Predicting Customer Loyalty of Local Brand Fast-Food Restaurant in Indonesia: The Role of Restaurant Quality and Price Fairness

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ABSTRACT

Recent research discusses the need for a better understanding of customer perceptions about local brand fast-food restaurant attributes, such as qualities in influencing the process of customer satisfaction. This study analyses the importance of quality in influencing loyalty in local brand fast-food restaurants. The sample in this study is 247 respondents who have visited local brand fast-food restaurants. Data are collected using a questionnaire survey in Indonesia. The analysis technique used is the Structural Equation Model with Partial Least Square. The structural equation model was applied to test 5 hypotheses. The results showed that food quality, service quality, and price fairness directly influence customer loyalty through customer satisfaction. Meanwhile, physical environment quality indirectly affects customer loyalty through customer satisfaction. This study provides a better understanding of restaurant quality, price fairness, customer satisfaction, and customer loyalty in local brand fast-food restaurants. This study suggests that the quality of local brand fast-food restaurants, such as food quality, service quality, and physical environment quality, can be valuable indicators for increasing customer loyalty through customer satisfaction and being an attractive marketing strategy for the preferences to increase customer loyalty for local brand fast-food restaurant experiences.

Introduction

The food and beverage industries have taken the lead in changing lifestyles and food consumption habits as time has passed. Fast food restaurants are currently one of society's most fashionable establishments (Yesenia & Siregar, 2014). Fast food is popular among the general public because of its convenient food and beverages, quick service, comfortable environment, and relatively low prices, making it accessible to many people. Fast-food restaurant growth has been influenced by the rapid growth of the food service industry. Fast food is now extensively available in many different regions and locations. As a result, people choose to eat fast food rather than elaborate meals that take time to prepare or order (Mandasari & Tama, 2011). Industrially, the rapid development of the fast food industry makes this industry interesting to analyze, especially in Indonesia.
In Indonesia, based on a report from Badan Pusat Statistik (2021) in the fourth quarter of 2021, income improvement was reflected in the Current Income Index, which was recorded at 91.70, a significant increase compared to the third quarter of 2021, which was only 50.82. Consequently, people's purchasing power slowly returns to normal, affecting customer confidence in consumption and expectations of economic conditions. The consumer trust index (IKK) was recorded at 111.03, a significant increase in the third quarter of 2021 at 74.01. This figure is also the highest point for West Java IKK after recording a pessimistic level since 2020 due to the Covid-19 pandemic. The increase in public consumption in the fourth quarter of 2021 was mainly driven by food & beverage. The high consumption of food & beverage occurs because the opening of restaurants attracts people to dine in. Therefore, the fast-food restaurant industry in Indonesia is a potential industry.

Previous studies have analyzed the fast food industry and demonstrated the importance of analyzing quality (Liu et al., 2017; Shamah et al., 2018; Zhong & Moon, 2020). Fast food companies must prioritize quality (i.e. quality of service, quality of food, quality of the physical environment) and price to compete with competitors and make loyal customers (Carranza et al., 2018; Jang & Lee, 2020; Uddin, 2019). These three aspects of a restaurant's quality (service, food, and physical atmosphere) are critical drivers of customer satisfaction and loyalty. The restaurant industry in Indonesia shows that restaurant quality and price are two things that are prioritized by consumers (Pratminingsih et al., 2018; Rafdinal & Suhartanto, 2020). In the context of local brand fast food in Indonesia, the analysis is still limited. Thus, this study tries to complement previous studies on the important role of quality and price on satisfaction and loyalty in local brand fast food companies.

Therefore, customer satisfaction is essential in providing services or products to every business. The apparent reason for satisfying enterprise customers is to enable the company to grow and gain a higher market share, leading to increased profitability (Chun & Nyam-Ochir, 2020). Numerous literature has previously shown that quality affects customer satisfaction, namely service quality (Chen et al., 2018; Qin et al., 2010), food quality (Boo, 2017; Rajput & Gahfoor, 2020), physical environment quality (J. Hanaysha, 2016; J. R. Hanaysha & Pech, 2018) and price fairness (J. Hanaysha, 2016; Konuk, 2019). Thus, the research analyses the quality (i.e., food quality, service quality, physical environment quality) and price fairness that affects customer satisfaction and loyalty.

Furthermore, this study analyses customer satisfaction and loyalty by integrating variables regarding fast food quality (service quality, food quality, physical environment quality) and price fairness. If this has met the standards of consumer assessment thus, satisfaction and loyalty will increase. In addition, researchers can propose a model of customer satisfaction and loyalty to the local brand fast-food restaurant and apply a relationship with customers as a mediator to find out the main
factors that affect customer loyalty in the local brand fast-food restaurant, with the hope that it can be a reference for the local brand fast-food restaurant industry, in developing strategies to increase customer satisfaction and loyalty.

Literature Review

Customer Satisfaction

According to Pizam et al. (2016), Customer satisfaction is widely investigated in consumer behavior and social psychology. In addition, customer satisfaction is described "as a customer's subjective assessment of the consumption experience, based on specific associations between consumer perceptions and objective product characteristics. Furthermore, according to Rajput & Gahfoor (2020), customer satisfaction is built as a healthy consumer evaluation of an experience. Thus, customer satisfaction is a reaction to meeting customer needs.

In this case, customer satisfaction is a common goal for the business. According to Oliver (1980), customer satisfaction is an assessment or evaluation after purchasing a product or service. It is also often described as how the selected product meets or exceeds customer expectations. Therefore, customer satisfaction leads to increased repeat purchase behavior and intention to refer (Prayag et al., 2017). Moreover, dissatisfied customers tend to be hesitant to return to that place (Alegre & Garau, 2010). Therefore, a comprehensive domain results from several interrelated variables that influence each other on an ongoing basis, not a single variable.

Food Quality

Food quality is a subjective dimension and varies from one individual to another (Chamhuri & Batt, 2015). Fresh and quality food is challenging for the food business; however, it is compulsory to satisfy customers (Uddin, 2019). Food quality is one of the key components and has proved to be the core value of the consumer consideration when deciding which foods to eat at fast-food restaurants (Namin, 2017). Food quality includes ingredients used in the food, various food types and beverages offered, tasty, good portions, and a healthy menu (Rafdinal & Suhartanto, 2020). Thus, food quality has been an interest among researchers in the quick-service restaurant segment (Harrington et al., 2017).

Previous research regarding food quality with satisfaction conducted by Jang & Lee (2020) stated that food quality is positively related to customer satisfaction. Thus, a high level of acceptance of the perceived product quality will provide a sense of satisfaction to consumers because the company is considering being able to realize consumer expectations. In addition, recent studies at fast-food restaurants found that food quality was an essential factor in customer satisfaction (Jang & Lee, 2020; Richardson et al., 2019; Uddin, 2019). Moreover, it positively influences customer satisfaction in the fast-food restaurant.
satisfaction in fast-food restaurants (Aliff et al., 2021). Therefore, this hypothesis is examined.

H1: Food Quality has a positive and significant effect on customer satisfaction

**Service Quality**

Service quality measures how well a service meets consumer expectations and is a success factor for a fast-food restaurant (Parasuraman et al., 1988). Based on previous research, service quality has always been considered in measuring customer loyalty and satisfaction in the restaurant industry. This research has several factors affecting customer satisfaction and found that friendly attitude, excellent ability, responsiveness, and quickly serve to the customer were significant dimensions of service quality (Rafdinal & Suhartanto, 2020).

Based on Jalilvand et al. (2017) service industry provides good service quality to the customers to attain a sustainable competitive advantage. Customer satisfaction depends on the quality of service at the restaurant (Jalilvand et al., 2017). In addition, service quality has become the most potent factor which affects the competitive advantage of service suppliers to survive in the fast-food industry (Liu et al., 2017). In addition, Liu et al. (2017) state that to increase service quality, fast-food enterprise managers should improve reliable, responsive, assured, empathic, and tangible quality to guarantee that customers get better service quality than what they expected.

A previous study on service quality with satisfaction was also conducted by Al-tit (2016) explaining that service quality has a positive and significant effect on customer satisfaction. Moreover, providing better service to fast-food restaurant customers will positively and significantly impact customer satisfaction (Namin, 2017). Another study also concluded that service is one factor that significantly affects customer satisfaction (Carranza et al., 2018; Hidayat et al., 2019; Uddin, 2019). Based on the previous explanation, the conclusion of service quality could be interpreted as all activities carried out by the company to meet consumer expectations. Therefore, the hypotheses to be tested in this study are as follows:

H2: Service Quality has a positive and significant effect on customer Satisfaction

**Physical Environment Quality**

The physical environment consists of all tangible and intangible elements inside and outside the restaurant, including a sufficient number of employees to serve, cleanliness, and a neat layout (Rafdinal & Suhartanto, 2020). According to Rajput & Gahfoor (2020), PEQ is a setting to provide products and services in a restaurant. A well-maintained physical environment can maintain a restaurant's existing customer
base and attract new customers (Hanaysha, 2016). Thus, restaurants need to create appealing and distinctive physical environment quality.

The environment is another factor to be considered in determining customer satisfaction. Jang & Lee (2020) investigated the effect of physical environment factors such as cleanliness and comforts on lighting and temperature on customer satisfaction and found that environmental factors have a significant effect. Thus, location and environment, like decoration, layout, lighting, color, etc., can affect customer satisfaction (Kwon et al., 2016).

According to Jalilvand et al. (2017), a good location and pleasant atmosphere significantly affect customers' entry into the place and emotions. The easy restaurant access and pleasant atmosphere ensure consumption enjoyment. Therefore, the location and environment of the restaurant must be chosen and designed. Thus, it can create a positive impression and increase satisfaction (Uddin, 2019). Another study also concluded that the environment is one factor that significantly affects customer satisfaction (Jang & Lee, 2020; Rajput & Gahfoor, 2020; Sunaryo, 2019). Therefore, the hypotheses to be tested in this study are as follows:

H3: Physical Environment Quality has a positive and significant effect on customer satisfaction

Price Fairness

Price became very important for the customer as a guide to measuring the suitability between the benefits of products received and the sacrifices that had been given, either in the form of money or certain sacrifices (Hidayat et al., 2019). Jang & Lee (2020) found that a reasonable price could positively and directly affect customer satisfaction if fast-food prices are reasonable, affordable, and fair. In line with Konuk (2019), price fairness significantly influences customer satisfaction. In addition, according to Hidayat et al. (2019), the price fairness variable significantly influenced satisfaction. The research found that the reasonableness of the price had a positive and significant influence on customer satisfaction and loyalty. It means that a more acceptable predetermined price will increase customer satisfaction. Price became very important for the customer as a guide to measuring the suitability between the benefits of products received and the sacrifices given, either in the form of money or certain sacrifices.

When customers perceive fair prices, it leads to negative results, such as higher levels, lower repurchase behavior levels, negative word of mouth, and increased customer complaints (Rothenberger, 2015). Prices can significantly affect satisfaction (Malik et al., 2012). Previous research also highlights the positive effect of price fairness on customer satisfaction in restaurants (Konuk, 2019; Uddin, 2019). As a result, the following hypotheses are advanced:
H4: Perceived price fairness has a positive and significant effect on customer satisfaction

Customer Loyalty

Service providers try to satisfy their customers by offering higher benefits for them. Generally, satisfied customers become loyal customers, reflecting their attitudes and behaviors such as repeat purchases and positive recommendations to others (Rafdinal & Suhartanto, 2020). Maintaining strong customer loyalty gives businesses the advantage of maximizing corporate profits, minimizing marketing costs, and increasing resistance among loyal consumers to competitive strategies implemented by competing companies. Several studies were conducted on the association between customer satisfaction and customer loyalty, showing that satisfaction is a vital predictor of loyalty (Carranza et al., 2018; Hidayat et al., 2019). Customer satisfaction is the most significant variable compared to other variables in customer loyalty, especially for service providers such as restaurants. Thus, the positive relationship between customer satisfaction and loyalty has been proved several times in many types of research (Sunaryo, 2019; Uddin, 2019).

Companies need to understand how to create customer loyalty in the restaurant industry is an important research topic to do. In the restaurant industry, increased satisfaction contributes to a pleasant customer experience, resulting in increased levels of loyalty (Rafdinal & Suhartanto, 2020). Thus, product satisfaction strongly influences repurchase intentions. Therefore, if there is satisfaction from consumers, it will lead to loyalty (Carranza et al., 2018; Yasami et al., 2020). Therefore, the proposed hypothesis is as follows:

H5: Customer satisfaction has a positive and significant effect on Customer Loyalty

Method

This study applies quantitative research methods to analyze the effect of fast-food restaurant quality and price fairness on customer loyalty to fast-food restaurants. The sample in this study is 247 respondents who have visited local brand fast-food restaurants. The instrument used in this study is a questionnaire, built via Google forms, and the link was distributed online through social media. To support data collection, the instrument content validity (questionnaire) that was arranged by experienced academics in marketing research contains no errors and is considered valid. The questionnaire developed in English was also tested before data collection with a group of customers to ensure that the questionnaire could be clearly understood and interpreted. The questionnaire consisted of two parts; the first section presents questions related to the respondent's demographic profile, and the second part is related to research variables.
This study has modified several instruments used in previous studies by adjusting the objectives of the study. The fast-food quality and price fairness instruments are based on Uddin (2019), measuring values based on customer satisfaction and loyalty. This study applies these values for measurement because of their relation to other variables, such as food quality, service quality, physical environment quality, and price fairness. Food quality in this study is modified from Chun & Nyam-Ochir (2020) in measuring restaurant quality; one of the variables was food quality. Then the instruments for measuring service quality and physical environment quality were modified from J. Hanaysha (2016) which measured restaurant quality. Customer satisfaction and customer Loyalty indicators in this study are modified from previous studies (Sunaryo, 2019; Uddin, 2019). Questionnaire items on each variable were measured using a five-point Likert scale (1 strongly disagree to 5 strongly agree).

Result and Discussion

Data Collection

Table 1. Respondent Profile

| Criteria           | Frequency | Percentage |
|--------------------|-----------|------------|
| Gender             |           |            |
| Male               | 146       | 59.11%     |
| Female             | 101       | 40.89%     |
| 17 - 20 Years Old  | 93        | 37.65%     |
| 21 - 25 Years Old  | 95        | 38.46%     |
| 26 - 30 Years Old  | 28        | 11.34%     |
| >31 Years Old      | 31        | 12.55%     |
| <Senior High School| 18        | 7.29%      |
| Senior High School | 162       | 6.59%      |
| Diploma (D1-D3)    | 25        | 1.12%      |
| Bachelor (D4/S1)   | 42        | 17%        |
| Student            | 95        | 38.46%     |
| Private Employee   | 79        | 31.98%     |
| Government Employee| 7         | 2.83%      |
| Entrepreneur       | 36        | 14.57%     |
| Housewife          | 8         | 3.24%      |
| Etc                | 22        | 12.15%     |
| < Rp. 500.000      | 64        | 25.91%     |
| Rp. 500.000 - Rp. 1.000.000 | 41 | 16.6% |
| Rp. 1.000.000 - Rp. 3.000.000 | 91 | 36.84% |
| Rp. 3.000.000 - Rp. 5.000.000 | 27 | 10.93% |
| > Rp. 5.000.000    | 24        | 9.72%      |

The research hypotheses are tested with data collected through surveys of fast-food restaurant customers in Indonesia. Select respondents with several criteria, such as having visited a fast-food restaurant. Those who meet these criteria become respondents. The researchers received 247 respondents' answers that are worth...
analyzing. Table 1 summarizes the demographic profile of the respondents. Respondents consisted of 59.11% of males and 40.89% of females. Based on age, 38.46% are aged 21-25 years. The majority (65.59%) of senior high school for the last education, most respondents (36.84%) had a monthly income level of Rp. 1,000,000- Rp. 3,000,000.

Measurement Model

This study employed the PLS-SEM method as an analysis method with two stages of analysis; outer model and inner model analysis (Hair et al., 2019). On the one hand, the outer model analysis was applied to check whether the measurement indicator used is valid and reliable. On the other hand, the inner model examined the structural model formed and examined the relationship between variables in the model. The results of the outer analysis of this research model are summarized in table 2, where the outer model has been proven to have excellent reliability and validity.

Table 2. Construct validity and reliability

| Construct/Item                          | Outer Loading | α     | CR    | AVE  |
|----------------------------------------|---------------|-------|-------|------|
| Customer Loyalty                       |               | 0.851 | 0.910 | 0.771|
| I will continue to visit this restaurant. | 0.838         |       |       |      |
| I will recommend this restaurant to others. | 0.893         |       |       |      |
| I will say positive things about this restaurant to others. | 0.902         |       |       |      |
| Customer Satisfaction                  |               | 0.862 | 0.907 | 0.708|
| The overall experience of this fast-food restaurant is satisfying. | 0.808         |       |       |      |
| satisfied with my decision to visit this restaurant fast-food | 0.844         |       |       |      |
| Will choose this restaurant is a wise one. | 0.871         |       |       |      |
| This restaurant meets most of my expectations | 0.841         |       |       |      |
| Food Quality                           |               | 0.862 | 0.897 | 0.591|
| The food is tasty                      | 0.766         |       |       |      |
| The food presentation is visually appealing | 0.728         |       |       |      |
| The food is served at the appropriate temperature. | 0.779         |       |       |      |
| The dishes in which the food is served are neat. | 0.779         |       |       |      |
| The dishes in which the food is served are clean | 0.781         |       |       |      |
| Good portions of food                 | 0.781         |       |       |      |
| Physical Environment Quality          |               | 0.840 | 0.893 | 0.676|
| The interior design and decorations of the restaurant are visually appealing. | 0.807         |       |       |      |
| The restaurant environment is clean.   | 0.809         |       |       |      |
The seating arrangements in the restaurant are comfortable and give me enough space.
The restaurant’s lighting and colors create a sense of ambiance.

**Price Fairness**
The price of the fast food is reasonable
Based on the food, the price here is fair.
The price of fast food is affordable.

**Service Quality**
The employees of the restaurants are kindness
The employees of the restaurant are a Good attitude
The employees of the restaurant are Quick service response
The employees of the restaurant are well trained

According to Hair et al. (2019), to determine reliability, the standard structural loading must be higher than 0.708, thus providing acceptable item reliability. Based on the data presented in table 3 above, it is known that each of the research variable indicators has a value of outer loading > 0.708. Therefore, all indicators are declared feasible or valid for research use and can be used for further analysis. In addition, to confirm the internal consistency of reliability, the composite reliability (CR) value must be between 0.7, and 0.90 has a higher value. This value indicates higher levels of reliability (Hair et al., 2019). The CR value in this study is that the criteria obtained above 0.70. In addition, the next step of the reflective measurement model assessment addresses the convergent validity of each construct measure. Convergent validity can be determined through the average value of the extracted variance (AVE), which must be greater than 0.50 or higher, indicating that the construct explains at least 50 percent of the variance of its items (Hair et al., 2019). The results are fulfilled. The resulting conditions exceed the values. Because the AVE value in this study the obtained above 0.50.

| Construct/Item                                | Outer Loading | α   | CR  | AVE |
|-----------------------------------------------|---------------|-----|-----|-----|
| The seating arrangements in the restaurant   | 0.838         |     |     |     |
| are comfortable and give me enough space.    |               |     |     |     |
| The restaurant’s lighting and colors create  | 0.834         |     |     |     |
| a sense of ambiance.                         |               |     |     |     |
| **Price Fairness**                           |               |     |     |     |
| The price of the fast food is reasonable     | 0.874         |     |     |     |
| Based on the food, the price here is fair.   | 0.889         |     |     |     |
| The price of fast food is affordable.        | 0.883         |     |     |     |
| **Service Quality**                          |               |     |     |     |
| The employees of the restaurants are kindness| 0.816         |     |     |     |
| The employees of the restaurant are a Good attitude| 0.827 |       |   |     |
| The employees of the restaurant are Quick service response| 0.822 |       |   |     |
| The employees of the restaurant are well trained| 0.793 |       |   |     |

Table 3. Discriminant validity of variables (Heterotrait-Monotrait)

| Variable                                | (1) | (2) | (3) | (4) | (5) | (6) |
|-----------------------------------------|-----|-----|-----|-----|-----|-----|
| (1) Customer Loyalty                    |     |     |     |     |     |     |
| (2) Customer Satisfaction               |     |     |     |     |     |     |
| (3) Food Quality                        |     |     |     |     |     |     |
| (4) Physical Environment Quality        |     |     |     |     |     |     |
| (5) Price Fairness                      |     |     |     |     |     |     |
| (6) Service Quality                     |     |     |     |     |     |     |
Furthermore, the value of the Heterotrait-Monotrait ratio (HTMT) was used in this study for convergent validity. The conditions that must be met to be valid are that the HTMT value must be below 0.9 because if HTMT value above 0.90 would suggest that discriminant validity is not present (Hair et al., 2019). Based on these criteria, table 3 shows this study has fulfilled all the requirements of the HTMT correlation, which means that all variables are valid.

Structure Model

In discussing these results, the structural model is evaluated by analyzing the significance and relevance of the proposed courting and answering the second research query. This study used the bootstrap method to test the significance level of the path coefficients. The bootstrapping method was used to test the hypothesis by assessing the significance and path coefficient of 5000 repetitions (Hair et al., 2019). Overall, the path analysis results show that all the factors tested in this study have a positive and significant effect on customer satisfaction and customer loyalty, except for Physical environment quality, which does not significantly affect customer satisfaction. Specifically, Customer satisfaction significantly affects customer loyalty; H₁ is accepted (β = 0.754, p <0.05). Food Quality has a significant effect on customer satisfaction (β = 0.293, p <0.05) H₂ is accepted. Different results are shown by physical environment quality that does not significantly affect Customer satisfaction. Thus, H₃ is not confirmed. Then Price Fairness (β = 0.377, p <0.05) and service quality (β = 0.148, p <0.05) also have a significant influence on customer satisfaction, H₄ and H₅ are accepted. To summarize, the results of the hypothesis testing can be seen in Table 4.

| Path                                      | β     | T-Value  | P Value | Remarks |
|-------------------------------------------|-------|----------|---------|---------|
| Customer Satisfaction -> Customer Loyalty | 0.754 | 19.162   | 0.000   | Accepted|
| Food Quality -> Customer Satisfaction     | 0.293 | 3.513    | 0.000   | Accepted|
| Physical Environment Quality -> Customer  | 0.101 | 1.634    | 0.103   | Rejected|
| Satisfaction                               |       |          |         |         |
| Price Fairness -> Customer Satisfaction   | 0.377 | 5.244    | 0.000   | Accepted|
| Service Quality -> Customer Satisfaction  | 0.148 | 2.330    | 0.020   | Accepted|

Note; Significance **0.01; *0.05

Discussion

The most contributing variables to customer satisfaction are price fairness and food quality. This finding aligns with Jang & Lee (2020) statement that Price Fairness has an essential role in overall customer satisfaction. In addition, food quality positively and significantly influences customer satisfaction. This study’s findings align with previous studies by (Carranza et al., 2018; Hidayat et al., 2019; Uddin, 2019), which
explain that food quality has a positive influence on customer satisfaction. The results explain that food quality is essential to creating customer satisfaction. In this study, there are slight differences regarding the indicators of quality of food. In this study, tasty food, freshness, and a good portion of the foods affect the satisfaction of fast-food Customers. Furthermore, to improve food quality, it is recommended that fast-food restaurant managers provide tasty food, freshness, good temperature, good portion, and nutritious food (Hidayat et al., 2019; Uddin, 2019).

Furthermore, physical environment quality does not significantly affect customer satisfaction. These results explain that physical environment quality cannot influence customer satisfaction directly because customers choose to take away when buying fast-food products. These results align with previous studies, which showed that the physical environment had no significant effect on customer satisfaction (Sunaryo, 2019; Uddin, 2019). In addition, the results showed that this is not significant because of the quality of the physical environment provided in the interior design and decoration of the restaurant, the cleanliness of the restaurant furniture, and the arrangement of seats and rooms in the restaurant. The lighting and colors of the restaurant still do not provide a comfortable atmosphere, so customers are not satisfied with the quality of the physical environment.

Lastly, customer satisfaction has a positive and significant influence on customer loyalty. This result is in line with previous studies which showed the effect of satisfaction on restaurant loyalty (Carranza et al., 2018; Yasami et al., 2020). It can be explained that customer satisfaction is an essential factor in customer loyalty. Therefore, it can be concluded that customer satisfaction is an essential factor in creating customer loyalty. Thus, customer satisfaction needs to be considered to improve customer loyalty because customer satisfaction is an essential factor that needs to be improved at a fast-food restaurant. Customer satisfaction in local brand fast food is influenced by quality elements (food quality and service quality) and price fairness. Thus, restaurant quality, price fairness, and satisfaction influence customer loyalty.

**Theoretical and Managerial Implication**

Theoretically, this study shows that local brand fast-food customers have excellent perceptions regarding food quality, service quality, price fairness, customer satisfaction, and customer loyalty. Price fairness has the highest perceived value compared to other constructs. This study indicates that price fairness is critical in creating customer satisfaction and loyalty to local brand fast-food restaurants. This study also provides additional knowledge regarding the influence of customer satisfaction on customer loyalty. The first-time customer of fast-food judge that price fairness is essential for them in building customer satisfaction and customer loyalty towards fast-food products. Meanwhile, the physical environment quality variable

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shows that local brand fast-food customers have a negative perception. Therefore, physical environment quality does not significantly affect customer satisfaction because of the quality of the physical environment provided in the interior design and decoration of the restaurant, the restaurant furniture’s cleanliness, and the restaurant’s arrangement of seats and rooms. The lighting and colors of the restaurant still do not provide a comfortable atmosphere, so customers are not satisfied with the quality of the physical environment. Moreover, this research generates additional knowledge about the customer loyalty of local brand fast-food restaurants.

There are several managerial implications in this study. First, it shows the importance of quality in ensuring overall restaurant quality customer satisfaction and customer loyalty. Local brand fast-food restaurant managers must ensure substantial efforts in understanding the importance of improving food quality, service quality, and price fairness. Managers must continually measure the quality of their offers and adjust their marketing strategies to ensure customer loyalty through customer satisfaction. Second, pricing strategies are also crucial in increasing loyalty. Managers must adjust prices with the quality provided to customers. The suitability of the price with the quality will increase customer satisfaction. Third, customer satisfaction factors in local brand fast-food restaurants also influence customer loyalty. Customer satisfaction will affect long-term customer loyalty. Managers need to increase customer satisfaction when they visit local brand fast-food restaurants. Overall, each quality and price fairness variable is essential in increasing customer loyalty through customer satisfaction. However, the results show that fast-food quality, price, and satisfaction play a dominant role in influencing customer loyalty. Managers need to improve the quality provided and offer suitability of the price with quality to customers that will affect their satisfaction and loyalty.

Limitation and Future Research

The research results regarding customer satisfaction and customer loyalty to fast food through fast-food quality elements and price fairness are limitations and can be fixed by future researchers. The author suggests expanding the generalities to other areas because this study only represents customers in Indonesia. Then, this research exclusively focuses on food quality, service quality, physical environment quality, and price fairness. Thus, future researchers can add other variables such as perceived value. Based on demographics, the respondents of this study were dominated by males, especially fast-food customers, with an age range of 21-25 years, senior high school for the last education, occupation of the student, and monthly income level of Rp. 1,000,000-3,000,000. Researchers suggest that future researchers use a demographic percentage that is not dominant in specific categories or more specific subjects. Thus, the researcher will get better customer loyalty to understand.

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