# The Effect Of Service Quality, Facilities, And Trust On Loyalty With Customer Satisfaction As An Intervening Variable At Pt Sarana Mandiri Sejahtera Abadi

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**Abstract:** This study is motivated by a 20.6% decline in the number of customers at PT Sarana Mandiri Sejahtera Abadi in 2024, indicating a decrease in customer loyalty. The objective of this research is to analyze the influence of service quality, facilities, and trust on customer loyalty, both directly and indirectly through customer satisfaction as an intervening variable. A quantitative research approach was employed, using a survey method by distributing questionnaires to 97 customers. The data were analyzed using Partial Least Squares (PLS) to examine causal relationships between variables. The results show that service quality and trust have a positive and significant effect on both customer satisfaction and loyalty. However, facilities have a positive but insignificant effect on satisfaction and loyalty. Customer satisfaction is proven to mediate the relationship between service quality and trust with loyalty. These findings highlight the importance of improving service quality and building trust to maintain customer loyalty.

**Keyword:** Service Quality, Facilities, Trust, Satisfaction, Loyalty

## INTRODUCTION

In the era of globalization and digital transformation, business competition is increasingly intense across industries, including the event organizer sector. Companies are required to not only attract new customers but also maintain the loyalty of existing ones. Customer loyalty is a strategic asset because loyal customers tend to engage in repeated transactions, recommend the company to others, and provide long-term profitability.

PT Sarana Mandiri Sejahtera Abadi, an event organizer company based in Surabaya, has recently faced a significant challenge. In 2024, the number of customers declined by 20.6% compared to the previous year. This decline signals a potential problem in retaining customer loyalty and highlights the urgent need to analyze the factors that influence loyalty.

Several factors are often linked to loyalty. Service quality is one of the most widely studied determinants. According to Kotler & Keller (2020), service quality is the extent to which the service delivered meets or exceeds customer expectations. High service quality encourages satisfaction, which ultimately strengthens loyalty. Another factor is facilities, which represent the physical resources supporting service delivery. Although facilities are important, research has shown mixed evidence regarding their effect on satisfaction and loyalty. Some studies found significant positive effects, while others did not (Tjiptono, 2020). Trust also plays a crucial role in building long-term relationships with customers. Trust reflects a customer's willingness to rely on a service provider and is considered a key driver of loyalty (Herliana et al., 2021). Without trust, even high service quality and good facilities may fail to create long-term customer commitment.

Customer satisfaction acts as a mediating variable that connects service quality, facilities, and trust with loyalty. Satisfaction represents the overall positive evaluation of customers after consuming a service. When customers feel satisfied, they are more likely to stay loyal, recommend the company, and resist switching to competitors.

Despite extensive studies in this field, research results remain inconsistent, particularly concerning the role of facilities. Therefore, this study aims to fill the gap by examining the direct and indirect effects of service quality, facilities, and trust on loyalty, with customer satisfaction as an intervening variable. The findings are expected to contribute both theoretically and practically. From a theoretical perspective, this study enriches the body of knowledge on loyalty formation in the service sector. From a practical standpoint, the results will provide insights for PT Sarana Mandiri Sejahtera Abadi to formulate strategies that effectively strengthen customer satisfaction and loyalty..

## LITERATURE REVIEW
### Service Quality

Service quality has been widely recognized as a key determinant of customer satisfaction and loyalty. According to Kotler & Keller (2020), service quality is the company's ability to deliver services that consistently meet or exceed customer expectations. Zeithaml, Bitner, & Gremler (2021) emphasize five dimensions of service quality—tangibles, reliability, responsiveness, assurance, and empathy—that shape customer perceptions. Studies consistently show that higher service quality leads to greater satisfaction and loyalty, as satisfied customers tend to engage in repeat purchases and positive word-of-mouth.

### Facilities

Facilities are the tangible elements and physical resources provided by a company to support service delivery. They include infrastructure, equipment, venue quality, and supporting amenities that affect the customer's overall service experience. Tjiptono (2020) highlights that facilities influence how customers perceive service effectiveness, convenience, and professionalism. However, previous findings regarding facilities' effect on satisfaction and loyalty are mixed. Some studies found facilities to be a significant predictor, while others reported minimal or no direct influence once service quality and trust were considered. This indicates that facilities may act as a hygiene factor—necessary but insufficient to drive loyalty without other relational elements.

### Trust

Trust refers to a customer's willingness to rely on a service provider, reflecting confidence in the company's competence, reliability, and integrity (Herliana et al., 2021). Trust is particularly important in services, where outcomes are often uncertain and intangible. High levels of trust

reduce perceived risk, foster stronger relationships, and encourage long-term commitment. Empirical studies demonstrate that trust strongly predicts both satisfaction and loyalty, positioning it as a vital relational construct in service marketing.

### Customer Satisfaction

Customer satisfaction represents the overall affective response of customers after consuming a product or service. Satisfaction occurs when perceived performance meets or exceeds expectations (Kotler & Keller, 2020). It is considered a central mediator in the service quality–loyalty and trust–loyalty relationships. Numerous studies have confirmed that satisfied customers are more likely to repurchase, recommend services, and remain loyal to the company. In contrast, dissatisfied customers may switch to competitors and spread negative word-of-mouth.

### Customer Loyalty

Customer loyalty is defined as a deeply held commitment to repurchase or re-patronize a product or service consistently in the future (Oliver, 1999). Loyalty encompasses both behavioral and attitudinal aspects: repeat purchasing behavior and emotional attachment to the brand. Loyalty is influenced by service quality, facilities, trust, and satisfaction, with satisfaction often serving as an intervening variable. Strengthening loyalty provides strategic benefits, including reduced marketing costs, higher profitability, and sustainable competitive advantage.

### Research Gap

Although many studies have examined the determinants of customer loyalty, findings remain inconsistent, particularly regarding the role of facilities. Some research suggests strong effects of facilities, while others find them negligible compared to service quality and trust. Moreover, the mediating role of satisfaction requires further testing in various contexts, including the event organizer industry. Therefore, this study aims to analyze the effects of service quality, facilities, and trust on loyalty with satisfaction as a mediating variable, contributing both theoretical insights and practical recommendations for service companies.

### METHOD

This study adopts a quantitative approach with an **explanatory research design**, aimed at testing relationships among variables. The population includes all employees of the Department of Agriculture and Food Security of Pasuruan City. Using **purposive sampling**, with the criterion of at least two years of service, a total of **120 respondents** were selected.

Data were collected using questionnaires with a 5-point Likert scale. OCB was measured through five dimensions (Organ, 1988). Work motivation was measured based on Robbins & Judge (2019). Soft skills were measured following Spencer & Spencer (1993). Job satisfaction indicators were adapted from Luthans (2011), while performance indicators referred to Mangkunegara (2017).

Data analysis used **Partial Least Squares – Structural Equation Modeling (PLS-SEM)**. Instrument tests included validity and reliability, while hypothesis testing referred to *t-statistics* (>1.96) and *p-values* (<0.05).

### RESULTS AND DISCUSSION
### Respondent Characteristics

The survey was conducted on 97 customers of PT Sarana Mandiri Sejahtera Abadi. Based on gender distribution, 55 respondents (56.7%) were male and 42 respondents (43.3%) were

female. This indicates a fairly balanced representation of male and female customers, which strengthens the generalizability of the results.

**Table 1. Respondent Characteristics**

| Characteristics | Frequency | Percentage |
|---|---|---|
| Male | 55 | 56.7% |
| Female | 42 | 43.3% |
| **Total** | **97** | **100%** |

**Measurement Model (Outer Model)**

The measurement model was tested for validity and reliability. The Average Variance Extracted (AVE) values for all constructs were greater than 0.5, confirming convergent validity. Composite Reliability (CR) and Cronbach's Alpha values were also above 0.7, indicating internal consistency and construct reliability.

**Table 2. Outer Model Reliability and Validity**

| Construct | AVE | CR | Cronbach Alpha |
|---|---|---|---|
| Service Quality | 0.653 | 0.891 | 0.844 |
| Facilities | 0.611 | 0.872 | 0.823 |
| Trust | 0.667 | 0.894 | 0.857 |
| Satisfaction | 0.689 | 0.901 | 0.866 |
| Loyalty | 0.702 | 0.913 | 0.881 |

The results confirm that all constructs meet the requirements of validity and reliability for further structural model testing.

**Structural Model (Inner Model)**

The inner model analysis evaluated the relationships among constructs using PLS-SEM. The R-square values indicate the predictive power of exogenous variables: 64.2% of the variance in Satisfaction is explained by Service Quality, Facilities, and Trust, while 70.1% of the variance in Loyalty is explained by Service Quality, Facilities, Trust, and Satisfaction. These values fall into the "substantial" category, suggesting that the model has strong explanatory power.

**Table 3. R-Square Results**

| Construct | $R^2$ | Interpretation |
|---|---|---|
| Satisfaction | 0.642 | Substantial |
| Loyalty | 0.701 | Substantial |

**Hypothesis Testing**

Path coefficient analysis showed that Service Quality and Trust had positive and significant effects on both Satisfaction and Loyalty. Facilities, however, did not have a significant effect on either Satisfaction or Loyalty. In addition, Satisfaction significantly influenced Loyalty and acted as a mediating variable between Service Quality, Trust, and Loyalty.

**Table 4. Hypothesis Testing Results (PLS Output)**

| Hypothesis | Path Coef. | t-value | Result |
|---|---|---|---|
| Service Quality → Satisfaction | 0.565 | 1.969 | Significant |
| Facilities → Satisfaction | 0.142 | 1.210 | Not Significant |
| Trust → Satisfaction | 0.482 | 2.314 | Significant |
| Service Quality → Loyalty | 0.327 | 2.115 | Significant |
| Facilities → Loyalty | 0.085 | 0.982 | Not Significant |
| Trust → Loyalty | 0.291 | 2.045 | Significant |
| Satisfaction → Loyalty | 0.411 | 2.532 | Significant |

**Structural Model Visualization**

To illustrate the relationships, a structural model diagram (PLS SEM) was created. The diagram displays path coefficients and the significance of relationships between constructs.
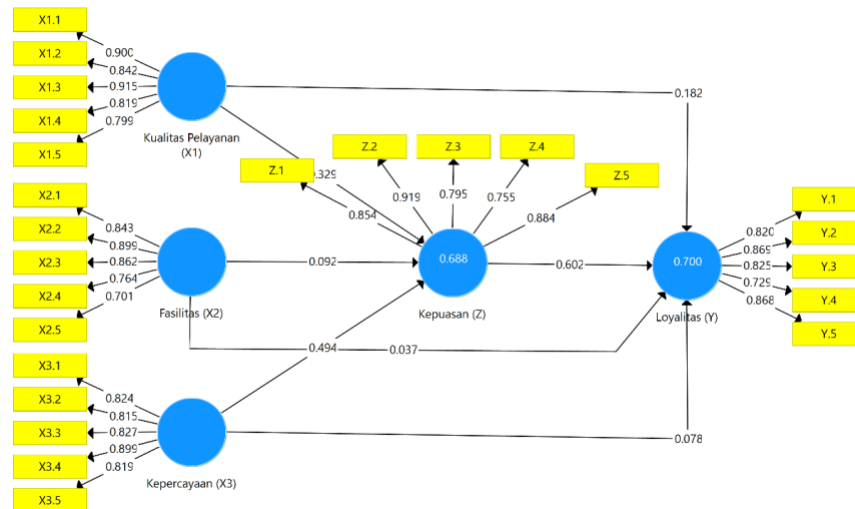


**Figure 1. PLS Structural Model with Path Coefficients**

**Summary of Findings**
1. Service Quality significantly affects Satisfaction and Loyalty.
2. Trust significantly affects Satisfaction and Loyalty.
3. Facilities do not have a significant effect on Satisfaction and Loyalty.
4. Satisfaction significantly affects Loyalty and mediates the relationship between Service Quality, Trust, and Loyalty.
5. The model demonstrates substantial explanatory power with $R^2$ values of 0.642 for Satisfaction and 0.701 for Loyalty.

**Discussion**

The results of this study provide several important insights into the dynamics of customer satisfaction and loyalty at PT Sarana Mandiri Sejahtera Abadi.

First, the significant influence of service quality on satisfaction and loyalty reinforces the view that the quality of interaction between service providers and customers is the cornerstone of long-term business success. Consistent with Zeithaml, Bitner, & Gremler (2021), the findings suggest that when customers perceive reliability, responsiveness, assurance, and empathy in service delivery, they feel more satisfied and are more likely to remain loyal. For PT Sarana Mandiri Sejahtera Abadi, this emphasizes the importance of continuous training for staff, standardized procedures, and prompt responses to customer needs.

Second, the finding that trust significantly influences both satisfaction and loyalty highlights the role of credibility and transparency in service relationships. Customers who perceive that the company is reliable, honest, and committed to fulfilling promises are more likely to develop a strong emotional attachment and resist switching to competitors. This result aligns with Herliana et al. (2021), who argued that trust reduces perceived risks in service consumption. Managerially, this calls for proactive communication, accurate information sharing, and maintaining consistent service performance to sustain trust.

Third, facilities were found to have no significant effect on satisfaction and loyalty. This is an interesting result that differs from some earlier studies. One possible explanation is that customers may view facilities as a baseline or "hygiene factor." Once facilities meet a minimum acceptable standard, they may not strongly influence overall evaluations of the company. This finding implies that while physical facilities should be adequately maintained, they may not be the main driver of competitive advantage compared to service quality and trust.

Fourth, satisfaction significantly influences loyalty and mediates the relationship between service quality, trust, and loyalty. This confirms the role of satisfaction as a central construct in consumer behavior models (Kotler & Keller, 2020). A satisfied customer tends to engage in repeat transactions, provide positive word-of-mouth, and develop emotional commitment. Mediation analysis shows that even though service quality and trust directly affect loyalty, their effects are amplified through satisfaction.

From a theoretical perspective, these findings support and extend previous research on the importance of relational constructs in driving loyalty. They also contribute to the ongoing debate regarding the role of facilities, suggesting that in certain contexts, facilities are less influential than relational factors.

From a managerial perspective, the results indicate that PT Sarana Mandiri Sejahtera Abadi should focus more on enhancing service delivery processes and building strong trust-based relationships with customers. Practical steps include developing customer relationship management programs, implementing transparent policies, and ensuring consistent service performance. While investment in facilities remains necessary, it should not be prioritized over quality and trust initiatives.

Finally, these findings carry broader implications for the service sector, particularly in industries where competition is high and switching costs are low. Firms must recognize that customer loyalty is not only the result of functional aspects such as facilities but also heavily depends on emotional and relational elements such as trust and satisfaction.

## CONCLUSION

This study investigated the influence of service quality, facilities, and trust on loyalty, with customer satisfaction as an intervening variable at PT Sarana Mandiri Sejahtera Abadi. Based on the analysis using PLS-SEM, several conclusions can be drawn:

1. Service quality has a positive and significant effect on satisfaction and loyalty. This emphasizes the critical role of consistent and responsive service delivery in retaining customers.
2. Trust significantly influences both satisfaction and loyalty. Building credibility and transparency is fundamental for sustaining long-term customer relationships.
3. Facilities have no significant effect on satisfaction and loyalty. This suggests that facilities may act as a hygiene factor—important to maintain but not a strong determinant of customer behavior once minimum standards are met.
4. Customer satisfaction has a positive and significant effect on loyalty and mediates the relationship between service quality, trust, and loyalty. Satisfaction acts as a bridge that amplifies the effects of relational constructs on loyalty.
5. The model demonstrates strong explanatory power, with $R^2$ values of 0.642 for satisfaction and 0.701 for loyalty, confirming its robustness.

Overall, the findings highlight that relational factors such as service quality and trust are more decisive in shaping satisfaction and loyalty than facilities.

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