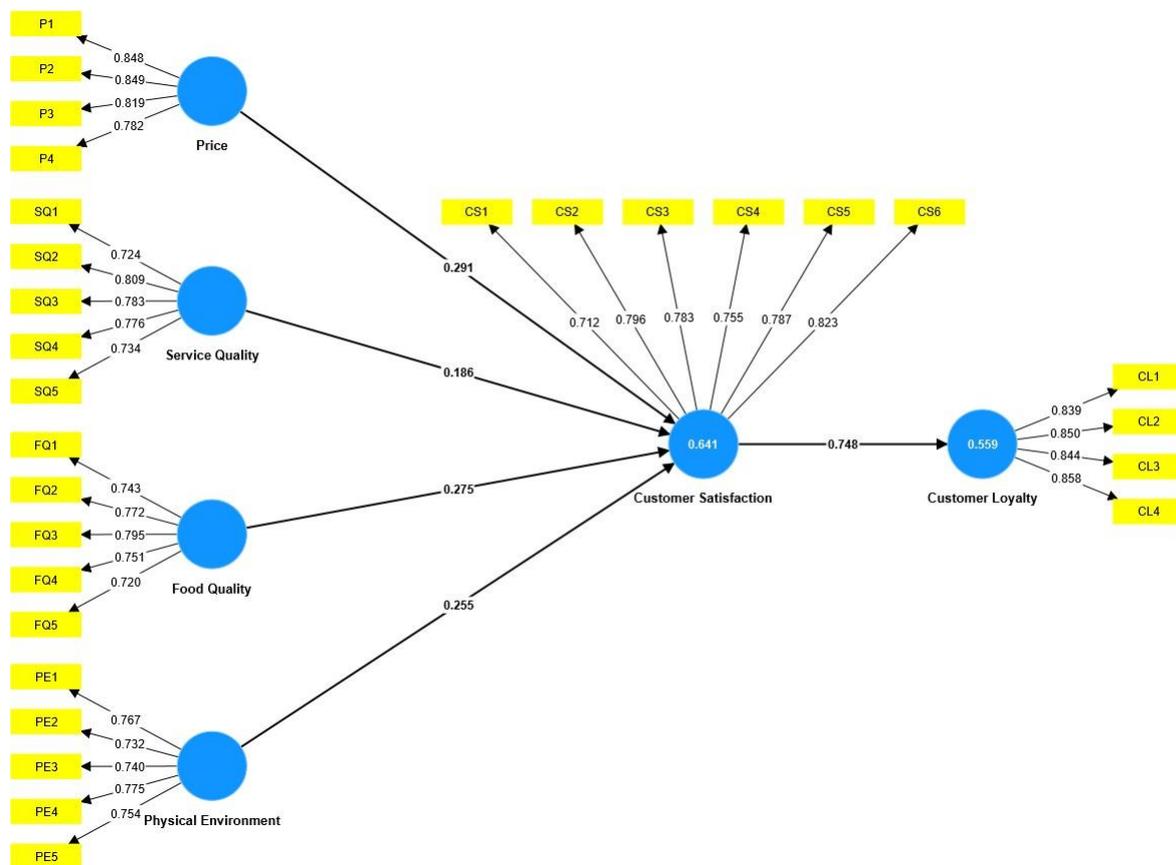


Figure 5 – Measurement Model Test Results

#### IV. CONCLUSION

The following is a description of the conclusions obtained from the results of this study:

1. The first hypothesis, price has an influence on customer satisfaction for A&W customers in Jakarta. The results of this study are not in accordance with Chian (2020), but in line with Uddin (2019).
2. The second hypothesis, service quality has an influence on customer satisfaction for A&W customers in Jakarta. The results of this study are in accordance with Chian (2020).
3. The third hypothesis, food quality has an influence on customer satisfaction for A&W customers in Jakarta. The results of this study are not in accordance with Chian (2020), but in line with Uddin (2019).
4. The fourth hypothesis, physical environment has an influence on customer satisfaction for A&W customers in Jakarta. The results of this study are in accordance with Chian (2020).
5. The fifth hypothesis, customer satisfaction has an influence on customer loyalty for A&W customers in Jakarta. The results of this study are in accordance with Uddin (2019).

### **A. Managerial Implication**

Based on the research results obtained, each exogenous variable (price, service quality, food quality, and physical environment) has a positive effect on customer satisfaction, and customer satisfaction has a positive effect on customer loyalty. Thus, each exogenous variable from this study can be considered for the evaluation of fast food restaurants in increasing customer satisfaction, therefore it can have an impact on increasing customer loyalty. Regarding the price, fast food restaurants can provide the best price options to their customers. This can be considered through a strategy of pricing that is reasonable in accordance with the quality provided by the products and services of the fast food restaurant. By setting a reasonable price using the appropriate strategy, the customer will feel that the price set by the restaurant is in accordance with what is obtained. Thus, this can refer to a good customer perception of fast food restaurants and create customer satisfaction.

Regarding the service quality, fast food restaurants should provide fast and precise service to customers. In addition, the attitude of restaurant staff also plays an important role in customer perception. Employees should be polite and pay attention to customers. Thus, fast food restaurant staff can build good personal relationships with customers. Fast food restaurants should be able to provide training related to the services provided to staff. A supportive attitude from staff to customers can create positive perceptions that have an impact on customer satisfaction. Regarding the food quality, fast food restaurants must pay attention to how food is served to customers. Restaurants can evaluate various things from the food they serve, such as the taste, texture, aroma, and temperature of the food. Restaurants should use fresh ingredients, so as to improve the quality of the food. Food is served using an attractive visual appearance, thereby creating a positive impression on the customer before the customer tastes and evaluates the taste of the food served by the fast food restaurant.

Regarding the physical environment, fast food restaurants should create an environment that is able to positively establish the customer experience. With an attractive interior design and decoration, a fast food restaurant can create a pleasant atmosphere for its customers. In addition, fast food restaurants must also create a clean dining area, so customers can feel comfortable. A well-organized arrangement of facilities also supports the convenience of customers when visiting a restaurant. Therefore, several strategies related to price, service quality, food quality, and physical environment can be implemented with the aim of achieving customer satisfaction so customers become loyal to fast food restaurants such as by making repeat purchases and providing positive recommendations to others.

### **B. Theoretical Implication**

The results of this study are in accordance with several previous studies, where each exogenous variable has an effect on customer loyalty. Thus, the results of this study are expected to provide a reference in supporting the development of several theories described by previous studies and literature. This can also be a further consideration for future research related to customer loyalty. However, some of the actions described below can be taken with the aim of expanding research for the better. Future research is expected to increase knowledge by developing theories related to the field of marketing.

### **C. Limitation and Future Research**

This research has several limitations, including: it only focuses on one fast food restaurant (A&W fast food restaurant); taking a limited number of research samples from A&W fast food restaurant customers in the Jakarta area due to time and cost constraints; and only focuses on the effect of price, service quality, food quality, physical environment and customer satisfaction on customer loyalty.

However, there are several recommendations that are expected to be useful for other parties in conducting further research, including: future research is expected to expand research on other fast food restaurant objects, not only on A&W fast food restaurants; increasing the number of samples and expanding the sampling area and not only focusing on one area, but also being able to reach several other areas; adding other variables that are expected to affect customer loyalty.

## **ACKNOWLEDGMENTS**

Thank to Trisakti School of Management that always gives much support to lecturers and students to conduct research.

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