The Effect of Service Quality and Price Perception on Customer Loyalty Mediated by Customer Satisfaction at Bengkel Sukses Jaya

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KEYWORDS	ABSTRACT
Service Quality; Price Perception; Customer Satisfaction; Customer Loyalty	This research investigates the impact of service quality and price perception on customer loyalty, with customer satisfaction acting as a mediating variable at Bengkel Sukses Jaya. Utilizing a quantitative research approach, data were gathered from 106 respondents who have used or are currently using the motorcycle maintenance services at the workshop. The analysis was conducted using the PLS-SEM method through SmartPLS 4.1.0.3 software. Results reveal that both service quality and price perception significantly enhance customer satisfaction. Moreover, service quality directly fosters customer loyalty, while price perception shows no direct effect on loyalty. However, customer satisfaction emerges as a significant driver of customer loyalty. Notably, the study confirms that service quality and price perception indirectly influence customer loyalty through the mediating role of customer satisfaction.

Introduction

The total population of Indonesia in 2022 was 275.773 million people (Badan Pusat Statistik, 2023, p. 92). With its increasing population growth, Indonesia can be used as one of the most strategic target markets for many companies, especially those who want to develop their business in various industries, such as automotive, technology, consumer and other industries.

One important industry that contributes significantly to the national economy is the automotive industry. As demonstrated by its extensive contribution to the formation of Gross Domestic Product (GDP), its economic contribution also demonstrates the ability to drive many other industries through the demand for various raw materials, components and other supporting materials (Kementerian Perindustrian, 2022, p. 1).

On the other hand, the automotive industry generates a considerable amount of foreign exchange for the country through export activities and creates quite a lot of jobs. Jobs are found in various industrial and supporting activities, ranging from vehicle sales, spare parts sales to four-wheeled and two-wheeled motor vehicle workshops spread across urban to rural areas (Kementerian Perindustrian, 2022, p. 1).

The automotive industry encountered significant difficulties during the Covid-19 pandemic. To support the sector's recovery, the government introduced the Sales Tax on Government-Borne

Luxury Goods (PPnBM-DTP) incentive policy for motor vehicles in 2021 as part of the National Economic Recovery Program. This policy aimed to stimulate demand, ensure the sustainability of the automotive industry, and promote an increase in domestic purchases (Kementerian Perindustrian, 2022, p. 1).

Along with the PPnBM policy supported by public enthusiasm and the recovery of market demand, car and motorcycle sales in Indonesia have increased again (Kementerian Perindustrian, 2022, p. 1). In 2023, motorcycle sales in Indonesia were recorded at 6.236.992 units, an increase of 19.45% when compared to previous years or the equivalent to 5.221.470 units (Asosiasi Industri Sepeda Motor Indonesia, 2023). Motorcycle Sales Data in Indonesia can be seen in Figure 1.
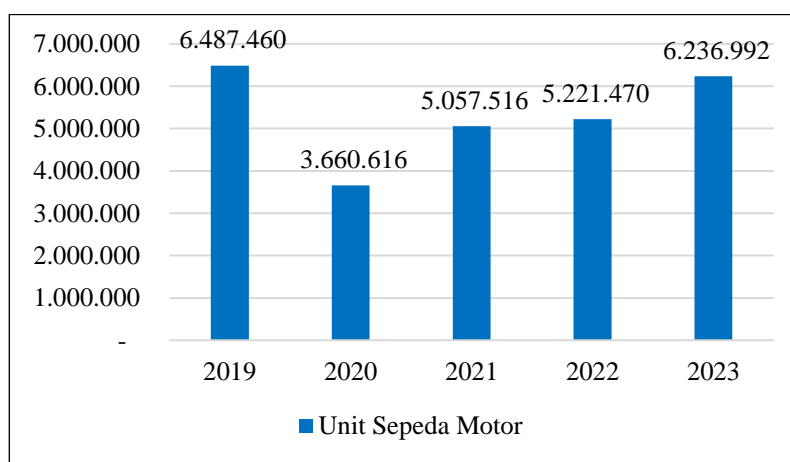

Figure 1. Motorcycle Sales Data in Indonesia

Source: Asosiasi Industri Sepeda Motor Indonesia (2023)

Motorcycles are among the most commonly used modes of transportation by the public for carrying out a wide range of activities. Along with the number of people who use motorcycles, the need for motorcycle maintenance services is also increasing (Lustono et al., 2022). One of the businesses engaged in motorcycle maintenance services is Bengkel Sukses Jaya.

Bengkel Sukses Jaya is located at Jl. Jend. Ahmad Yani No. 47, Potongan, Sidakaya, South Cilacap District, Cilacap Regency, Central Java, 53211. Like motorcycle workshops in general, Bengkel Sukses Jaya has also provided motorcycle maintenance services, sales and replacement of motorcycle spare parts.

Services are economic activities between two parties that involve the exchange of value in the market between buyers and sellers. Buyers purchase services because they want the desired results. Many companies promote their services as a solution to potential customers' needs. Customers expect value for the money, time, and effort they have spent to purchase services (Wirtz & Lovelock, 2022, p. 58).

A business must deliver excellent service quality to its customers. This quality is assessed by the company's capability to fulfill customer needs and expectations, while also reflecting the superior standards upheld by the company and its management. Customer service is not only aimed at serving

customers but also an effort to build mutually beneficial long-term collaboration (Suhardi et al., 2022).

Furthermore, a positive perception of price in customers' minds is a critical aspect that every business must consider. Price perception is influenced by the customer's ability to interpret price information and the significance they attach to it. Customers evaluate the price of a product or service by considering its attributes and comparing it with the prices of similar offerings in the market (Kurniawan, 2020, p. 33).

A company should prioritize achieving customer satisfaction, reflecting the customer's reaction to the quality of service or performance they receive. Customers evaluate this performance by comparing it to their expectations. When the performance surpasses their expectations, customers feel satisfied; however, if it falls short or only meets expectations, dissatisfaction arises (Daga, 2017, p. 78).

Customer satisfaction is essential to building customer loyalty. Companies will find it difficult to build a loyal customer base if they do not meet customer needs (Kotler et al., 2022, p. 448). Customers who are satisfied are more likely to remain loyal and spread positive word-of-mouth about the company and its offerings. The slightest dissatisfaction can lead to a significant decrease in loyalty (Kotler & Armstrong, 2021, p. 39).

Data obtained from Google reviews indicates that several customers expressed dissatisfaction with the service provided by Bengkel Sukses Jaya. These, dissatisfaction are caused by, among others, maintenance results that are still not optimal, misunderstandings in communication between mechanics and customers, maintenance work times that are too long, unreliable mechanics and maintenance prices that are too expensive (Bengkel et al., 2023).

Researchers have highlighted a gap in the literature, observing that while many studies indicate service quality has a positive and significant impact on customer loyalty, with customer satisfaction acting as a mediating factor (Prayogo et al., 2024), other findings challenge this notion. Some researchers argue that customer satisfaction does not mediate the relationship between service quality and customer loyalty (Dewi & Mubarok, 2024).

Furthermore, while many researchers suggest that price perception positively and significantly affects customer loyalty (Luthfiyyah & Murwanto, 2024). Contrasting findings from other studies argue that price perception has no impact on customer loyalty (Pratama et al., 2023).

After discussing the phenomenon and research gaps, the researcher is interested in analyzing the impact of service quality and price perception on customer loyalty, with customer satisfaction acting as a mediator at Bengkel Sukses Jaya.

This research offers both academic and practical benefits. Academically, it aims to contribute valuable insights and serve as a reference in the field of marketing management, particularly in understanding how service quality and price perception influence customer loyalty through the mediating role of customer satisfaction. For practitioners, particularly owners and employees in the service industry especially in motorcycle workshops, this research aims to help improve service quality, foster positive price perceptions in customers' minds, and sustain customer satisfaction to build long-term customer loyalty.

Materials and Methods

This research employs a quantitative approach, with data collected from 106 respondents who utilized motorcycle maintenance services at Bengkel Sukses Jaya. Data analysis was conducted using the PLS-SEM method, utilizing the SmartPLS 4.1.0.3 program. PLS-SEM is a set of statistical models designed to explain the relationships between multiple variables simultaneously (Hair et al., 2019, p. 764).

Service quality, price perception, customer satisfaction and customer loyalty at Bengkel Sukses Jaya is the objects of this research are, while the subjects of this research are customers who are currently using or have previously used motorcycle maintenance services at Bengkel Sukses Jaya. The sampling period was conducted from June 16 to June 29, 2024.

Bengkel Sukses Jaya is located at Jl. Jend. Ahmad Yani No. 47, Potongan, Sidakaya, South Cilacap District, Cilacap Regency, Central Java, 53211. Bengkel Sukses Jaya first operated on January 16, 2018 and until now it is still committed to providing motorcycle maintenance services, sales and replacement of motorcycle spare parts.

Research Design

This study aimed to examine the causal relationships and assess the strength of the connections between the independent, mediating, and dependent variables. The research design was developed following the framework outlined by Schindler (2022, p. 79), which is as follows:

1. Problem formulation level
   This research uses formal research starting with a hypothesis or research question which then includes the appropriate data source procedures and specifications. The purpose of formal research is to test the hypothesis or answer to the question in this research.
2. Data collection methods
   This research uses a communication method by asking questions to the research subjects personally related to the variables in the research. The variables used in this research are service quality, price perception, customer loyalty and customer satisfaction.
3. Variable control by researchers
   This research is ex-post facto research where the researcher does not have the ability to control and manipulate variables because the research is conducted after the existence of facts or events that have occurred.
4. Research objectives
   This research uses cause-and-effect relationship because this research seeks to explain the relationship between variables. This research aims to learn why variables can change or affect consumer perception of a service.
5. Time dimension
   This research is cross-sectional research where the research can only be conducted once and represents the research period. One respondent can only fill out the questionnaire once.
6. Scope of research topics
   This research is statistical research that aims to expand research, not deepen research. Hypothesis testing is conducted quantitatively.
7. Research environment

This research is part of the field research (real environment) because the data used in this research was obtained directly in the field through the distribution of questionnaires.

8. Subject perception

This study employs primary data gathered directly from research participants. The findings of this study are heavily reliant on the responses made by the research subjects. The perception of the research subject can affect the results of the research invisibly. Therefore, researchers need to provide understanding to research subjects to avoid negative perceptions of the research being conducted.

Results and Discussions

Analysis Partial Least Squares-Structural Equation Modeling (PLS-SEM)

Prior to hypothesis testing, PLS-SEM analysis is employed to evaluate the relationships among multiple variables. This technique encompasses two sub-models: the measurement model (outer model), which assesses the reliability and validity of indicators, and the structural model (inner model), which examines the relationships between latent variables (Ghozali & Kusumadewi, 2023, p. 8).

1. Measurement Model Analysis (Outer Model)

Evaluation of the measurement model includes factors that support the validity and reliability used by assessing convergent validity, discriminant validity, and construct reliability.

1) Analysis Convergent Validity

Convergent validity was assessed to evaluate the extent to which the indicators of a construct are correlated. According to established criteria, an outer loading value exceeding 0.70 and an average variance extracted (AVE) value above 0.50 indicate sufficient convergent validity (Hair et al., 2019, p. 775). Details of the outer loading values are presented in Table 3, while the AVE values are summarized in Table 4.

Table 1. Outer Loadings

Variable	Symbol	Service Quality	Price Perception	Customer Satisfaction	Customer Loyalty
Service Quality	KL1	0.873			
	KL2	0.906			
	KL3	0.849			
	KL4	0.839			
	KL5	0.824			
Price Perception	PH1		0.892		
	PH2		0.891		
	PH3		0.854		
Customer Satisfaction	KP1			0.893	
	KP2			0.902	
	KP3			0.793	
	KP4			0.779	
Customer Loyalty	LP1				0.909
	LP2				0.917
	LP3				0.835
	LP4				0.880

Source: Processed Data (2024)

As shown in Table 1, the service quality variable includes 5 statement items with outer loadings of KL1 (0.873), KL2 (0.906), KL3 (0.849), KL4 (0.839), and KL5 (0.824), all of which are greater than 0.70. Therefore, all statement items can be considered convergent valid in measuring service quality. The price perception variable has 3 statement items with outer loadings PH1 (0.892), PH2 (0.891) and PH3 (0.854) greater than 0.70, so all statement items can be declared convergent valid in reflecting the measurement of price perception. The customer satisfaction variable has 4 statement items with outer loadings KP1 (0.893), KP2 (0.902), KP3 (0.793) and KP4 (0.779) greater than 0.70, so all statement items can be declared convergent valid in reflecting the measurement of customer satisfaction. The customer loyalty variable has 4 statement items with outer loadings LP1 (0.909), LP2 (0.917), LP3 (0.835) and LP4 (0.880) greater than 0.70, so all statement items can be declared convergent valid in reflecting the measurement of customer loyalty.

Table 2. Average Variance Extracted (AVE)

	AVE
Service Quality	0.737
Price Perception	0.773
Customer Satisfaction	0.712
Customer Loyalty	0.785

Source: Processed Data (2024)

Based on Table 2, it can be seen that the service quality variable has an AVE (0.737) greater than 0.50, so it can be declared convergent valid by indicating that the variation of this measurement item covers 73.70% of the measured constructs. The price perception variable has an AVE (0.773) greater than 0.50, so it can be declared convergent valid by indicating that the variation of this measurement item covers 77.30% of the measured construct. The customer satisfaction variable has an AVE (0.712) greater than 0.50, so it can be declared convergent valid by indicating that the variation of this measurement item covers 71.20% of the measured construct. The customer loyalty variable has an AVE (0.785) greater than 0.50, so it can be declared convergent valid by indicating that the variation of this measurement item covers 78.50% of the measured construct.

2) Analysis Discriminant Validity

Discriminant validity was evaluated to ensure that distinct constructs are not overly correlated. According to established guidelines, discriminant validity is confirmed when the square root of the AVE for each construct exceeds its correlations with other constructs, and when the heterotrait-monotrait ratio (HTMT) is below 0.90 (Hair et al., 2019, p. 776). Following these criteria, the Fornell-Larcker criterion values are presented in Table 5, and the HTMT values can be found in Table 3.

Table 3. Fornell-Larcker Criterion

	Service Quality	Satisfaction Customer	Customer Loyalty	Perception Price
Service Quality	0.859			
Customer Satisfaction	0.592	0.844		

Customer Loyalty	0.652	0.840	0.886	
Price Perception	0.648	0.718	0.653	0.879

Source: Processed Data (2024)

As presented in Table 3, the square root of the AVE for each construct exceeds the correlations between each construct and the others. This confirms that these variables exhibit discriminant validity.

Table 4. Heterotrait-Monotrait Ratio (HTMT)

	Service Quality	Satisfaction Customer	Customer Loyalty	Perception Price
Service Quality				
Customer Satisfaction	0.634			
Customer Loyalty	0.703	0.891		
Price Perception	0.734	0.812	0.727	

Source: Processed Data (2024)

As shown in Table 4, each variables have HTMT values smaller than 0.90, so it can be declared discriminant valid by indicating that the variable divides the variation of the measurement item better than dividing the variant on the item from other variables.

Table 5. Cross Loadings

Variable	Symbol	Service Quality	Price Perception	Customer Satisfaction	Customer Loyalty
Service Quality	KL1	0.873	0.599	0.533	0.638
	KL2	0.906	0.543	0.500	0.608
	KL3	0.849	0.627	0.544	0.519
	KL4	0.839	0.534	0.470	0.499
	KL5	0.824	0.476	0.493	0.519
Price Perception	PH1	0.561	0.892	0.621	0.531
	PH2	0.591	0.891	0.635	0.578
	PH3	0.557	0.854	0.635	0.609
Customer Satisfaction	KP1	0.616	0.667	0.893	0.817
	KP2	0.609	0.709	0.902	0.861
	KP3	0.365	0.507	0.793	0.516
	KP4	0.318	0.485	0.779	0.540
Customer Loyalty	LP1	0.640	0.598	0.839	0.909
	LP2	0.626	0.686	0.847	0.917
	LP3	0.482	0.469	0.591	0.835
	LP4	0.534	0.528	0.644	0.880

Source: Processed Data (2024)

As shown in Table 5, the service quality variable includes 5 statement items with cross loadings of KL1 (0.873), KL2 (0.906), KL3 (0.849), KL4 (0.839), and KL5 (0.824). These items exhibit a strong correlation with the service quality variable being measured, while showing a weak correlation with

other variables. The price perception variable has 3 statement items with cross loadings PH1 (0.892), PH2 (0.891) and PH3 (0.854) show a significant correlation with the measured price perception variable, but have a low correlation with other variables. The customer satisfaction variable has 4 statement items with cross loadings KP1 (0.893), KP2 (0.902), KP3 (0.793) and KP4 (0.779) show a significant correlation with the measured customer satisfaction variable, but have a low correlation with other variables. The customer loyalty variable has 4 statement items with cross loadings LP1 (0.909), LP2 (0.917), LP3 (0.835) and LP4 (0.880) show a significant correlation with the measured customer loyalty variable, but have a low correlation with other variables.

3) Analysis Construct Reliability

Construct reliability was assessed to verify the internal consistency of the indicators that define each construct. According to the guidelines, a Cronbach's alpha and composite reliability value above 0.70 indicates reliable constructs (Hair et al., 2019, p. 775). The values for Cronbach's alpha and composite reliability are provided in Table 6.

Table 6. Cronbach's Alpha and Composite Reliability

	Cronbach's Alpha	Composite Reliability
Service Quality	0.911	0.933
Price Perception	0.853	0.911
Customer Satisfaction	0.868	0.908
Customer Loyalty	0.910	0.936

Source: Processed Data (2024)

As shown in Table 6, each variable has a Cronbach's Alpha and Composite Reliability value exceeding 0.7, meeting the reliability criteria. Therefore, the indicators used in this study are considered reliable.

2. Structural Model Analysis (Inner Model)

The analysis of the structural model aims to examine the relationships between the variables in the research model. This analysis is conducted by evaluating the values of the coefficient of determination (R-square), effect size (f-square), predictive relevance (Q-square), and model fit.

1) Analysis Coefficient of Determination (R-square)

The coefficient of determination was analyzed to assess how well the independent variables explain the dependent variable in the model. According to the guidelines, R-square values of 0.75, 0.50, and 0.25 are considered strong, moderate, and weak, respectively (Hair et al., 2019, p. 780). The R-square values are presented in Table 7.

Table 7. R-square

	R-square	R-square Adjusted
Customer Satisfaction	0.543	0.534
Customer Loyalty	0.742	0.734

Source: Processed Data (2024)

As shown in Table 7, the customer satisfaction variable has an R-square value of 0.543, indicating that the service quality and price perception variables explain 54.30% of the variation in customer satisfaction, with the remaining 45.70% explained by other factors outside the model. This can be considered a moderate explanation. The customer loyalty variable has an R-square value of 0.742, meaning that service quality, price perception, and customer satisfaction account for 74.20% of the variation in customer loyalty, with the remaining 25.80% explained by other factors outside the model, which also indicates a moderate level of explanation.

2) Analysis Effect Size (f-square)

Effect size was analyzed to determine the relative impact of each independent variable. According to the guidelines, f-square values of 0.02, 0.15, and 0.35 indicate small, medium, and large effects of the exogenous constructs, respectively (Hair et al., 2019, p. 780). Based on these guidelines, the value of the f-square can be seen in Table 8.

Table 8. F-square

	Customer Satisfaction	Customer Loyalty
Service Quality	0.061	0.122
Price Perception	0.420	0.000
Customer Satisfaction		0.873
Customer Loyalty		

Source: Processed Data (2024)

Based on Table 8, it can be seen that the service quality variable on customer satisfaction has an f-square (0.061), so it shows a small effect. The variable price perception on customer satisfaction has an f-square (0.420), so it shows a large effect. The variable service quality on customer loyalty has an f-square (0.122), so it shows a small effect. The variable price perception on customer loyalty has an f-square (0.000), so it shows no effect. The variable customer satisfaction on customer loyalty has an f-square (0.873), so it shows a large effect.

3) Analysis Predictive Relevance (Q-square)

Predictive relevance was analyzed to assess the model's predictive ability to the research data. As a guideline, the Q-square value greater than 0 for an endogenous construct shows acceptable prediction accuracy for that construct (Hair et al., 2019, p. 780). Based on these guidelines, the Q-square value can be seen in Table 9.

Table 9. Q-square

	Q-square Predict
Customer Satisfaction	0.511
Customer Loyalty	0.493

Source: Processed Data (2024)

As shown in Table 9, the customer satisfaction variable has a Q-square value of 0.511, indicating that the prediction accuracy for this construct is acceptable. The customer loyalty variable has a

Q-square value of 0.493, also demonstrating that the prediction accuracy for this construct is acceptable.

4) Model Fit

Model fit was evaluated to determine how effectively the constructed model matches the observed data. Based on the guidelines, the normed fit index (NFI) ranges from 0 to 1, where a value closer to 1 signifies a better fit, and a value closer to 0 indicates a poor fit. Additionally, a standardized root mean residual (SRMR) value below 0.10 suggests a good fit, while values above 0.10 indicate potential fit issues (Hair et al., 2019, p. 638). The NFI and SRMR values are detailed in Table 10.

Table 10. Normed Fit Index (NFI) and Standardized Root Mean Residual (SRMR)

	Saturated Model	Estimated Model
SRMR	0.087	0.087
d_ULS	1.020	1.020
d_G	0.876	0.876
Chi-square	463.911	463.911
NFI	0.720	0.720

Source: Processed Data (2024)

Based on Table 10 shows that the NFI (0.720) shows a model fit. Meanwhile, the SRMR (0.087), which is smaller than 0.10, shows no problems with fit.

Hypothesis Testing Analysis

Once the analysis of the measurement model and structural model is complete, the next step is to conduct hypothesis testing. This analysis is crucial in research as it aims to test the provisional assumptions or conjectures that were formulated in the research hypotheses. Researchers can obtain empirical evidence that supports or rejects the hypothesis.

As a guideline, a p-value smaller than 0.05 shows that the variable has a significant relationship (Hair et al., 2019, p. 636). Based on these guidelines, the results of testing the direct relationship hypotheses are presented in Table 11, the results of testing the indirect relationship hypotheses (mediation) can be found in Table 12, and the conclusion of the hypothesis testing results is summarized in Table 13.

Table 11. Results of Testing the Direct Relationship Hypothesis

Symbol	Hypothesis	Path Coefficient	t-statistics	p-value
H1	Service Quality → Customer Satisfaction	0.219	2.694	0.004
H2	Price Perception → Customer Satisfaction	0.576	6.613	0.000
H3	Service Quality → Customer Loyalty	0.240	3.406	0.000
H4	Price Perception → Customer Loyalty	-0.007	0.094	0.462
H5	Customer Satisfaction → Customer Loyalty	0.702	10.568	0.000

Source: Processed Data (2024)

Table 12. Results of Testing the Indirect Relationship Hypothesis (Mediation)

Symbol	Hypothesis	Path Coefficient	t-statistics	p-value
H6	Service Quality → Customer Satisfaction → Customer Loyalty	0.154	2.532	0.006
H7	Price Perception → Customer Satisfaction → Customer Loyalty	0.404	5.699	0.000

Source: Processed Data (2024)

Table 13. Conclusion of the Hypothesis Testing Results

Symbol	Hypothesis	Hypothesis	Result	Conclusion
H1	Service Quality → Customer Satisfaction	Positive	Significant Positive	Hypothesis Accepted
H2	Price Perception → Customer Satisfaction	Positive	Significant Positive	Hypothesis Accepted
H3	Service Quality → Customer Loyalty	Positive	Significant Positive	Hypothesis Accepted
H4	Price Perception → Customer Loyalty	Positive	Negative Not Significant	Hypothesis Rejected
H5	Customer Satisfaction → Customer Loyalty	Positive	Significant Positive	Hypothesis Accepted
H6	Service Quality → Customer Satisfaction → Customer Loyalty	Positive	Significant Positive	Hypothesis Accepted
H7	Price Perception → Customer Satisfaction → Customer Loyalty	Positive	Significant Positive	Hypothesis Accepted

Source: Processed Data (2024)

Figure 2 shows the bootstrapping test results based on the hypothesis test results and their conclusion.
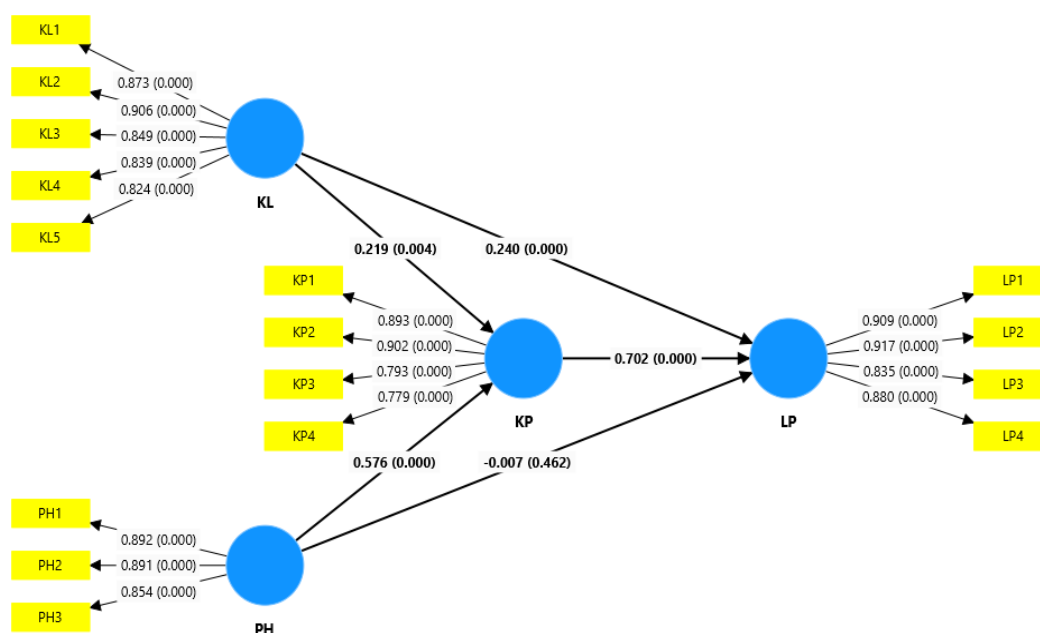

Figure 2. Bootstrapping Test Results

Source: Processed Data (2024)

The Effect of Service Quality on Customer Satisfaction

The analysis in Table 11 reveals that the first hypothesis, which posits that service quality influences customer satisfaction, is supported. This is demonstrated by a path coefficient of 0.219, indicating a positive relationship between service quality and customer satisfaction. Furthermore, the p-value of 0.004, which is below the 0.05 threshold, confirms the statistical significance of this relationship, showing that service quality significantly impacts customer satisfaction.

This result is in line with the results of the study Winata and Prabowo (2022), which shows that service quality affects customer satisfaction. So that the quality of service in a company is very important. In addition, Wulandari et al. (2024) who also conducted research on the same variable found that service quality has a positive influence on customer satisfaction. The existence of a good service offer is able to achieve customer satisfaction by providing customer desires and expectations (Fitria et al., 2023).

The research findings indicate that service quality has a positive and significant impact on customer satisfaction at Bengkel Sukses Jaya. The workshop has successfully delivered services as promised, effectively listened to customer complaints, demonstrated good knowledge in addressing customer inquiries, paid attention to customer needs, and provided attractive physical facilities. These factors contribute to customers feeling satisfied with the service quality at Bengkel Sukses Jaya. As the perceived service quality improves, customer satisfaction also increases.

The Effect of Price Perception on Customer Satisfaction

The analysis in Table 11 demonstrates that price perception positively influences customer satisfaction. This is reflected in a path coefficient of 0.576, indicating a strong positive relationship between price perception and customer satisfaction. Additionally, the p-value of 0.000, which is below the 0.05 threshold, confirms the statistical significance of this relationship, validating the hypothesis that price perception impacts customer satisfaction.

The findings of this research are consistent with those of Ronasih and Widhiastuti (2021), who found that price perception has a positive and significant effect on customer satisfaction. Similarly, Ginting and Heryjanto (2023) also demonstrated that price perception positively and significantly influences customer satisfaction. Price perception varies from individual to individual, often depending on economic conditions. Therefore, companies must ensure that they provide a favorable price perception of their products or services, as it plays a crucial role in influencing customer satisfaction.

Based on the research conducted, price perception has a positive and significant effect on customer satisfaction at Bengkel Sukses Jaya. The service prices at Bengkel Sukses Jaya are affordable for customers, align with the benefits they receive, and are more competitive compared to those of other service providers. These factors contribute to customers feeling satisfied with the price perception offered by the workshop. As customers perceive the price more positively, their level of satisfaction increases.

The Effect of Service Quality on Customer Loyalty

The analysis in Table 11 confirms the acceptance of the third hypothesis, showing a positive influence between customer quality and customer loyalty. This is supported by a path coefficient of 0.240, indicating a positive relationship between the two variables. Moreover, the p-value of 0.000, which is less than 0.05, indicates that the effect is statistically significant, thereby validating the hypothesis that customer quality impacts customer loyalty.

This fidings supported study by Luthfiyyah and Murwanto (2024), who also identified a significant positive impact of service quality on customer loyalty. Similarly, D. Dewi et al. (2021) demonstrated that service quality has a strong positive effect on customer loyalty, highlighting a clear and significant connection between the two.

According to the research, service quality positively and significantly impacts customer loyalty at Bengkel Sukses Jaya. When the company provides high-quality service, customers are more likely to return and continue using the company's products or services, leading to greater customer loyalty. This is driven by a strong emotional connection between the customers and the service quality offered by Bengkel Sukses Jaya. As the perceived service quality improves, the level of customer loyalty increases.

The Effect of Price Perception on Customer Loyalty

In Table 11, the analysis results show that price perception has no effect on customer loyalty. This is evidenced by the path coefficient of -0.007 which shows a very weak negative relationship, as well as a p-value of 0.462 which is greater than 0.05, which means that the relationship is not statistically significant. Therefore, the fourth hypothesis which states that price perception affects customer loyalty is rejected.

These findings align with the study by Prastiwi and Rivai (2022), which concluded that price perception does not influence customer loyalty. Similarly, Pratama et al. (2023) observed no significant impact of price perception on customer loyalty. Price perception reflects how customers perceive and interpret price information, adding a layer of subjective meaning to it (Luthfiyyah & Murwanto, 2024).

According to the research conducted, price perception does not influence customer loyalty at Bengkel Sukses Jaya. Although customers may consider price perception as an important factor when evaluating a product or service, they often prioritize other factors that play a more significant role in shaping their loyalty. As a result, customers feel that price perception does not impact their level of loyalty to Bengkel Sukses Jaya. In this case, the better the price perception in customers' minds, it does not contribute to an increase in customer loyalty.

The Effect of Customer Satisfaction on Customer Loyalty

Table 11 reveals that the fifth hypothesis is supported, demonstrating that customer satisfaction significantly impacts customer loyalty. This is evidenced by a path coefficient with a p-value of 0.000, indicating a statistically significant relationship.

These findings are consistent with Chandra et al. (2023), who reported a positive and significant effect of customer satisfaction on customer loyalty. Similarly, Winata and Prabowo (2022) concluded that customer satisfaction positively influences customer loyalty. Customer satisfaction reflects the extent to which a product or service meets or surpasses customer expectations, with satisfied customers more likely to exhibit loyalty toward the company (Masitah & Daroini, 2024).

The results showed that there is an effect of customer satisfaction on customer loyalty at Bengkel Sukses Jaya. With customer satisfaction, customers of Bengkel Sukses Jaya are always loyal and will make repeat purchases with a larger quantity, do not see other brands, and will not be sensitive to the price given. Meanwhile, the price given will always feel in accordance with expectations. So that it results in customer loyalty at Bengkel Sukses Jaya. High customer satisfaction, will create high customer loyalty.

The Effect of Service Quality on Customer Loyalty Mediated by Customer Satisfaction

Table 12 shows that the sixth hypothesis (H6) is accepted because service quality has a positive influence on customer loyalty in the presence of customer satisfaction. This is indicated by the path coefficient of 0.154 and a p-value of 0.006, so it is concluded that this hypothesis is accepted. Thus, service quality has a positive influence on customer loyalty mediated by customer satisfaction.

This findings supported study by Prayogo et al. (2024), which shows that service quality has a positive and significant effect on customer loyalty through the intervening variable of customer satisfaction. In addition, Nabil and Dwiridotjahjono (2024) found that service quality positively influences customer loyalty through customer satisfaction. When customers experience high service quality, they are more likely to feel satisfied, and this satisfaction enhances customer loyalty.

The results of this study mean that service quality has a positive influence on customer loyalty at Bengkel Sukses Jaya, supported by the mediating variable, namely customer satisfaction. The existence of service quality can also increase customer satisfaction which in turn can also increase the creation of customer loyalty. Customer satisfaction is a partial mediating variable because it is able to provide direct and indirect effects of customer quality on customer loyalty.

The Effect of Price Perception on Customer Loyalty Mediated by Customer Satisfaction

Table 12 presents the results for the seventh hypothesis (H7), confirming that price perception positively and significantly influences customer loyalty when mediated by customer satisfaction. This conclusion is supported by a path coefficient of 0.05, indicating that H7 is accepted. Thus, price perception indirectly enhances customer loyalty through the mediation of customer satisfaction. These findings are consistent with the research of Nufus and Ratnamurni (2024) who identified customer satisfaction as a mediator between price perception and customer loyalty. Similarly, Gea (2021) demonstrated that price perception significantly affects customer loyalty, with customer satisfaction acting as a mediating factor. The results suggest that price perception impacts customer loyalty indirectly, with customer satisfaction playing a crucial intermediary role. When customers perceive prices as fair or favorable, their satisfaction increases, which, in turn, strengthens their loyalty to the company.

This study highlights that price perception significantly and positively affects customer loyalty at Bengkel Sukses Jaya, but only through the mediating role of customer satisfaction. A favorable perception of pricing enhances customer satisfaction, which subsequently strengthens their loyalty. Notably, customer satisfaction acts as a full mediator, meaning price perception does not directly influence customer loyalty but relies entirely on the mediation provided by customer satisfaction to establish this relationship.

Additionally, the research highlights that both service quality and price perception simultaneously affect customer loyalty, with customer satisfaction acting as a mediator. The combination of these two variables makes a significant contribution to enhancing customer satisfaction, which then leads to increased customer loyalty. The findings emphasize the importance of a holistic approach to service improvement, where high service quality and positive price perceptions must work together to optimize customer loyalty. This supports the mediation model, showing that customer satisfaction plays a crucial mediating role between both service quality and price perception on one side, and customer loyalty on the other. The simultaneous impact of these variables strengthens the evidence that focusing on improving the customer experience across various aspects can effectively boost customer loyalty, ultimately benefiting the company's long-term success.

Conclusion

This research concludes that service quality and price perception significantly influence customer loyalty at Bengkel Sukses Jaya, with customer satisfaction serving as a crucial mediating variable. Service quality positively impacts both customer satisfaction and loyalty, while price perception enhances loyalty indirectly through its effect on satisfaction. The findings emphasize the importance of delivering high-quality service and fostering a positive price perception to increase customer satisfaction, which in turn drives customer loyalty. These results underscore the pivotal role of customer satisfaction as both a direct and mediating factor in building and sustaining customer loyalty.

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