

## The Effect of Service Quality and Store Image on Customer Loyalty Mediated by Perceived Value and Customer Satisfaction at Indomaret Stores in Kediri City

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### ABSTRACT

This study analyses the effect of service quality and store image on customer loyalty mediated by perceived value and customer satisfaction. The data collection used questionnaires distributed to respondents who shopped at Indomaret stores in Kediri City. The population in this study were all consumers who shopped at Indomaret stores in Kediri city. The number of samples in this study were 100 respondents. The data analysis used SmartPLS 3.0 software using a variant-based SEM approach which presents the outer model test and inner model test. The outer model test is used to specify the relationship between latent variables and their indicators and the inner model test is used to predict the relationship between latent variables.

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## INTRODUCTION

The business world is a great place to sing here. There are many leading brands both goods and services offered through the retail business sector. In 2018, as many as 40,000 retail outlets in Indonesia and actively changed over time. Based on data obtained from the Association of Indonesian Retail Companies, sales from retail businesses grew by about 10% on top of achieving income gains of 240 trillion rupiah. The increase in sales is influenced by various factors, including lifestyle or behavior and conumen so as to transfer the purchase decision to modern markets such as minimarkets, supermarkets and hypermarkets. Read more about such a modern minimarket experienced a very significant growth both in terms of number of stores and from sales growth. Increased sales in minimarkets have many reasons, including the ease of consumers in looking for products that want to be purchased, the store room is very clean and the services provided by minimarket employees are very satisfying.

The pioneer of retail business in Indonesia is PT. Indomarco Prismatama which was founded in 1988 by offering and providing daily necessities. Indomaret has also made achievements by obtaining the Top Brand Award in the minimarket category in the period of 2016 with the Top Brand Index of 47%, while its closest competitor, the, alfamaret obtained the TOP Brand Index of 46.4 %. In the following years, Indomaret should sag in second place because the top Indomaret Brand Index is below the acquisition of Top Brand Index Alfamaret. In 2017, TBI acquisition from indomaret amounted to 45.2%, while TBI acquisition from Alfamaret amounted to 47.9%. In 2018, Indomaret recorded TBI acquisition of 41.7% and Alfamaret obtained TBI of 52.9%. In 2019 to 2021, the acquisition of TBI from the size of Indomaret was 39.1%, 39.8% and 38.7% respectively%. The acquisition of Alfamaret TBI value remains above Indomaret at 49% in 2019, 49.3% in 2020, and 47.5% in 2021.

Based on the short data, although Indomaret holds second as the top brand in 2017 to 2021, it is related to its decline. Sales turnover data has also decreased in recent years. The turnover is always below the turnover achieved by Alfamaret in recent years, even though the number of Indomaret day outlets has increased. In 2017 the number of Indomaret outlets was more slobber than Alfamaret outlets. Alfamaret has 13,522 outlets, while Indomaret has a number of more berak outlets of 15,526 outlets. It is related to the researcher to choose Indomaret as the object of study. Some of the variables used in this study are variables of service quality, store image, perceived value, consumer satisfaction and consumer loyalty. The problem in this research is among others : (1) Does service quality significantly affect perceived quality ? (2) Does service quality significantly affect customer satisfaction ? (3) Does service quality have a significant effect on customer loyalty? (4) Whether Store Image has a significant effect on perceived value ? (5) Whether Store Image has a significant effect on customer satisfaction ? (6) Does Store Image have a significant impact on customer loyalty? (7) Whether the value of perceived value has a significant effect on customer loyalty ? (8) Whether Customer Satisfaction has a significant effect on Customer Loyalty ? (9) Does Service Quality significantly affect

Customer loyalty through perceived value mediation ? (10) Does Service Quality significantly affect Customer loyalty through customer satisfaction mediation ? (11) Whether the Store image has a significant effect on Customer loyalty through perceived value mediation ? (12) Whether the store image significantly affects Customer loyalty through customer satisfaction mediation ?

## **LITERATURE REVIEW**

### ***Service Quality***

Service Quality refers to the degree of conformity between customer expectations and their perception of the services provided by an organization. Quality of service involves aspects such as reliability, responsiveness, expertise, empathy, and physical appearance or the environment in which the service is served. High quality service results in customer satisfaction, loyalty, and positive recommendations.

In order to understand the quality of service thoroughly, it is important to consider various points of view. Parasuraman et al. (1998) underlined how important service quality is to be considered a customer-based performance measure and emphasized the importance of conducting an empirical examination of the challenges facing organizations using an expanded service quality model. This model provides a complete framework for understanding the complexity of service quality and how it impacts customer satisfaction. (Merrilees, 1996) also discusses new trends in the theory and practice of service quality, providing an important understanding of the evolving characteristics of this idea

### ***The Effect of Service Quality on Perceived Value***

Results of research from (Kipkirui Langat et al., 2021; Zameer et al., 2015) shows that service quality has a significant effect on perceived value, so the hypothesis in this study is

H1: Service Quality has a significant effect on perceived value

### ***The effect of Service Quality on Customer satisfaction***

Results from research conducted by (Fida et al., 2020; Kaura et al., 2015; Ryu et al., 2012; Sutrisno et al., 2019) showing that service quality has a significant effect on customer satisfaction, so the hypothesis in this study is :

H2 : Service Quality has a significant effect on customer satisfaction

### ***The effect of Service Quality on Customer Loyalty***

The results of research conducted by (Kaura et al., 2015; Slack & Singh, 2020) show that service quality has a significant effect on customer loyalty , so the hypothesis in this study is :

H3 : Service quality has a significant effect on customer loyalty

### ***Store Image***

Store image is a combination of tangible and intangible factors (psychological factors) perceived by consumers. So the store image not only

describes factual characteristics but must pay attention to non-factual (psychological) characteristics. Why is the store image considered important, namely because the store image can describe the company's personality, corporate identity and corporate self-image. So the store image wants to describe the company's self-image that wants to be conveyed to consumers, therefore the shop owner must always look for ways to make the company's self-image match the self-image of consumers. Store image is how customers interpret the message of competitive advantage and communication offered to customers, namely how store customers perceive the products available in the store, the store itself, and the expected experience when shopping in the store. The key to success in creating a store image is to align the lifestyles and expectations of the company's targeted customers

#### ***The effect of Store image on perceived value***

The results of research conducted by (Ananda et al., 2021; Koo, 2003) show that store image has a significant effect on perceived value, so the hypothesis in this study is

H4 : Store image has a significant effect on perceived value

#### ***The effect of Store Image on customer satisfaction***

Results from research conducted by (Bloemer & de Ruyter, 1998; McDougall & Levesque, 2000; Najib, 2021; Silva & Giraldi, 2010; Theodoridis & Chatzipanagiotou, 2009) indicating that the store image has a significant effect on customer satisfaction, the hypotheses for this study are

H5: Store image significantly affects customer satisfaction

#### ***The effect of Store image on Customer Loyalty***

Results from research conducted by (Bloemer & de Ruyter, 1998; Makanyeza & Chikazhe, 2017) showing that store image has a significant effect on customer satisfaction so that the hypothesis in this study is :

H6: Store image has a significant effect on customer loyalty

#### ***Perceived Value***

To win the competition, the main goal of the company is to give customers the best value. Since this value has a big impact on customer repurchases, this value is very important for the company both today and in the future. Consumers will prioritize the highest value offerings during the buying process. Value, according to Parasuraman et al (1998) and Andreassen and Lindstedt (1998), refers to the customer's understanding of what they are getting. Total customer value, according to s is the difference between total customer cost and total customer value. Total customer value is the sum of the benefits customers expect from a particular product or service. The two main components that determine the value of an item are benefit and sacrifice.

#### ***The effect of Perceived Value on Customer Loyalty***

Results from research produced by (Anandya, 2021; Hapsari et al., 2015; Wuisan & Elton, 2021) showing that perceived value has a significant effect on customer loyalty

H7: perceived value has a significant effect on customer loyalty

### ***Customer Satisfaction***

Customer satisfaction is defined as a feeling of pleasure or disappointment after comparing the performance of a product or service that is felt with one's expectations (Daryanto et al., 2022) This definition is in line with the conventional theory that customer satisfaction increases by improving the features of a product or service (Jin et al., 2019) In addition, customer satisfaction can be measured by seeing how engaged customers are in the manufacture of services (Aryantiningrum & Hertingkir, 2021)

### ***The effect of Customer Satisfaction on customer loyalty***

Results from previous research conducted by (Santouridis & Trivellas, 2010; Syahzan et al., 2022; Yang & Peterson, 2004) showing that customer satisfaction has a significant effect on customer loyalty

H8: Customer Satisfaction has a significant effect on customer loyalty

### ***Effect of Service Quality on Customer Loyalty through Perceived Value***

Results of research from (Hapsari et al., 2015; Suhartanto et al., 2018) showing that Service Quality significantly affects customer loyalty by mediated by perceived value, so the hypothesis in this study is :

H9: Service Quality significantly affects customer loyalty through Perceived Value

### ***Effect of Service Quality on Customer Loyalty through customer satisfaction***

Results of research conducted by (Restiana, 2021; Santouridis & Trivellas, 2010) showing that service quality has a significant effect on customer loyalty through customer satisfaction mediation, so the hypothesis in this study is :

H10: service quality significantly affects customer loyalty through customer satisfaction

### ***Effect of Store image on Customer Loyalty through Perceived value***

Previous research from (Hapsari et al., 2017) showing that store image has a significant effect on customer loyalty through perceived value so that the hypothesis in this study is :

H11: Store image significantly affects customer loyalty through the mediation of Perceived value

### ***Effect of Store image on Customer Loyalty through Customer Satisfaction mediation***

Previous research from (Kaura et al., 2015; Shamsheer, 2021) showing that the store image has a significant effect on customer loyalty through customer satisfaction mediation, so the hypothesis in this study is

H12: Store image significantly affects Customer Loyalty through Customer Satisfaction media

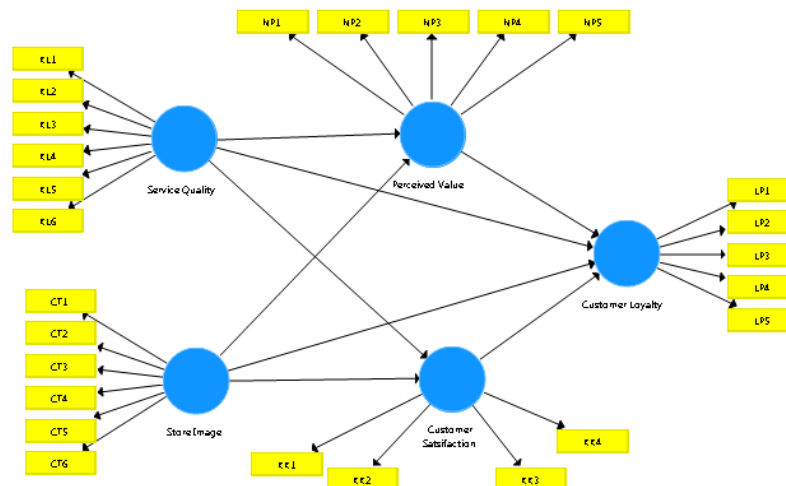


Figure 1. Research Conceptual Framework

## METHODOLOGY

This study uses the Explanatory research approach used to know and explain about the relationships and influences between variables, and, namely the variable quality of service and the image of the store to consumer loyalty mediated by perceived value and also consumer satisfaction. The data collection uses questionnaires (primary data) that are distributed to respondents who shop at indomaret stores in the Kediri city area in October to November 2023. The population in this study is all consumers who shop at Indomaret stores in the city of Kediri. The population in this study is infinite (the population is not infinite in number and is not known with certainty). The sample in this study amounted to 100 respondents. The number is derived from the multiplication of the number 10 with the number of indicators so that the number of samples was found as many as 100 respondents Data analysis using SmartPLS 3.0 software with a variant-based SEM approach. For the questionnaire using a likert scale of 1-5 Using three variables, among which are :

1. Independent variable: Service quality ( $X_1$ ) and Store Image ( $X_2$ )
2. Mediation variable: Perceived value ( $Z_1$ ) and Consumer Satisfaction ( $Z_2$ )
3. Dependent variable: Consumer Loyalty ( $Y$ )

## RESULT AND DISCUSSION

PLS consists of the evaluation of two types of testing, namely measurement models and structural models. The measurement model looks at the relationship between the indicator item and its latent variable, and the structural model looks at the relationship between the latent variable and other latent variables. The results of the model validity test yield information about the

validity and reliability of the model. Path coefficient images generated from data processing output using SmartPLS 3.0 are presented below :

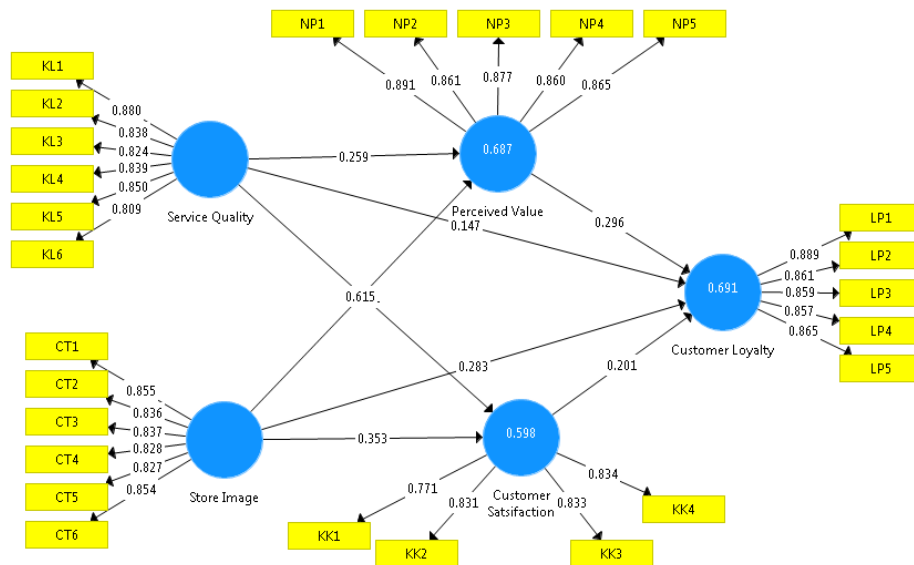


Figure 2. Loading Factor

The results of the path coefficient show that the independent variable has an effect on the dependent variable. Service Quality variables affect the perceived value of 0.259 (25.9%), service quality affects the customer satisfaction variable of 0.615 (61.5%). For variable service quality to customer loyalty has an influence of 0.147 (14.7%). The second independent variable is a store image that has an influence on perceived value, customer satisfaction and customer loyalty of 0.615 (61.5%), 0.353 (35.3%) and 0.283 (28.3%) respectively. There are two variables that function as mediation variables, namely perceived value and Customer satisfaction variables. Perceived value variables have an influence on customer loyalty of 0.296 (29.6%) while customer satisfaction variables affect customer loyalty of 0.201 (20.1%)

Table 1. Convergent Validity Test Results Based on Variable Factor Loading Value

variables	items	loading factor	cutt off	Description
Service Quality	KL1	0.880	0.7	Valid
	KL2	0.838	0.7	valid
	KL3	0.824	0.7	Valid
	KL4	0.839	0.7	Valid
	KL5	0.850	0.7	Valid
	KL6	0.809	0.7	Valid
Image Store	CT1	0.855	0.7	Valid
	CT2	0.836	0.7	Valid
	CT3	0.837	0.7	Valid
	CT4	0.828	0.7	Valid
	CT5	0.827	0.7	Valid

	<b>CT6</b>	<b>0,854</b>	0.7	<b>Valid</b>
<b>Perceived Value</b>	<b>NP1</b>	<b>0,891</b>	0.7	<b>Valid</b>
	<b>NP2</b>	<b>0,861</b>	0.7	<b>Valid</b>
	<b>NP3</b>	<b>0,877</b>	0.7	<b>Valid</b>
	<b>NP4</b>	<b>0,860</b>	0.7	<b>Valid</b>
	<b>NP5</b>	<b>0.865</b>	0.7	<b>Valid</b>
<b>Customer Satisfaction</b>	<b>KK1</b>	<b>0,771</b>	0.7	<b>Valid</b>
	<b>KK2</b>	<b>0.831</b>	0.7	<b>Valid</b>
	<b>KK3</b>	<b>0.833</b>	0.7	<b>Valid</b>
	<b>KK4</b>	<b>0,834</b>	0.7	<b>Valid</b>
<b>Customer loyalty</b>	<b>LP1</b>	<b>0.889</b>	0.7	<b>Valid</b>
	<b>LP2</b>	<b>0.861</b>	0.7	<b>Valid</b>
	<b>LP3</b>	<b>0.859</b>	0.7	<b>Valid</b>
	<b>LP4</b>	<b>0.857</b>	0.7	<b>Valid</b>
	<b>LP5</b>	<b>0.865</b>	0.7	<b>Valid</b>

**Source:** Data processed from SmartPLS Output 3.0 (2023)

Based on the results of the calculation of validity in table 1 informs that each item that measures in each variable, namely the variable Service quality, store image, perceived value, and, customer satisfaction and customer loyalty have a loading factor above 0.7 so that all items listed in table 1 are declared valid. Table 2 also shows the convergent validity tests based on the AVE values.

**Table 2.** Convergent Validity test results based on AVE values Source

variable	AVE	Composite Reliability	Cronbach Alpha	Description
<b>Brand Experience</b>	<b>0,724</b>	<b>0,969</b>	<b>0,965</b>	valid
<b>Service Quality</b>	<b>0,724</b>	<b>0,948</b>	<b>0,936</b>	valid
<b>Brand Trust</b>	<b>0,654</b>	<b>0,938</b>	<b>0,924</b>	valid
<b>Brand Loyalty</b>	<b>0,713</b>	<b>0,952</b>	<b>0,942</b>	valid

**Source:** Data processed from SmartPLS Output 3.0 (2023)

Based on the results of calculations informed through table 2, it can be explained that each variable has an AVE value above 0.5 which indicates that each item in an instrument is declared valid in measuring each variable. The following is also shown discriminant validity testing which is displayed through the Cross Loadings table. Cross Loading describes the discriminant evaluation of validity at the indicator level and Cross Loading contains the correlation between each measurement item and all variables.

**Table 3.** Discriminant Validity Test Results (Cross Loading)

Variable	Customer Loyalty	Customer Satsifaction	Perceived Value	Service Quality	Store Image
<b>CT1</b>	0.642	0.591	0.688	0.589	<b>0.855</b>
<b>CT2</b>	0.663	0.561	0.711	0.654	<b>0.836</b>
<b>CT3</b>	0.675	0.655	0.711	0.662	<b>0.837</b>

CT4	0.618	0.620	0.643	0.579	<b>0.828</b>
CT5	0.615	0.622	0.671	0.646	<b>0.827</b>
CT6	0.699	0.519	0.658	0.676	<b>0.854</b>
KK1	0.539	<b>0.771</b>	0.530	0.576	0.559
KK2	0.597	<b>0.831</b>	0.557	0.650	0.622
KK3	0.594	<b>0.833</b>	0.458	0.606	0.563
KK4	0.544	<b>0.834</b>	0.513	0.576	0.573
KL1	0.712	0.657	0.649	<b>0.880</b>	0.660
KL2	0.580	0.640	0.597	<b>0.838</b>	0.624
KL3	0.573	0.654	0.575	<b>0.824</b>	0.601
KL4	0.654	0.628	0.648	<b>0.839</b>	0.694
KL5	0.563	0.591	0.596	<b>0.850</b>	0.656
KL6	0.552	0.540	0.581	<b>0.809</b>	0.569
LP1	<b>0.889</b>	0.594	0.681	0.644	0.698
LP2	<b>0.861</b>	0.637	0.702	0.659	0.658
LP3	<b>0.859</b>	0.609	0.628	0.660	0.671
LP4	<b>0.857</b>	0.578	0.594	0.570	0.645
LP5	<b>0.865</b>	0.598	0.676	0.597	0.691
NP1	0.684	0.572	<b>0.891</b>	0.651	0.748
NP2	0.631	0.534	<b>0.861</b>	0.613	0.686
NP3	0.653	0.587	<b>0.877</b>	0.612	0.711
NP4	0.736	0.545	<b>0.860</b>	0.667	0.736
NP5	0.587	0.497	<b>0.865</b>	0.605	0.642

Source: Data processed from SmartPLS Output 3.0 (2023)

Table 3 shows that all the items in each variable are otherwise capable of measuring their latent variables. The measurement item of each variable has a stronger correlation with the variable it measures. Variables of Service Quality, store image, perceived value, customer satisfaction and customer loyalty each have a stronger correlation with the item that measures it than the correlation value with other variables.

Table 4. Reliability Test Results

Variable	Cronbach's Alpha	rho_A	Composite Reliability
Customer Loyalty	0.917	0.918	0.938
Customer Satsifaction	0.834	0.836	0.890
Perceived Value	0.920	0.922	0.940
Service Quality	0.917	0.919	0.935
Store Image	0.916	0.917	0.935

Source: Data processed from SmartPLS Output 3.0 (2023)

The results from table 4 show that the Service Quality, Store image, perceived value, customer satisfaction and customer loyalty variables have Cronbach's alpha values above 0.7, rho\_A above 0.7, and Rho\_A values above 0.7, and the Composite Reliability value is above 0.7 so that it can be concluded that all items are declared reliable in measuring a variable. The next step when

doing statistical testing using PLS is Structural measurement. Use of R value <sup>2</sup> (Goodness of fit model) and path model (testing the significance of all hypotheses) are used for structural measurement. Here is table R <sup>2</sup> used to assess the quality of research models. R square describes the magnitude of the variance of endogenous variables described by exogenous variables.

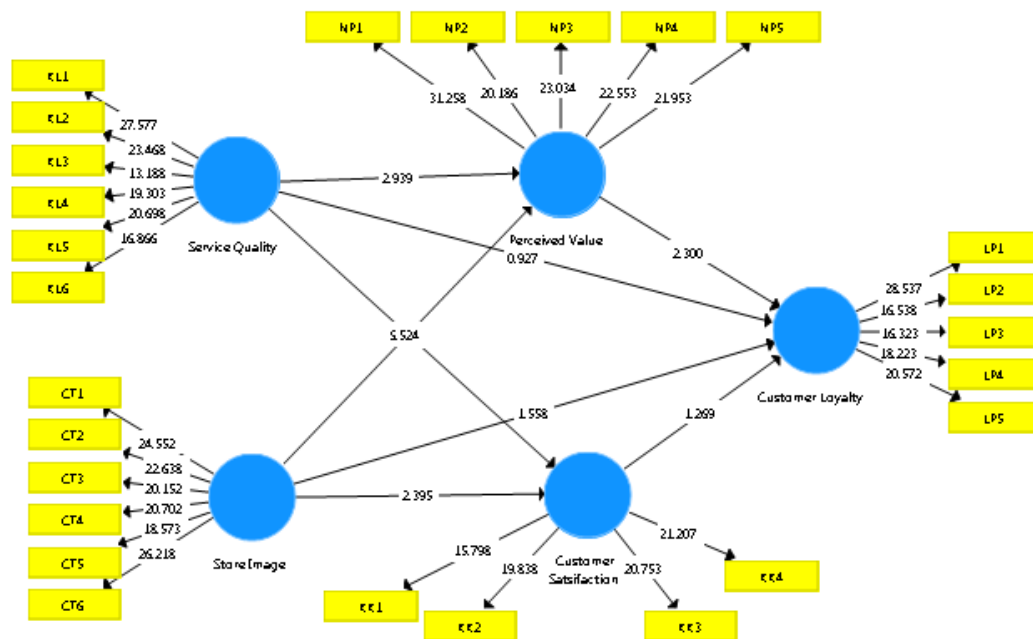
**Table 5. R Square**

Variable	R Square	R Square Adjusted
Customer Loyalty	0.691	0.678
Customer Satsifaction	0.598	0.589
Perceived Value	0.687	0.681

Source: Data processed from SmartPLS Output 3.0 (2023)

Based on Table 5, we can explain that :

1. The amount of variation in customer loyalty variables described by service quality, store image, perceived quality, customer satisfaction by 69.1 %.
2. The amount of variation in Customer satisfaction variables that can be explained by Service Quality and Store image is 59.8 %
3. The magnitude of the perceived value variable variance can be explained by Service Quality and Store image of 68.7%.



**Figure 3. Path Model**

**Table 5. Results of Direct Influence and Indirect Influence Testing**

Relationship	koefisien	t-count	t-table	Description
<b>Direct Relationship</b>				
Service Quality → Perceived Value	0.259	<b>2.939</b>	1,96	<b>significant</b>
Service Quality → Customer Satisfaction	0.471	<b>3.354</b>	1,96	<b>significant</b>
Service Quality → Customer loyalty	0.147	0.927	1,96	insignificant

Store image → Perceived Value	0.615	<b>6.524</b>	1,96	<b>significant</b>
Store image → Customer Satisfaction	0.353	<b>2.395</b>	1,96	<b>significant</b>
Store image → Customer Loyalty	0.283	1.558	1,96	insignificant
Perceived Value → Customer Loyalty	0.296	<b>2.300</b>	1,96	<b>significant</b>
Customer satisfaction → customer loyalty	0.201	1.269	1,96	insignificant
<b>Indirect Relationship</b>				
Service Quality → Perceived Value → Customer Loyalty	0.077	1.763	1,96	insignificant
Service Quality → Customer satisfaction → Customer Loyalty	0.094	1.094	1,96	insignificant
Store image → Perceived Value → Customer Loyalty	0.182	<b>2.108</b>	1,96	<b>significant</b>
Store Image → Customer satisfaction → Customer Loyalty	0.071	1.059	1,96	insignificant

**Source:** Data processed from SmartPLS Output 3.0 (2023)

**The results of this study show that**

1. Service Quality significantly affect the perceived value this is evidenced by the results  $t_{count} > 1.96$  is 2,939.
2. Service Quality has a significant effect on Customer satisfaction that can be shown from the results  $t_{count} > 1.96$  is 3,354
3. Service Quality does not have a significant effect on Customer Loyalty that can be shown from the results  $t_{count} < 1.96$  is 0.927
4. Store image significantly affects perceived value as evidenced by  $t_{count} > 1.96$  is 6,524
5. Store image has a significant effect on customer satisfaction that can be shown from the results  $t_{count} > 1.96$  is 2,395
6. Store image has no significant effect on Customer Loyalty that can be shown from the results of  $t_{count} < 1.96$  is 1,558
7. Perceived Value has a significant effect on Customer Loyalty that can be shown from the result  $t_{count} > 1.96$  is 2,300
8. Customer Satisfaction has no significant effect on Customer Loyalty that can be shown from the results  $t_{count} < 1.96$  is 1,269
9. Service Quality significantly affects Customer loyalty by using Perceived Value mediation . This result is indicated by the value  $t_{count} < 1.96$  is 1,763. Perceived Value is not able to mediate the relationship between Service Quality and Customer Loyalty
10. Service Quality significantly affects Customer loyalty by using Customer Satisfaction mediation . This result is indicated by the value  $t_{count} < 1.96$  is 1,094. customer satisfaction is not able to mediate the relationship between Service Quality to Customer Loyalty
11. Store image significantly affects Customer loyalty by using Perceived Value mediation . This result is indicated by the value  $t_{count} > 1.96$  is 2,108. Perceived Value is able to mediate the relationship between Store image and Customer Loyalty

12. Store Image has no significant effect on Customer loyalty by using Customer Satisfaction mediation . This result is indicated by the value  $t_{count} < 1.96$  is 1,059. customer satisfaction is not able to mediate the relationship between Store image to Customer Loyalty.

### ***The Effect of Service Quality on Perceived Value***

The results showed that service quality has a significant effect on perceived quality. The better the quality of service provided by Toko Indomaret, the higher the value perceived by consumers. Indomaret stores provide attractive service quality and have their own characteristics in serving consumers, both when welcoming consumers who enter the store and when indomaret employees serve the transaction process of buying consumer products. Respondents gave an assessment agreeing that Indomaret employees were polite in serving consumers and providing convenience when transacting. This has an impact on the consumer's assessment of perceived value. Consumers assess that the value and benefits obtained when shopping in Indomaret in accordance with the sacrifices that have been issued. The quality of service provided by Toko Indomaret both through the facilities provided and from employees of Toko Indomaret who are considered reliable and polite in providing services to consumers. The results of this study are in accordance with research conducted by Janner et al (2015) which shows that service quality has a significant effect on the value perceived by consumers

### ***The Effect of Service Quality on Customer Satisfaction***

The results showed that service quality has a significant effect on customer satisfaction. The better the quality of service provided by Indomaret Stores, the greater the satisfaction obtained by consumers. The reliability and courtesy of Indomaret employees in responding to consumer desires either when serving questions or during transaction services make consumers feel satisfied after shopping. The average assessment of the respondents shows that the decision to shop at Toko Indomaret is the right choice. Shopping at Indomaret Stores makes them feel comfortable, because the choice of products is quite diverse, the store is clean, very well lit, and there are air conditioning facilities in the store, has reliable employees. Consumers prefer to shop at retail stores such as Indomaret rather than shopping at traditional retail stores because they can serve their own needs when choosing and buying the desired products. This research is in accordance with research conducted by (Fida et al., 2020; Kaura et al., 2015; Ryu et al., 2012; Sutrisno et al., 2019; Taufik et al., 2022) whose results show that service quality has a significant effect on customer satisfaction.

### ***The Effect of Service Quality on Customer Loyalty***

The results showed that service quality had no significant effect on brand loyalty. Good service quality from Indomaret stores cannot guarantee the creation of consumer loyalty. Indomaret stores get good ratings from respondents, especially in terms of service quality. Indomaret store employees are considered to have reliability, politeness and speed in serving purchase transactions, but are not the main consideration for consumers to be loyal to the

store. Consumers are called loyal if consumers often shop at the store, always give good ratings to indomaret stores, are willing to give recommendations to others and are willing to return to the store to shop again. Not all consumers are loyal when they get good service quality because consumers are not tied to just one store. Some modern retail stores are also the target of visits from consumers, including Alfamart, Hypermart Matahari, Swalayan Golden, Swalayan Borobudur, and Hypermart Sriratu. They visit these stores according to the needs they want to buy. The results of this study are in accordance with research conducted by (Kaura et al., 2015; Slack & Singh, 2020) which shows that service quality has no significant effect on customer loyalty.

#### ***The Effect of Store image on Perceived Valuess***

The results showed that Store image has a significant effect on perceived value. The better the store image of the Indomaret store, the more the value perceived by consumers increases. Quality service from Indomaret employees, transaction speed, store cleanliness is always maintained, and high consumer confidence in Indomaret stores has a big influence on consumer assessments that the benefits or benefits obtained by consumers match their level of sacrifice. The results of this study are in accordance with research conducted by Koo (2003) which shows that store image has a significant effect on perceived value.

#### ***The Effect of Store image on Customer Satisfaction***

The results showed that store image has a significant effect on customer satisfaction. The better the store image owned by the Indomaret store, the more satisfaction consumers get. Indomaret has quality service, both from the facilities provided and from the employees on duty. With store conditions that are always clean, the arrangement of products makes it easy for consumers to find the product they are looking for, and transactions are so fast that consumers feel satisfied shopping at Indomaret. Consumers not only buy products, but also take into account time issues. Shopping at Indomaret Stores is relatively faster and is supported by excellent employee service, so consumers feel happy shopping there. The results of this study are in accordance with research conducted by (Bloemer & de Ruyter, 1998; McDougall & Levesque, 2000; Najib, 2022) which shows that store image has a significant effect on customer satisfaction.

#### ***The impact of Store image on Customer Loyalty***

The results showed that store image has no significant effect on customer loyalty. Increased consumer loyalty at Indomaret stores is not fully influenced by store image. Even though the services provided are of high quality, the impression of consumers is very good in shopping and very fast in handling purchase transactions, it is not enough to make consumers loyal. The variety of product needs is not all bought at Indomaret Stores, because the diversity of products is still very limited and the number of products is not as much as in modern retail stores such as Golden Swalayan, Hypermart Matahari, Hypermart Sriratu. Therefore, consumers do not make Indomaret Stores the only place to shop, because there are many modern retail stores that can be visited by

consumers according to their needs. The results of this study are in accordance with research conducted by (Faullant et al., 2008) which shows that store image has no significant effect on customer loyalty.

#### ***The Effect of Perceived Value on Customer Loyalty***

The results showed that perceived value has a significant effect on customer loyalty. The more the value perceived by consumers increases, the greater the consumer loyalty at the Indomaret store. Consumers who shop at Indomaret not only get the products they need, but also get excellent service from Indomaret employees. Consumers can serve themselves because at Indomaret stores there is information regarding prices for each product and the purchase transaction process is also fast. Consumers assess that the value of the benefits obtained when shopping at Indomaret is in accordance with the sacrifices that have been made. The benefits obtained by consumers are enormous, especially if consumers need products quickly and the transaction process can be cash and non-cash. Perceived value of consumers has a big impact on consumer loyalty at Indomaret stores. Consumers will often shop at Indomaret if consumers feel the value of the benefits they get when shopping at the store. The results of this study are in accordance with research conducted by (Anandya, 2021; Hapsari et al., 2017; Wuisan & Elton, 2021) which shows that perceived value has a significant effect on customer loyalty.

#### ***The Effect of Customer Satisfaction on Customer Loyalty***

The results showed that customer satisfaction did not have a significant effect on customer loyalty. Consumer satisfaction shopping at Indomaret stores does not guarantee that consumers will be loyal to Indomaret stores. Consumers are loyal if they are willing to recommend Indomaret stores to others, are willing to return to shop at the same place, are the first choice when shopping, and are always loyal customers. Some of these indicators are not automatically carried out by consumers when they are satisfied shopping at Indomaret stores. Consumers also have several choices of places to shop, not only at Indomaret. They can shop at Golden Swalayan, Hypermart Matahari, Swalayan Borobudur, Swalayan Superindo. Consumer satisfaction with Indomaret Stores does not make the store the main choice of consumers in shopping nor does it become a loyal customer. The results of this study are not in accordance with research conducted by (Santouridis & Trivellas, 2010; Syahzan et al., 2022; Yang & Peterson, 2004) which shows that customer satisfaction has no significant effect on customer loyalty.

#### ***The Effect of Service Quality on Customer Loyalty through the mediation of Perceived Value***

The results showed that service quality did not significantly affect customer loyalty through perceived value mediation. Service quality, which is reflected in the reliability and speed of employees in providing services, clear information and ease of transactions so as to provide good benefits, has not been able to create loyalty for consumers as a whole. Consumer loyalty to shop at

Indomaret stores is not only formed from good service quality, but is also influenced by the quality and completeness of the products sold at the store. Competition in modern retail stores is very tight and does not only involve rivalry between indomaret and alfamaret stores. Some large-scale retail stores also compete with each other as well. The many choices offered by several modern retail stores make consumers not fully loyal to Indomaret Stores. Directly or indirectly, the contribution of service quality does not have a significant effect on customer loyalty. The results of this study are not in accordance with research conducted by (Hapsari et al., 2015; Suhartanto et al., 2018) which shows that service quality has no significant effect on customer loyalty through the mediation of perceived value.

#### ***The Effect of Service Quality on Customer Loyalty through the mediation of Customer Satisfaction***

The results showed that service quality had no significant effect on customer loyalty through customer satisfaction mediation. Although service quality has a significant effect on customer satisfaction, it does not automatically increase customer loyalty at Indomaret stores. This is an input for Indomaret stores, especially for store managers that customer satisfaction is less able to mediate the relationship between service quality and customer loyalty. Service quality is not enough to build and maintain consumer loyalty, so other factors are needed that can influence consumer decisions to remain loyal to Indomaret stores. This research is not in accordance with research conducted by Santouridis & Trivellas (2010), because the results show that service quality has no significant effect on customer loyalty.

#### ***The Effect of Store Image on Customer Loyalty through the mediation of Perceived Value***

The results showed that store image has a significant effect on Customer loyalty through the mediation of perceived value. Quality service, store cleanliness that is always well maintained, a good impression when shopping and a very fast transaction process contribute to higher perceived value for consumers so that it has an impact on creating loyalty for consumers. These findings underline that store image has a very large influence on consumer value perceptions so that it can create loyalty for consumers to Indomaret stores. Loyal consumers are consumers who often shop at Indomaret and give good assessments for the services that have been provided. The results of this study are in accordance with research conducted by (Hapsari et al., 2015; Najib, 2021) which shows that store image has a significant effect on customer loyalty through perceived value.

#### ***The Effect of Store Image on Customer Loyalty through the mediation of Customer Satisfaction***

The results showed that store image has a significant effect on customer loyalty through customer satisfaction mediation. With quality service, well-

maintained store cleanliness, ease of shopping and fast transaction processes do not guarantee that consumers will be loyal to Indomaret stores. Customer satisfaction, which is indicated by feelings of pleasure when shopping and satisfaction after shopping, is unable to create emotional attachment between consumers and indomaret stores so that consumer loyalty cannot be realised. The results of this study are not in accordance with research conducted by (Kaura et al., 2015; Shamsheer, 2021) which shows that store image has no significant effect on customer loyalty through the mediation of customer satisfaction.

## **CONCLUSION AND RECOMMENDATION**

Based on the results of the research and discussion above, the conclusions are

1. Service Quality has a significant effect on Perceived Value
2. Service Quality has a significant effect on Customer Satisfaction
3. Service Quality has no significant effect on Customer Loyalty
4. Store image has a significant effect on Perceived Value
5. Store image significantly affects Customer Satisfaction
6. Store image has no significant effect on Customer Loyalty
7. Perceived Value has a significant effect on Customer Loyalty
8. Customer Satisfaction has no significant effect on Customer Loyalty
9. Service Quality has no significant effect on Customer Loyalty through the mediation of Perceived Value
10. Service Quality has no significant effect on Customer Loyalty through mediation Customer Satisfaction
11. Store Image has a significant effect on Customer Loyalty through the mediation of Perceived Value
12. Store Image has no significant effect on Customer Loyalty through the mediation of Customer Satisfaction

## **ADVANCED RESEARCH**

For future researchers who are interested in taking the same topic, it is recommended to use other variables that are relevant to the research, for example, relationship marketing, store atmosphere and completeness of products. For mediating variables, it is advisable to use other variables, for example, customer trust.

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