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THE ROLE OF CUSTOMER SATISFACTION IN MEDIATING THE INFLUENCE OF PRODUCT QUALITY ON GENERATION Z CONSUMER LOYALTY IN KOPI KENANGAN IN MAKASSAR CITY

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Abstract

The Influence of Product Quality on Customer Loyalty with Customer Satisfaction as a Mediating Variable in Gen Z Consumers of Kopi Kenangan in Makassar City. Thesis, Management Study Program, Faculty of Economics and Business, Makassar State University. Guided by Mr. Anwar and Mr. Muhammad Ichwan Musa. This study aims to determine the influence of product quality on customer loyalty with customer satisfaction as a mediating variable in Generation Z consumers of Kopi Kenangan in Makassar City. The focus of this research is to analyze how product quality can increase customer satisfaction and shape customer loyalty. This type of research uses a quantitative approach with explanatory associatives. Data was collected through a questionnaire to 110 respondents who are Gen Z consumers of Kopi Kenangan in Makassar City. The data analysis technique uses Partial Least Squares Structural Equation Modeling (PLS-SEM) with the help of the SmartPLS application version 4.0.9.9. to test relationships between variables. The results of the study show that product quality has a positive and significant effect on customer satisfaction and customer loyalty. Customer satisfaction also has a positive and significant effect on customer loyalty and acts as a mediating variable in the relationship between product quality and customer loyalty. These findings show that good product quality can increase satisfaction and strengthen the loyalty of Kopi Kenangan customers in Makassar City.

Keywords: *Product Quality; Customer Satisfaction; Customer loyalty*

1. INTRODUCTION

The rapid development of *the food and beverage* (F&B) sector in major cities reflects a significant change in the increasingly complex and lifestyle-oriented lifestyle of urban communities. The social and economic transformation in Indonesia, marked by the expansion of the middle class, rapid urbanization, and the penetration of digital technology, has revolutionized the way people view consumption. Consumption is no longer limited to meeting basic needs, but has become a means of self-expression, the search for emotional experiences, and the formation of social identity.

According to Purnomo et al. (2021:5), this is reflected in the increase in urban household spending on recreational needs such as culinary, malls, and entertainment, which is now packaged in the form of *lifestyle-based consumption*. Along with the times, *Coffee Shops* are present and have become part of the consumptive lifestyle. A study conducted by Mario (2024:45) revealed that *Coffee Shops* are not just a place to buy drinks, but have transformed into a modern public space where the younger generation interacts socially, works flexibly (remote working), and builds self-image through social media.

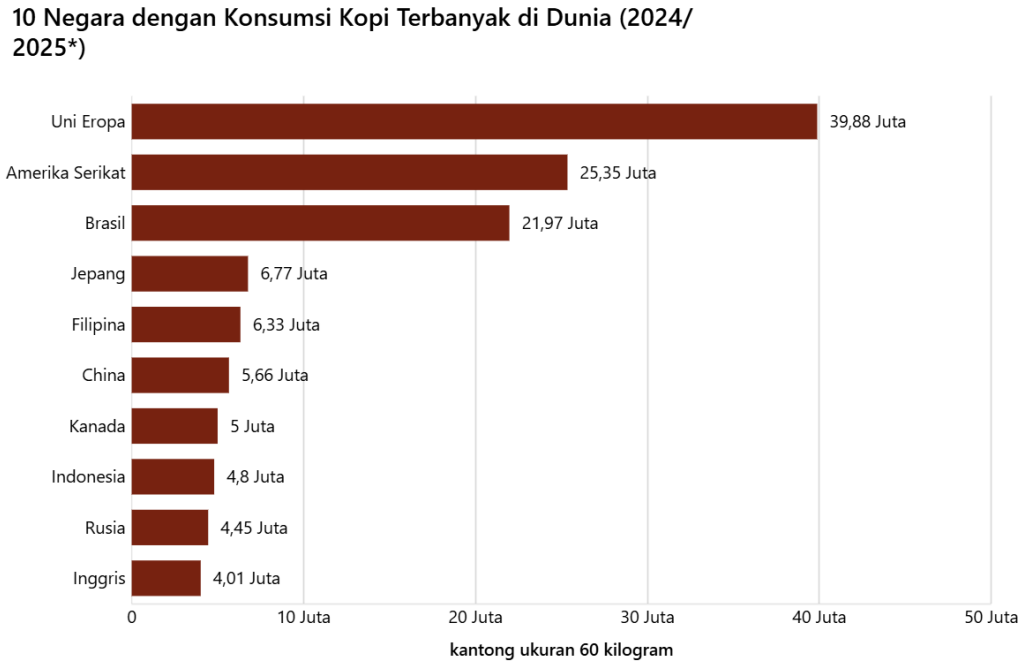

Figure 1.1 10 Countries with the Most Coffee Consumption in the World 2024/2025
Source: https://www.usda.gov/kopi/10-negara-dengan-konsumsi-terbanyak-2024-2025

Based on projections *by the United States Department of Agriculture* (USDA), global coffee consumption volume will reach 166.5 million 60-kilogram bags in the 2024/2025 trading season. In 2024/2025, the European Union will be the region with the most coffee consumption in the world, namely 39.88 million bags or 24% of total global coffee consumption. Meanwhile, Indonesia ranks eighth globally with a coffee consumption volume of 4.8 million bags. Where one bag weighs 60 kilograms (kg). Its consumption has continued to increase in the last five years. The increasing level of coffee consumption shows the high interest of the public in coffee.

The high public interest in coffee makes *the Coffee Shop* business have high economic potential today. Based on the observation results of observations made by the author, this phenomenon is clearly seen in Makassar City, where *Coffee Shops* are growing rapidly and starting to dominate compared to traditional coffee shops because they provide added value in the form of aesthetic spaces, comfort, and working spaces that suit the needs of urban communities. Interestingly, this enthusiasm is now beginning to be dominated by Generation Z who are known to have a dynamic lifestyle, love to try new things, and make *Coffee Shops*

not only a place to enjoy drinks, but also a space to gather, work, and do social activities (Siregar et al., 2023:6). This generation tends to be more critical of the quality of products, services, and the concept of the place offered, thus encouraging business actors to continue to innovate.

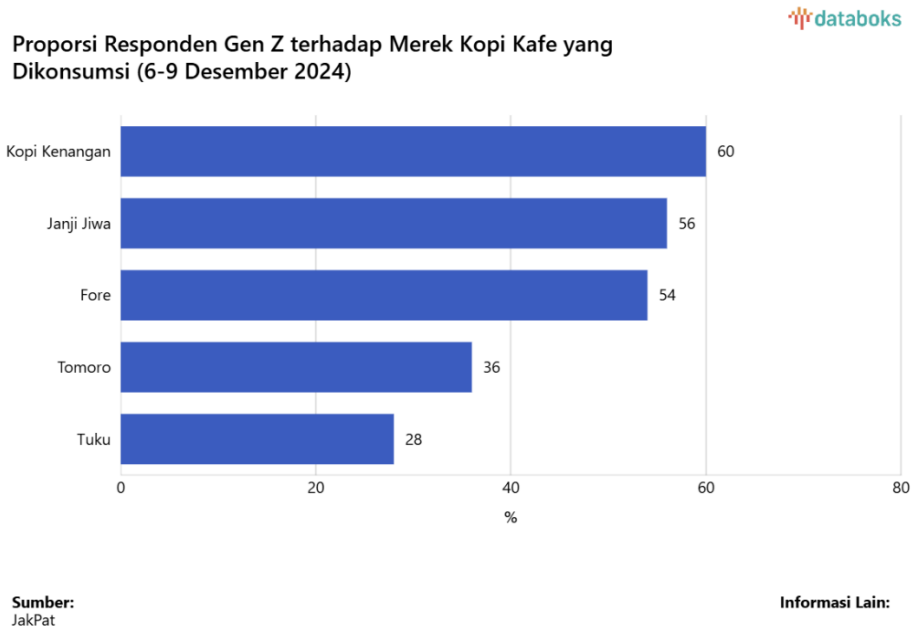

Figure 1. 2 Memories Coffee, the Most Consumed Café Coffee by Gen Z Indonesia

Source: https://databoks.katadata.co.id/

According to a survey by Jakpat through the databoks website (Katadata, 2025), as many as 896 out of 1,115 Generation Z consume coffee. Of the 896 respondents, 316 or 35% of them consumed coffee cafes. The café coffee that Gen Z consumes the most is Kopi Kenangan, with a proportion of 60% of the total Gen Z who drink café coffee. This coffee survey is included in the discussion of Gen Z consumption behavior in the Gen Z *Characteristics Behaviors report* (Katadata, 2025).

Kopi Kenangan is an example of the success of local brands that are able to capitalize on the market gap between traditional coffee shops and global brands such as Starbucks. The strategy focuses on the speed of service, local taste, and the use of digital technology. The company adopts technology-based approaches such as ordering through applications, non-cash payments, and CRM (*Customer Relationship Management*) systems to build relationships with young customers.

Suryono & Natalia (2024:361) note that Kopi Kenangan has succeeded in combining product quality and digital branding power in accordance with the preferences of Gen Z. In addition, the rapid expansion into various major cities shows the sharpness of distribution strategies and the ability to adapt to rapidly changing consumer behaviors. Currently, there are more than 1,000 outlets spread across 67 cities in Indonesia. In Makassar, Kopi Kenangan has 17 Outlets. A total of 7 outlets are located in the Makassar City Mall, and also 10 outlets spread throughout the city of Makassar (kopikenangan.com, 2025).

Table 1.1 Top Brand Index Subcategory Coffee Shops in 2023-2025

Fire	**2023**	**2024**	**2025**
Soul Promise	39,50%	44,80%	42,10%
Coffee Memories	39,70%	39,00%	39,30%
Squirt	7,50%	6,90%	9,50%
Drill	6,30%	5,40%	3,70%

Source: Top Brand Award (www.topbrand-award.com)

In Table 1.1, it can be seen that in 2023, Kopi Kenangan occupies the first position with a Top Brand Index (TBI) of 39.70% in the coffee shop category in Indonesia. However, in 2024, Kopi Kenangan will experience a decrease in TBI to 39.00% and continue to be at 39.30% in 2025, thus shifting to second position after Janji Jiwa which is able to achieve the highest TBI of 42.10% in 2025. This change signifies that Kopi Kenangan's dominance as a top brand is no longer absolute and its position is starting to be shifted by the main competitors.

This phenomenon shows that Kopi Kenangan is facing problems in the customer loyalty aspect. Although Kopi Kenangan is known for its success in building strong brand awareness, this achievement does not automatically guarantee that consumers remain loyal. Customer loyalty is one of the main goals in modern marketing strategies because loyal customers will make a repeat purchase, refuse to switch to another brand, and provide positive recommendations (Kusumawati & Adhilla, 2019:180). Changing consumer behavior, especially Generation Z, who are increasingly selective and critical in assessing product quality makes it easy for them to move to other brands if expectations are not met. This indicates that the marketing strategy is not enough to rely only on popularity or brand recognition, but must also pay attention to consumer satisfaction as the foundation for building loyalty.

Customer satisfaction itself is an important variable that bridges the influence of product quality on loyalty. Satisfied customers tend to make repeat purchases, are more tolerant of product shortcomings, and have a tendency to recommend products to others (Wiratama et al., 2025:2360). In the context of Gen Z, satisfaction is not only formed from

the quality of taste or functional aspects of the product, but also includes the emotional experience, service, and relevance of the brand to their lifestyle. This shows that satisfaction is a crucial mediating factor in forming loyalty.

Product quality remains a major factor in shaping customer satisfaction and loyalty. A product is said to be of high quality if it is able to meet customer needs and expectations consistently, both in terms of taste, raw materials, packaging, and presentation (Yulisetiarini et al., 2024:977). Gen Z consumers are known to be more selective and critical in evaluating product quality, so any negative experience can directly affect their satisfaction and even loyalty. Products that match customer expectations and needs will lead to satisfaction, which in turn increases the tendency of customers to remain loyal and make repeat purchases (Juliano et al., 2025:20). In this case, companies are required to not only produce goods, but also convince consumers that their products are of quality and reflect a good brand (Arif & Syahputri, 2021:400).

According to *Consumer Behavior Theory*, customer loyalty is influenced by psychological processes that include consumer perception, motivation, attitude, and experience, where product quality becomes the initial stimulus that shapes the perception of value (Schiffman & Wisenblit, 2019:45). In line with that, *the Expectancy Disconfirmation Theory* (EDT) put forward by Oliver (1980) emphasizes that satisfaction is formed when the performance of a product meets or exceeds consumer expectations, while dissatisfaction arises if its performance is lower than expectations. Thus, product quality that meets or exceeds expectations will drive satisfaction that has implications for repeat purchases and loyalty.

In addition to this empirical phenomenon, this study also seeks to fill the gap in the literature. Several studies show different results regarding the relationship between product quality, customer satisfaction, and loyalty. Soetiyono & Alexander (2025:2066) found that product quality does not have a direct effect on loyalty, while Saputra & Nurlinda (2024:1265) actually shows a positive and significant influence. The difference is also seen in the customer satisfaction aspect, where Izzuddin & Muhsin (2020:76) stated that product quality has no effect on satisfaction, while Hanif & Prakoso (2023:68) proved otherwise. The inconsistency of these findings confirms the need for further research in a specific context, namely Generation Z consumers on Kopi Kenangan in Makassar City. Based on the description of the background explanation above, the author is interested in conducting a research entitled "The Influence of Product Quality on Customer Loyalty with Customer Satisfaction as a Mediating Variable in Gen Z consumers in Kopi Kenangan Makassar City".

2. RESEARCH METHOD

The type of research used in this study is quantitative research with an *associative-explanatory* approach. Quantitative research is used because the data collected is in the form of numbers and is statistically processed to test the hypotheses that have been formulated. According to Sugiyono (2022:8), quantitative research emphasizes testing theory through measuring research variables with numbers, as well as analyzing data statistically to obtain objective conclusions. The associative–explanatory approach is used to explain the causal relationship between two or more variables, either directly or indirectly. According to Singarimbun and Effendi (2019:5), associative research aims to determine the influence or relationship between research variables. In this context, the study seeks to explain the influence of product quality (X) on customer loyalty (Y) with customer satisfaction (Z) as a mediating variable in Generation Z consumers who use Kopi Kenangan products in Makassar City.

The following is an overview of the research design. Research design is a stage that concerns the complete process required in the research as an organized work plan, so that the researcher can be more directed and achieve the desired goals.

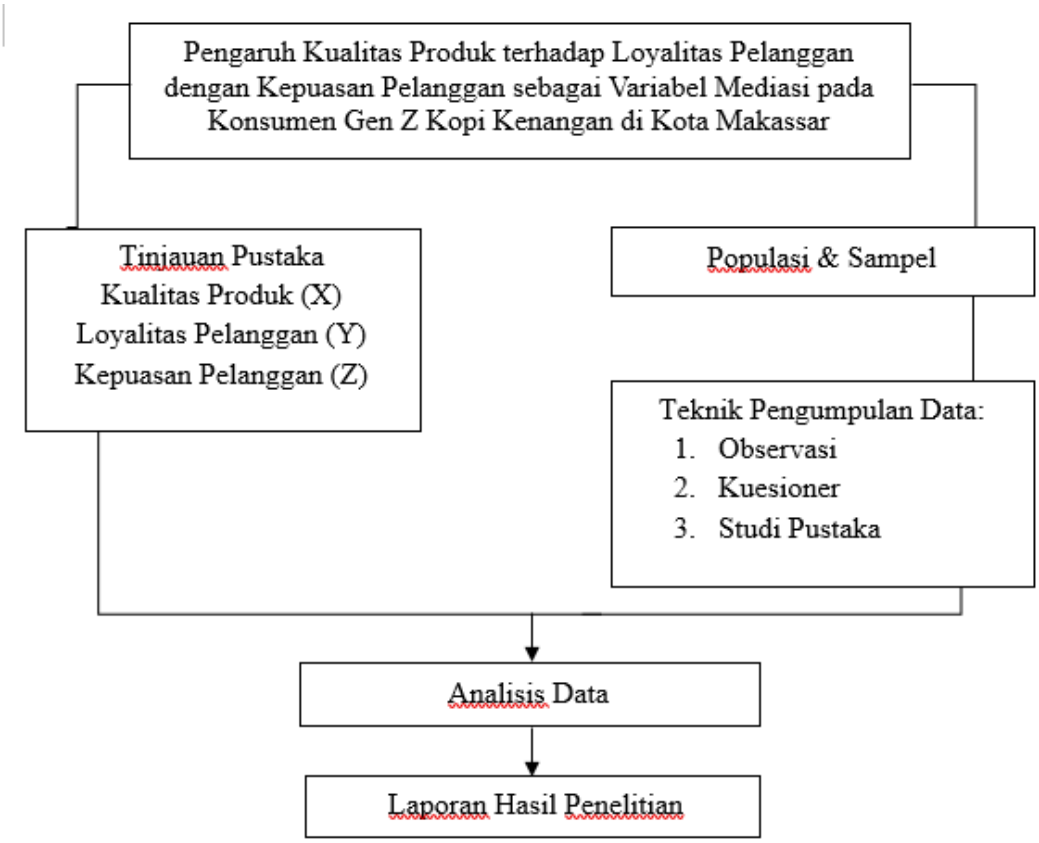

Figure 3. 1 Research Design

Source: Data processed by the author (2026)

Population is a generalized area consisting of objects/subjects that have certain quantities and characteristics that are applied by researchers to study and then draw conclusions. The population in this study is Gen Z consumers of Kopi Kenangan in Makassar City.

The researcher faces a problem where the number of the population cannot be known for sure so the sample technique to be used is the purposive sampling technique. The sampling technique in this study is included in the non-probability sampling category. Non-probability sampling is a sample determination method where the selection of respondents is based on the subjective considerations of the researcher and the ease of obtaining data, so that not all members of the population have the same opportunity to be sampled. By referring to this explanation, the sample in this study must meet the criteria, namely domiciled in Makassar City, generation Z with a range of birth ages in 1997-2012 (age 13-28 years), and have made purchases at Kopi Kenangan at least 3 times in the last 2 months. Since the exact number is unknown, the determination of the number of samples refers to the opinion of Hair et al. (2010:176), who stated that the ideal sample size is 5 to 10 times the number of indicators. Based on this calculation, the number of samples set is 110 respondents.

This study uses data collection techniques in the form of observations and questionnaires that are carried out to understand consumer behavior in real life in the field as well as to obtain more structured answers according to research indicators.

A research instrument is a tool used to measure a phenomenon or variable being studied, both social and natural. According to Sugiyono (2019), research variables are everything that is the focus of observation in research. In order for the instrument used to be really precise, it is necessary to carry out tests to ensure that each statement in the questionnaire is able to measure variables accurately and consistently.

Before the questionnaire is distributed to the main respondents, a preliminary test is first carried out. This pretest was given to 30 respondents (n = 30) who had characteristics similar to the study population. That number is enough to see if any statements are unclear, confusing, or inappropriate. If deficiencies are found, the questionnaire will be corrected first to make it easier to understand and in accordance with the purpose of the research. After the instrument is declared feasible, a validity test and reliability test are carried out. The validity test aims to ensure that each question actually measures the variable to be studied. Meanwhile, the reliability test aims to see whether the respondents' answers are consistent and trustworthy (Sugiyono, 2022). In this study, each variable was described into several indicators, then made into a statement in the form of a closed questionnaire. The questionnaire uses the Likert Scale, which is a scale that provides a choice of answers based on the level of approval of the respondents, such as strongly disagree to strongly agree. The data obtained is ordinal because it shows the level or order of assessment. The questionnaire

was then distributed to Kopi Kenangan customers in Makassar City as research respondents to obtain data that will be analyzed further.

Quantitative data analysis methods are computational and statistical methods that focus on statistical, mathematical or numerical analysis of data sets. In this method, research starts from the descriptive statistical phase and is followed up with more specific analysis to gain more insights. Through quantitative research, it is possible to collect and analyze a large amount of data analysis techniques in this study using *Partial Least Square Structural Equation Modeling* (PLS-SEM) through SmartPLS software version 4.0.9.9. to test the research hypothesis and explain their relationship to each other. SEM (*Structural Equation Modeling*) is a statistical technique used to analyze the relationship between latent constructs and their indicators, relationships between latent constructs, and direct measurement errors. This method allows simultaneous analysis between multiple dependent and independent variables. The results of the analysis tested the validity of convergence, discriminatory, and reliability to evaluate the measurement and structural models used in this study.

3. RESULTS AND DISCUSSION

This research was conducted on Kopi Kenangan customers in Makassar City by distributing questionnaires to Kopi Kenangan buyers and visiting 11 Kopi Kenangan outlets spread across Makassar City. Data collection lasted for 2 months through an online questionnaire containing 10 statements to measure product quality (X), 6 statements to measure customer loyalty (Y), and 6 statements to measure customer satisfaction (Z). The scale used is a 4-point Likert scale, to assess respondents' responses to each statement given. Of the 119 questionnaires collected, 9 did not pass the screening process, so that the data analyzed amounted to 110 respondents according to the criteria of the research sample.

In this study, the analysis used was *Structural Equation Modeling* (SEM) based on *Partial Least Square* (PLS). This method involves three stages of assessment, *external model* analysis, *inner model* analysis and hypothesis testing. The software used in this study is SmartPLS Version 4.0.9.9.

Data Analysis Results

a). Measurement model (Outer model)

After testing using SmartPLS on the *outer model*, the results were obtained that all indicators had a loading factor value of >0.7 against the latent variable. These values can be seen in the following table:

Table 4. 1 Outer Loading Analysis

Indicator	Product Quality (X)	Customer Loyalty (Y)	Customer Satisfaction (Z)
X.1	0,828		
X.10	0,849		

X.2	0,846		
X.3	0,809		
X.4	0,813		
X.5	0,831		
X.6	0,815		
X.7	0,824		
X.8	0,763		
X.9	0,811		
Y.1		0,898	
Y.2		0,876	
Y.3		0,886	
Y.4		0,843	
Y.5		0,873	
Y.6		0,875	
Z.1			0,841
Z.2			0,861
Z.3			0,862
Z.4			0,844
Z.5			0,861
Z.6			0,843

Source: Researcher-processed data (2026)

Furthermore, the validity of the convergence is tested through *the measurement of Average Variance Extracted* (AVE) which aims to assess the extent to which a construct is able to explain the variance of the indicators that represent it. The minimum acceptable AVE value is 0.50 (Hair *et al*., 2021).

Tabel 4. 2 Average Variance Extracted

Indicator	*Average Variance Extracted (AVE)*
Customer Satisfaction (Z)	0,726
Product Quality (X)	0,671
Customer Loyalty (Y)	0,766

Source: Researcher-processed data (2026)

Based on Table 4.2, it can be seen that all latent variables in the research model have met the convergent validity well, which is indicated by the *Average Variance Extracted* (AVE) value above 0.50 so that it is in accordance with the established convergent validity criteria.

Discriminant Validity

In this test, the things that need to be considered are *cross loading*, and Heterotrait-Monotrait *Ratio* (HTMT). Cross *loading* testing is performed to ensure that the relationship between the construct and its measurement item is stronger compared to the relationship to other constructs. This assessment aims to ensure discriminant validity, i.e. each construct in the model has a clear empirical difference. An indicator is declared to meet discriminatory validity if the *outer loading* value of the constructed it measures is higher than that of other constructs, with the recommended *cross loading* value above 0.70 (Hair et al., 2021). The results of *the cross loading* testing of each indicator can be seen in the following table:

Table 4. 3 Cross Loading Values

Indicator	Product Quality (X)	Customer Loyalty (Y)	Customer Satisfaction (Z)
X.1	0.828	0.613	0.666
X.10	0.849	0.579	0.593
X.2	0.846	0.592	0.696
X.3	0.809	0.587	0.628
X.4	0.813	0.609	0.651
X.5	0.831	0.532	0.608
X.6	0.815	0.573	0.625
X.7	0.824	0.612	0.678
X.8	0.763	0.509	0.554
X.9	0.811	0.537	0.609

Y.1	0.632	0.898	0.718
Y.2	0.637	0.876	0.685
Y.3	0.613	0.886	0.704
Y.4	0.549	0.843	0.614
Y.5	0.668	0.873	0.708
Y.6	0.584	0.875	0.682
Z.1	0.713	0.690	0.841
Z.2	0.640	0.644	0.861
Z.3	0.610	0.672	0.862
Z.4	0.635	0.684	0.844
Z.5	0.665	0.681	0.861
Z.6	0.680	0.636	0.843

Source: Researcher-processed data (2026)

Based on the table above, discriminant validity is assessed using *cross-loading*, and the results show that each indicator has the highest outer loading value in its own construct, thus meeting the criteria for discriminant validity.

Furthermore, the discriminatory validity test between constructs was carried out using the Heterotrait-Monotrait Ratio of Correlations (HTMT) method, which assesses empirical differences between constructs. The recommended HTMT value is below 0.90, and if the HTMT value is < 0.90, then the entire construct is declared to meet the discriminant validity (Hair et al., 2021).

Tabel 4. 4 Nilai Heterotrait-Monotrait Ratio of Correlations (HTMT)

Indicator	**Product Quality (X)**	**Customer Loyalty (Y)**	**Customer Satisfaction (Z)**
Customer Satisfaction (Z)			
Product Quality (X)	0,822		
Customer Loyalty (Y)	0,840	0,742	

Source: Researcher-processed data (2026)

Based on table 4.4, the results of the *Heterotrait-Monotrait Ratio of Correlations* (HTMT) test show that the total correlation value between latent constructs < 0.90. This

indicates that the relationship between constructs does not exceed the recommended limit and meets the criteria of discriminant validity according to the standards of Hair et al. (2021). Thus, all constructs in the model are declared to have good discriminant validity.

Reliability Test

Tabel 4. 5 Composite Reliability

Indicator	***Composite Reliability***
Customer Satisfaction (Z)	0,941
Product Quality (X)	0,953
Customer Loyalty (Y)	0,952

Source: Researcher-processed data (2026)

Based on Table 4.5, all variables have a composite *reliability* value of > 0.70, so that they can be declared to meet the criteria of good reliability. The customer satisfaction variable (Z) obtained a *composite reliability* value of 0.941, which indicates that the indicators used are able to measure customer satisfaction consistently. Furthermore, the product quality variable (X) has a *composite reliability* value of 0.953, which indicates a very high level of internal consistency in representing respondents' perception of product quality. The customer loyalty variable (Y) also showed an excellent *composite reliability* value, which was 0.952, which means that loyalty indicators are able to reflect customer behavior stably.

Overall, the three research variables have a high *composite reliability* value, so that all instruments are declared reliable and suitable for further analysis. These results show that each indicator is able to measure the constructs studied consistently in Kopi Kenangan consumers in Makassar City.

The reliability of the research instrument was also tested using Cron*bach's alpha* to determine the level of consistency between indicators in each variable. A Cron*bach's alpha* value above 0.60 indicates that a statement item in a variable is able to measure the same concept consistently (Hair et al., 2021). Thus, this test is used to ensure that the indicators used are accurate and reliable. The results of Cronbach's alpha testing can be seen in the following table:

Tabel 4. 6 Cronbach's alpha

Indicator	*Cronbach's alpha*
Customer Satisfaction (Z)	0,925
Product Quality (X)	0,945
Customer Loyalty (Y)	0,939

Source: Researcher-processed data (2026)

Based on Table 4.6 the product quality variable (X) has a Cronbach's alpha value of 0.945, which indicates an excellent level of internal consistency. This means that statement items are able to consistently portray customer perception of product quality. The customer loyalty variable (Y) obtained a Cronbach's alpha value of 0.939, which is also in the category of excellent reliability. Furthermore, the customer satisfaction variable (Z) has a Cronbach's alpha value of 0.925, which indicates very high reliability. This means that all questionnaire items are able to consistently measure customer satisfaction levels.

Overall, all variables in this study had a Cronbach's alpha value above 0.60, so the research instrument was declared reliable and feasible to analyze the relationship between product quality, customer satisfaction, and customer loyalty in consumers of Kopi Kenangan in Makassar City

Uji Goodness of Fit

Table 4. 71 Goodness of Fit

Indicator	*Saturated model*	*Estimated model*
SRMR	0,046	0,046
d_ULS	0,537	0,537
d_G	0,428	0,428
Chi-square	249,403	249,403
NFI	0,886	0,886

Source: Researcher-processed data (2026)

The Fit model is used to assess the feasibility of structural models and measurement models. In addition, the test also provides a simple measure to evaluate the overall prediction of the model. SRMR values ≤ 0.10 or ≤ 0.08 are considered good *fit* (Henseler et al., 2014). Based on Table 4.19, the test results show that the SRMR value in this research model is

0.046, which is included in the category of *good fit criteria.*

Model Struktural (Inner model)

Once the *outer model* meets the criteria, the analysis is continued to the *inner model* to test the relationships between latent variables and assess the model's predictive ability. According to Hair et al. (2021), this evaluation in PLS-SEM aims to ensure that the construct is able to explain the structural relationships appropriately. The test includes the analysis of R-square (R^2) and Q-square (Q^2) to see the magnitude of the influence of independent variables on the dependent variables, as well as hypothesis tests to assess the significance of the relationships between variables.

The R-Square value indicates how much the independent variable is able to explain the variation in the dependent variable. The higher the R-Square value (closer to 1), the greater the model's ability to explain the relationships between variables, while values close to 0 indicate weak ability (Ghozali, 2016). According to Hair et al. (2021), the R-Square interpretation criteria are 0.75 (strong), 0.50 (moderate), and 0.25 (weak). The results of the R-Square test can be seen in the following table.

Table 4. 8R-Squared Analysis

Variabel	*R-square*	*R-square adjusted*	Analysis
Customer Satisfaction (Z)	0,596	0,593	Moderate
Customer Loyalty (Y)	0,639	0,632	Moderate

Source: Researcher-processed data (2026)

Based on Table 4.8, the R-Square value in the Customer Satisfaction (Z) variable is 0.596 with R-Square Adjusted 0.593, while Customer Loyalty (Y) is 0.639 with R-Square Adjusted 0.632. Both values are included in the moderate category because they are in the range of 0.50–0.75. This means that Customer Satisfaction can be explained by 59.6% by variables in the model, while 40.4% is influenced by other factors outside of the study. Likewise, Customer Loyalty can be explained at 63.9%, while the remaining 36.1% is influenced by other variables that are not studied. These results show that the model has a fairly good or moderate explanatory ability according to the criteria of Hair et al. (2021).

The Q-Square value is used to assess predictive relevance, which is the model's ability to predict endogenous variables through the blindfolding procedure. This test shows the extent

to which the model is able to estimate data outside of the estimation process. According to Ghozali (2016), the value of Q-Square > 0 indicates that the model has good predictive ability, while the value of < 0 indicates weak predictive ability. The results of the Q-Square test can be seen in the following table.

Table 4. 92 Q-Square Analysis

Variabel	***Q-Square***
Customer Satisfaction	0,589
Customer Loyalty	0,485

Source: Researcher-processed data (2026)

Based on Table 4.9, the Q-Square value in the Customer Satisfaction variable is 0.589 and Customer Loyalty is 0.485. Both values > 0, indicating that the model has good predictive capabilities. This means that the model is able to predict and explain the variation of data on the two endogenous variables in accordance with the criteria stated by Ghozali (2016).

Hypothesis Testing

Hypothesis testing is carried out to assess the relationship between latent variables, including direct effects, indirect effects, and total effects so that the relationship between variables can be understood comprehensively. The determination of the acceptance or rejection of the hypothesis is carried out based on the t-statistical value and p-value, where the hypothesis is stated to be significant when the t-statistical value ≥ 1.645 or the p-value < 0.05 (Ghozali & Latan, 2015). The following is a hypothesis image in this study:

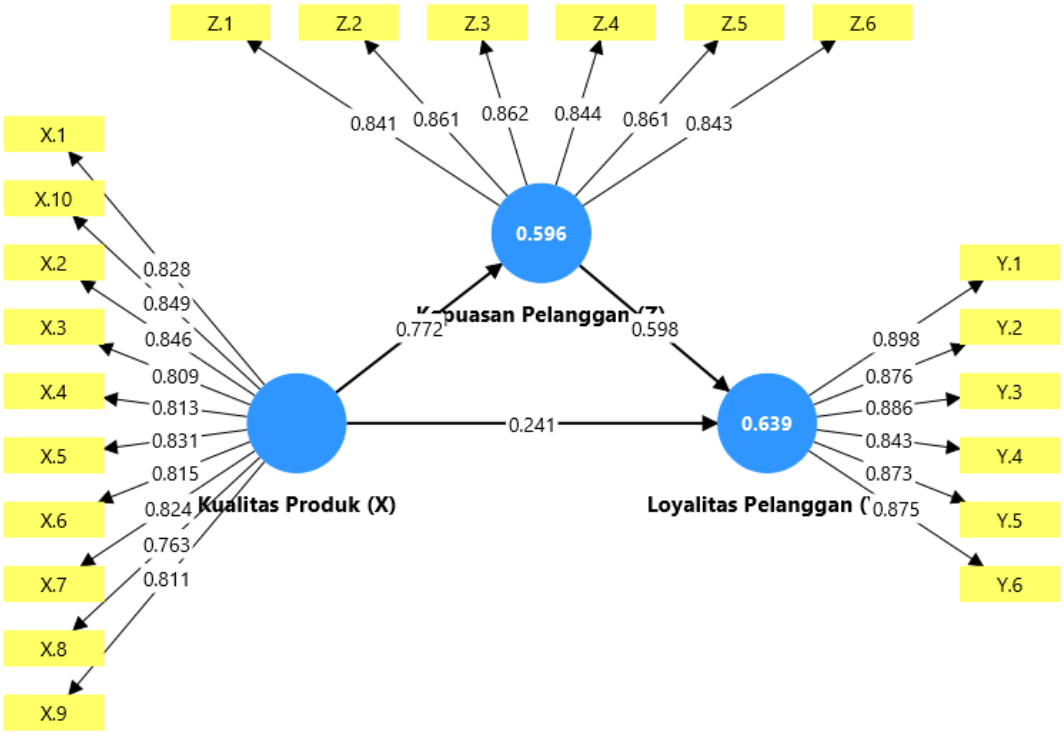

Figure 4.1. Hypothesis Testing

Source: Researcher-processed data (2026)

The direct effect *hypothesis test* aims to find out how much independent variables have a direct effect on dependent variables. The test was carried out by *bootstrapping* method to obtain *t-statistic* and *p-value*. An influence is expressed when the *t-statistic* value ≥ 1.645 or *p-value* < 0.05 (Ghozali & Latan, 2015). The results of *the direct effect* testing in this study can be seen in the following table:

Table 4. 10 Direct effect

Variabel	***Original sample (O)***	***Sample mean (M)***	***Standard deviation (STDEV)***	***T statistics (|O/STDEV|)***	***P values***
Customer Satisfaction - > Customer Loyalty	0,598	0,600	0,085	7,063	0,000
Product Quality -> Customer	0,772	0,775	0,034	22,555	0,000

Satisfaction					
Product Quality -> Customer Loyalty	0,241	0,241	0,092	2,627	0,009

Source: Researcher-processed data (2026)

Based on Table 4.10, all hypotheses in direct effect testing were accepted because they met the criteria of t-statistic ≥ 1.645 and p-value < 0.05 (Ghozali & Latan, 2015). In the first hypothesis, the effect of product quality on customer loyalty showed a t-statistic of 2.627 and a p-value of 0.009, so it can be concluded that product quality has a positive and significant effect on customer loyalty of Kopi Kenangan in Makassar City.

Furthermore, in the second hypothesis, the effect of product quality on customer satisfaction showed a *t-statistic* value of 22.555 and *a p-value* of 0.000, so that the hypothesis was accepted and proved that the better the quality of Kopi Kenangan products, the higher the customer satisfaction. Meanwhile, in the third hypothesis, the effect of customer satisfaction on loyalty has a *t-statistic* value of 7.063 and *a p-value* of 0.000, which means that the relationship is positive and significant. Overall, the relationships between variables in the model proved to be statistically significant.

The *indirect effect* test aims to find out whether independent variables affect dependent variables through mediation variables. This test is used to assess the presence or absence of a mediating role in the relationship between variables. An indirect effect is stated to be significant when the *t-statistic* value ≥ 1.645 or *p-value* < 0.05 (Ghozali & Latan, 2015). The results of the *indirect effect test* can be seen in the following table:

Table 4. 11 Indirect effect

Variabel	***Original sample (O)***	***Sample mean (M)***	***Standard deviation (STDEV)***	***T statistics (|O/STDEV|)***	***P values***
Product Quality -> Customer Satisfaction -> Customer Loyalty	0,462	0,465	0,070	6,560	0,000

Source: Researcher-processed data (2026)

Based on Table 4.11, the results of the indirect effect test show that product quality (X) affects customer loyalty (Y) through customer satisfaction (Z). This is evidenced by a t-

statistic value of 6.560 (> 1.645) and a p-value of 0.000 (< 0.05), so that the influence is stated to be positive and significant. Thus, the hypothesis is accepted. This means that product quality can increase customer loyalty if supported by customer satisfaction as a mediating variable. These results confirm that customer satisfaction has an important role in strengthening the relationship between product quality and customer loyalty.

The *total effect test* was carried out to determine the magnitude of the overall influence of independent variables on dependent variables, either directly or through mediation variables. This test provides a complete picture of the strength of the relationship between variables in the research model (Ghozali & Latan, 2015). The results of *the total effect* test can be seen in the following table:

Table 4. 123 Total Effect

Variabel	***Original sample (O)***	***Sample mean (M)***	***Standard deviation (STDEV)***	***T statistics (|O/STDEV|)***	***P values***
Customer Satisfaction -> Customer Loyalty	0,598	0,600	0,085	7,063	0,000
Product Quality -> Customer Satisfaction	0,772	0,775	0,034	22,555	0,000
Product Quality -> Customer Loyalty	0,703	0,706	0,043	16,290	0,000

Source: Researcher-processed data (2026)

Based on Table 4.12, all relationships between variables showed a positive and significant influence, with a *t-statistical* value of > 1.645 and *a p-value* of < 0.05 so that all hypotheses were accepted. *The total* effect of product quality on customer loyalty is 0.703, higher than the *direct effect* of 0.241. This means that the influence of product quality on customer loyalty becomes stronger when it comes to customer satisfaction as a mediating variable. In other words, customer satisfaction strengthens the relationship because good product quality will be more effective in increasing loyalty if it first increases customer satisfaction. A summary of the results of the hypothesis test can be seen in the following table:

Table 4. 13 Hypothesis Test Summary

Variabel	*Original sample (O)*	*Sample mean (M)*	*Standard deviation (STDEV)*	*T statistics (|O/STDEV|)*	*P values*	VAF	Results
Z -> Y	0,598	0,600	0,085	7,063	0,000		Positive Signifikan
X -> Z	0,772	0,775	0,034	22,555	0,000		Significant Positives
X -> Y	0,241	0,241	0,092	2,627	0,009		Positive Signifikan
X -> Z -> Y	0,462	0,465	0,070	6,560	0,000	65,79%	*Partial Mediation*

Source: Researcher-processed data (2026)

Based on Table 4.13, the results of the analysis of direct, indirect, and total influences show that all paths between variables have a positive and significant effect. Product quality has a direct effect on customer loyalty with an *original sample value* of 0.241, *t-statistic* 2.627, *p-value* 0.009 and also has a strong effect on customer satisfaction with a *t-statistic* value of 22.555 and *p-value* of 0.000. Customer satisfaction itself has a significant effect on customer loyalty with a *t-statistic* value of 7.063 and *a p-value* of 0.000. In addition, *the indirect effect* of product quality on loyalty through customer satisfaction is also positive and significant with *an original sample value* of 0.462, *t-statistic* of 6.560 and *p-value* of 0.000. The VAF value of 65.79% shows that 65.79% of the influence of product quality on customer loyalty occurs through customer satisfaction as a mediating variable. Based on the criteria of Ghozali & Latan (2015), the VAF value is between 20%–80% and belongs to the category of *partial mediation*. This means that customer satisfaction acts as a partial *mediator* because product quality still has a direct effect on customer loyalty, but this influence becomes stronger when it comes to customer satisfaction. In other words, the better the product quality, the higher the satisfaction felt, thus ultimately increasing customer loyalty. Furthermore, a summary of the hypothesis and its comparison with previous research can be seen in the following Table 4.29:

Table 4. 14 Summary of Hypothesis Results

Hipotesis	Statement	Results
H1	There is a positive and significant influence of product quality on customer loyalty KFC in Makassar City.	Accepted
H2	There is a positive and significant influence of product quality on customer satisfaction KFC in Makassar City.	Accepted
H3	There are positive and significant influences customer satisfaction with KFC customer loyalty in the City Makassar.	Accepted
H4	There is a positive and significant influence of product quality on customer loyalty through the satisfaction of KFC customers in Makassar City.	Accepted

Source: Researcher-processed data (2026)

4. CONCLUSION

Based on the results of the research and discussions that have been carried out, the conclusion of this study is that first, product quality directly has a positive and significant

effect on customer loyalty. This shows that the better the quality of the products offered, the higher the level of customer loyalty. Second, product quality as measured through performance, features, *reliability*, conformance, and perceived quality indicators is able to encourage customers to make repeat purchases and still choose Indrasari products over competitors. Product quality has a positive and significant effect on customer satisfaction. Products that have good performance, attractive features, consistent reliability, conformance to standards, and high quality perception can meet and even exceed customer expectations. Customer satisfaction is reflected through indicators of expectation conformity, interest in returning visits, and willingness to recommend products to others. Third, customer satisfaction has been proven to have a positive and significant effect on customer loyalty. Satisfied customers tend to make repeat purchases, show retention or resilience not to switch to other products, and provide referrals by recommending Indrasari products to relatives and friends. Fourth, customer satisfaction plays a significant mediating variable in the relationship between product quality and customer loyalty. This means that good product quality will increase customer satisfaction, and ultimately strengthen customer loyalty. Thus, the higher the quality of the products provided by Indrasari, the greater the level of satisfaction felt by customers, thus encouraging the formation of long-term loyalty.

Based on the results of the research and conclusions that have been described earlier, there are several recommendations that can be considered by Kopi Kenangan in an effort to increase *product reliability*, customer willingness to recommend, and strengthen customer retention in a sustainable manner, namely first, Kopi Kenangan needs to ensure that *reliability* Products are maintained through taste consistency, accuracy of dosage, quality of raw materials, and presentation standards in each outlet. Strict quality control and regular evaluation of standard operating procedures will minimize mispresentation and increase customer trust. A product that is always reliable will reinforce positive perceptions and build long-term relationships with consumers. Second, to increase customer satisfaction, especially in the aspect of willingness to recommend, companies need to create a positive and memorable consumption experience. When customers feel consistent product quality and good service, they will be encouraged to recommend to others voluntarily. This effort

can be strengthened through loyalty programs, giving appreciation to repeat customers, and increasing more personalized interactions. Third, in increasing loyalty in the retention dimension, companies need to develop a strategy to retain customers through a relational approach. Rewards programs based on purchase frequency, exclusive promos for regular customers, and offers tailored to consumer preferences can increase the likelihood of customers continuing to make repeat purchases and not switch to competitors. Fourth, for future researchers, it is recommended to develop the research by adding other relevant variables such as price, brand image, or customer experience that can affect *reliability*, willingness to recommend, and *retention*. In addition, the use of different research methods or a wider number of samples can provide more comprehensive and in-depth results

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