The Influence of Service Quality, Product Quality, and Price on Customer Loyalty Trought Customer Satisfaction: A Study of Online Wood Sales at Perhutani Stores in West Java and Banten

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Abstract

The progression of digitization requires commercial entities, especially state-owned enterprises (SOEs), to improve online sales optimization. This study investigates the influence of service quality, product quality, and pricing on customer loyalty, mediated by customer satisfaction, in online wood product sales via Toko Perhutani (PoTP). The sample consisted of 128 active PoTP clients from the Commercial Wood Business Unit in West Java and Banten, obtained by selective sampling. Data were analyzed using PLS-SEM with SmartPLS 4.0. The results demonstrate that the quality of services and products positively affects consumer satisfaction, although does not directly foster loyalty. Customer satisfaction acts as a vital intermediate between service and product quality concerning loyalty, but price significantly impacts loyalty directly, regardless of satisfaction mediation. The results highlight the crucial impact of pricing on consumer loyalty in SOE e-commerce, suggesting that competitive pricing strategies, along with improvements in service and product quality, can promote both satisfaction and loyalty. This study provides theoretical insights into e-commerce consumer loyalty and practical recommendations for Perum Perhutani concerning its digital transformation.

Keywords: *Service Quality, Product Quality, Pricing, Customer Satisfaction, Customer Loyalty, Perhutani Store, PLS-SEM.*

A. INTRODUCTION

The advancement of digitalization in Indonesia is characterized by a rising population of internet users, totalling 185.3 million in 2024 (Goodstats, 2024). This condition compels corporate entities, including state-owned enterprises (SOEs), to transition to digital sales systems. Since 2016, Perum Perhutani has established the PoTP e-commerce platform to broaden the timber market, enhance distribution efficiency, and improve governance transparency. Nonetheless, until 2025, PoTP continues to encounter obstacles regarding its popularity and market penetration. The program has a rating of merely 3.8 and over 10,000 downloads, significantly trailing behind prominent markets like Tokopedia and Shopee, which boast over 50 million downloads and ratings exceeding 4.5. User reviews on Google Play Store (2025) include issues with account validation, restricted app functionalities, discrepancies between product quality and descriptions, and sluggish customer care. These situations underscore a disparity between theoretical customer happiness and actual client loyalty in practice. The literature consistently indicates that the interplay

between service quality, product quality, and pricing plays a major role in determining consumer satisfaction and retention outcomes (Naini et al., 2022; Sholikhah & Hadita, 2023; Woen & Santoso, 2021).

Nevertheless, the majority of these studies have focused on the fast-food industry, internet transportation, and general retail (Hongdiyanto & Liemena, 2021; Septyarani & Nurhadi, 2023), resulting in a relative neglect of state-owned forestry firms. Furthermore, consumer behavior regarding online purchases is influenced not only by product quality and price but also by buy intention, which relies on individuals' adherence to social expectations and their perceived ability to perform the intended behavior (Pradana et al., 2024). This signifies the research gap that the present work seeks to address. The research aims to investigate the impact of service performance, product excellence, and pricing strategies on customer loyalty, with customer satisfaction acting as a mediating mechanism, within the framework of online timber sales at Toko Perhutani. The research analyzes the Commercial wood Business Unit in West Java and Banten, which serves as a crucial production area and wood marketplace, while facing challenges related to digital transformation and intense competition from private marketplaces.

B. LITERATURE REVIEW

Service quality refers to how customers evaluate the provider's ability to meet or exceed their expectations while delivering superior value throughout the service experience. It is commonly assessed through several dimensions, including physical facilities and appearance (tangibles), consistency in delivering promised services (reliability), promptness and willingness to assist customers (responsiveness), assurance reflected in professional competence and trustworthiness (certainty), as well as genuine concern and personalized attention toward customers (empathy) (Tjiptono & Diana, 2022). Superior service has been demonstrated to improve customer happiness and loyalty (Kotler & Keller, 2022; Woen & Santoso, 2021).

Product quality is shown by durability, adherence to specifications, uniformity in appearance, and absence of flaws (Tjiptono & Diana, 2022). Superior products directly enhance consumer pleasure and loyalty (Hongdiyanto & Liemena, 2021; Santika et al., 2022).

Price encompasses not only economic value but also the perception of equity in transactions. Price indicators encompass affordability, quality compliance, transparency, and competitiveness (Fahmi, 2024; Kotler & Keller, 2022). An effective price plan can impact customer happiness and loyalty (Ahmed et al., 2022; Zhao et al., 2021).

Customer satisfaction is defined as the extent to which consumers perceive that their actual experience matches or surpasses their initial expectations regarding a product or service. The dimensions encompass satisfaction with product quality, service quality, delivery accuracy, and overall experience (Wardhana, 2024; Tjiptono & Diana, 2022). Customer satisfaction functions as a crucial intermediary in the

correlation among service quality, product quality, pricing, and customer loyalty (Naini et al., 2022; Septyarani & Nurhadi, 2023).

Customer loyalty is demonstrated through repurchase intention, commitment, referrals, and a preference for a specific brand, even in the face of competitive alternatives (Srisusilawati et al., 2023). Customer loyalty is established both directly and via customer satisfaction (Sholikhah & Hadita, 2023; Sahid & Abadi, 2024).

Numerous previous studies have highlighted the correlation between service performance, product excellence, pricing strategies, consumer satisfaction, and loyalty behaviors. Sholikhah and Hadita (2023). It has been demonstrated that both service performance and product excellence significantly contribute to enhancing customer satisfaction. However, customer satisfaction shows no consistent association with pricing factors. Naini et al. (2022) established that the level of product excellence and the degree of consumer satisfaction play a crucial role in driving customer loyalty, although service performance does not consistently have a direct impact. Sahid and Abadi (2024) revealed that both product excellence and service performance exert a direct influence on customers' loyalty behaviors, as well as indirectly through consumer satisfaction. Septyarani & Nurhadi (2023) emphasized that consumer satisfaction serves as an essential mediating mechanism in strengthening customer loyalty outcomes. Woen & Santoso (2021) and Ahmed et al. (2022) published analogous findings, demonstrating that pricing influences customer satisfaction and loyalty, with customer satisfaction serving as a mediating variable.

Furthermore, cross-sectoral investigations augment the evidentiary basis. Indrawati et al. (2022) Utilitarian and hedonic motivations in online buying significantly influence consumer satisfaction and loyalty. Pradana et al. (2024) assert that the purchase intention of young Indonesian customers is a crucial predictor of purchasing behavior, potentially enhancing loyalty. Wahyuningtyas et al. (2023) contend that digital orientation and governmental support are essential for improving competitiveness and cultivating consumer loyalty in the domain of MSMEs. Madiawati (2023) Experiential marketing and retail atmosphere significantly impact consumer satisfaction and loyalty within the food sector. The quality of a website is a crucial factor in client happiness and loyalty in e-commerce. Madiawati (2023) Furthermore, Yunani et al. (2024) illustrate that in the domain of transportation services, service quality and facilities significantly affect client satisfaction.

Consequently, while prior research has thoroughly investigated service quality, product quality, pricing, satisfaction, and loyalty across several sectors, studies focusing on state-owned forestry firms utilizing e-commerce platforms like Toko Perhutani are scarce. This represents the research gap and serves as the basis for developing the proposed conceptual model of this study.

This research employed the Partial Least Squares–Structural Equation Modeling (PLS-SEM) approach as the primary analytical technique to compute correlation between the variables examined in this research. Today, PLS- SEM has gained a lot of popularity in the study of social and business in Indonesia. The reason why it can explain the complex models that do contain hidden variables is possible

and so does the fact that it is also suitable in the studies that have a small sample size (Ghozali, 2021). Such a strategy provides a highly comprehensive and verified model to assess the extent to which service performance, product excellence, and pricing strategies function as antecedents of customer satisfaction and loyalty behaviors as it is in this research.

The theoretical review, prior studies, and analytical strategies are the keywords on which Based on the reviewed literature, a conceptual model was formulated and illustrated in Figure 1. In this framework, service performance (X1) and product excellence (X2) are hypothesized to have both direct and indirect effects on customer loyalty (Y), with consumer satisfaction (Z) functioning as a mediating construct between these relationships.

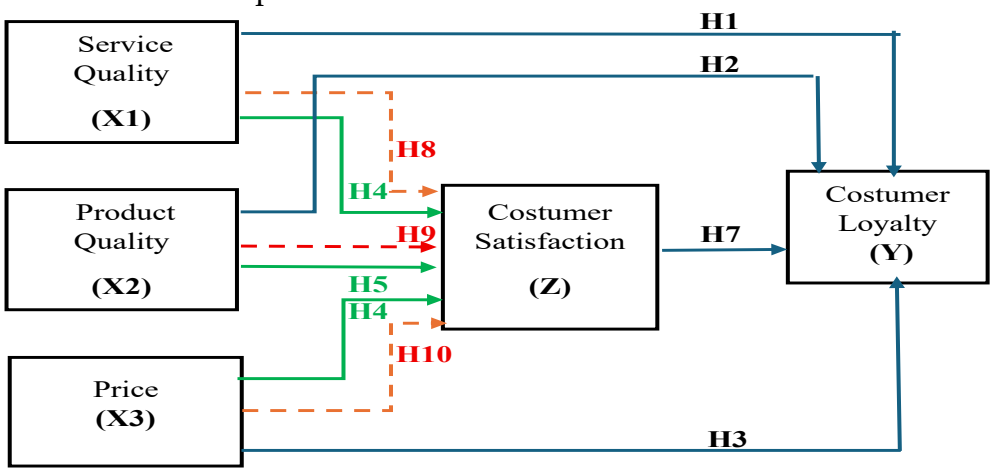

Figure 1. Research Thinking Framework

Source: Processed by the author (2025)

Figure 1. shows the associations between the variables in the present study with customer satisfaction (Z) being a mediating variable that enhances the adverse effects of the service performance, product excellence, and pricing strategies on customer loyalty. Accordingly, this model leads to the formulation of the following hypotheses research hypotheses are created.

The diagram illustrates the interconnection among the variables analysed in this study, emphasizing how these factors influence customer satisfaction (Z). Within this approach, customer happiness functions as an intervening construct that strengthens the relationships between service performance, product excellence, and pricing with customer loyalty. According to this conceptual paradigm, the research hypotheses are articulated as follows.

H1: Customer loyalty is positively connected with service quality.
H2: The quality of products positively influences customer loyalty.
H3: The price affects customer loyalty positively.
H4: The customer satisfaction is positively impacted by the quality of the services.
H5: Customer satisfaction is positively impacted by product quality.
H6: Customer satisfaction is positively impacted by price.
H7: Customer loyalty is positively related to the level of customer satisfaction.

H8: Service quality has an impact on customer loyalty that is mediated by customer satisfaction.
H9: There is a mediating effect of product quality on custom via customer satisfaction.
H10: Customer satisfaction is between price and customer loyalty.

C. METHOD

This research seeks to examine the antecedents and consequences of the latent constructs involved in the model variables utilizing a quantitative explanatory research design. The selected the analytical approach utilized in this study was Partial Least Squares–Structural Equation Modeling (PLS-SEM), validated using SmartPLS version 4.0 (Hair et al., 2021; Ghozali & Kusumadewi, 2023). This fact elucidates why the PLS-SEM data analysis method is particularly appropriate for intricate study designs, especially when the sample size is limited and when the dataset does not conform to normal distribution assumptions (Hair et al., 2021; Ghozali and Kusumadewi, 2023).

The target group is the entire active customers of Toko Perhutani (PoTP) of the Independent Business Unit (KBM) Komersil Kayu, West Java and Banten, with a total of 164 customers as of the middle of 2025. Non-probability purposive sampling method was used and there were two inclusion criteria namely (1) a current PoTP customer and (2) had already purchased online wood at least once. According to the formula used by Slovin with a margin of error of 5 percent, 117 respondents were the minimum sample size that was required. They were able to gather 128 valid responses that were deemed to be representative (Sugiyono, 2023).

Implementation of Variables This study includes three primary types of research variables. The predictor constructs include service performance (X1), product excellence (X2), and pricing strategies (X3). Customer satisfaction (Z) is positioned as the mediating construct, while customer loyalty (Y) serves as the outcome variable in this study. The research instruments were modified from indicators utilized in prior studies (Sholikhah & Hadita, 2023; Naini et al., 2022) to conform to the operational attributes of Perhutani Stores. The questionnaire utilized a five-point Likert measurement scale to capture respondents' perceptual evaluations, where a rating of 1 indicated "strongly disagree" and a rating of 5 represented "strongly agree."

Primary data was gathered through the distribution of online surveys utilizing Google Forms to participants. Secondary data was obtained from the internal documentation of KBM Komersial Kayu Jawa Barat dan Banten, sales statistics from Perhutani, and academic literature related to e-commerce and consumer loyalty (Sekaran & Bougie, 2019; Creswell & Creswell, 2023). The analysis was conducted with SmartPLS 4.0 software in three phases (Hair et al., 2021; Ghozali & Kusumadewi, 2023). The preliminary stage entails evaluating the measurement model (outer model), which examines construct reliability, convergent validity, and discriminant validity. The second assessment involves the evaluation of the structural model (inner model), which analyzes R^2, Q^2, path coefficients, and significance tests. The mediation

test analyzes the impact of customer satisfaction on the correlation between service quality, product quality, and pricing about customer loyalty (Sholihin & Ratmono, 2021). The research phases encompass: problem identification, theoretical evaluation of prior studies, hypothesis formulation, research methodologies, and data collection and analysis utilizing PLS-SEM. Results, discussion, conclusions, and consequences.

D. RESULTS AND DISCUSSION

This research encompassed 128 active patrons of Toko Perhutani (PoTP) who had acquired wood items via online transactions. The predominant demographic of respondents consisted of males (81%), individuals aged over 50 years (54%), and those who had been clients for over nine years (43%). The most commonly acquired products were teak and forest wood (41%), succeeded by teak (37%) and forest wood (20%). The data suggest that PoTP clients are predominantly long-term users who exhibit considerable loyalty to Perhutani wood goods.

We employed SmartPLS 4.0 to perform the PLS-SEM evaluation of the data. The proposed structural framework comprised five latent constructs, namely service performance, product excellence, pricing strategies, consumer satisfaction, and customer loyalty. The analysis procedure involved examining both the measurement model (outer model) and the structural model (inner model). The configuration of the measurement model is depicted in Figure 2.

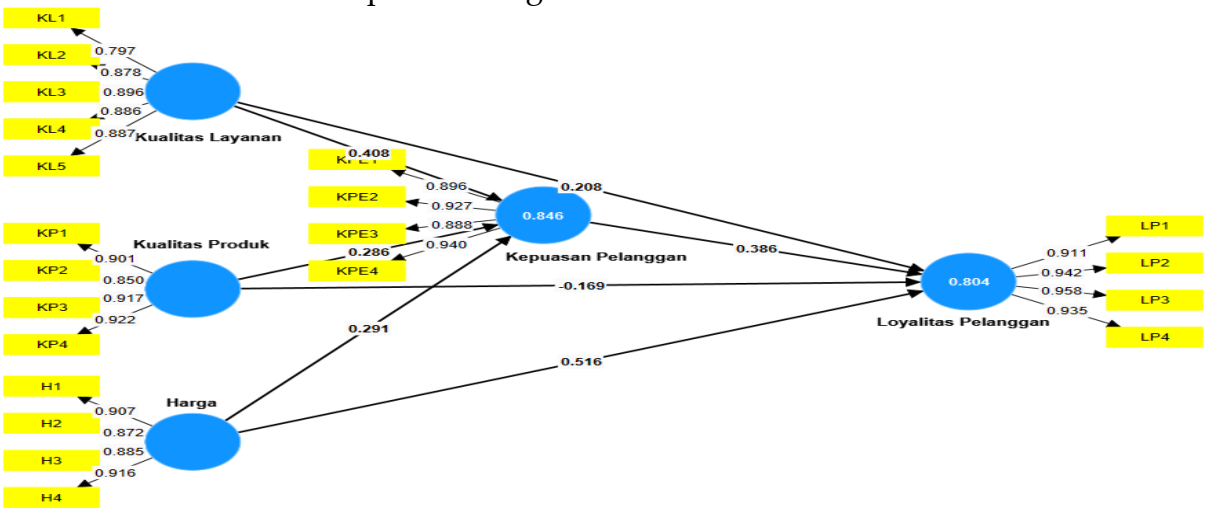

Figure 2. Outer Model

Source: Output SmartPLS 4.0 (2025)

The evaluation of the measurement (outer) model aimed to verify the reliability and validity of the observed indicators. The findings indicated that all indicators satisfied the convergent validity criteria, as reflected by factor loadings above 0.70 and Average Variance Extracted (AVE) values exceeding the 0.50 threshold. Discriminant validity was also confirmed using cross-loading examination, the Fornell–Larcker criterion, and the Heterotrait–Monotrait Ratio (HTMT), with HTMT values remaining below 0.90. Moreover, all constructs demonstrated adequate internal consistency, with Cronbach's Alpha (CA) and Composite Reliability (CR) coefficients surpassing

the recommended level of 0.70, thereby establishing the overall reliability and validity of the model.

The convergent validity was assessed to evaluate the degree to which the indicators accurately represented the underlying construct measure of the construct under study. All indicators had outer loading values of ≥ 0.70, so confirming their validity in reflecting their respective constructs, as illustrated in Table 1. Consequently, all indicators satisfied the criteria for convergent validity.

Table 1. Outer Loading

Indicators	Price	Service Quality	Product Quality	Customer Satisfaction	Customer Loyalty	Description
H1	0.907					Valid
H2	0.872					Valid
H3	0.885					Valid
H4	0.916					Valid
KL1		0.7970				Valid
KL2		0.878				Valid
KL3		0.896				Valid
KL4		0.886				Valid
KL5		0.887				Valid
KP1			0.901			Valid
KP2			0.850			Valid
KP3			0.917			Valid
KP4			0.922			Valid
KPE1				0.896		Valid
KPE2				0.927		Valid
KPE3				0.888		Valid
KPE4				0.940		Valid
LP1					0.911	Valid
LP2					0.942	Valid
LP3					0.958	Valid
LP4					0.935	Valid

Source: Results Output SmartPLS 4.0 (2025)

All variable AVE values surpass 0.50, as demonstrated in Table 2. This indicates that all constructs account for more than fifty percent of the variation in their indicators, thereby meeting the criterion for convergent validity.

Table 2. Average Variance Extracted (AVE)

Variable	Average variance extracted (AVE)	Description
Price	0.801	Valid
Customer Satisfaction	0.834	Valid
Service Quality	0.756	Valid
Product Quality	0.806	Valid
Customer Loyalty	0.877	Valid

Source: Results Output SmartPLS 4.0 (2025)

Three methodologies that were used to assess discriminant validity, the cross-loading values were examined, FornellLarcker Criterion and Heterotrait-Monotrait Ratio (HTMT). The Cross Loading results indicate that all indicators demonstrated stronger associations with their corresponding constructs than with any other constructs. Therefore, the criteria for discriminant validity were fulfilled, as presented in Table 3.

Table 3. Cross Loading

Indicators	Price	Service Quality	Product Quality	Customer Satisfaction	Customer Loyalty	Description
H1	**0.907**	0.620	0.801	0.744	0.747	Valid
H2	**0.872**	0.521	0.686	0.649	0.697	Valid
H3	**0.885**	0.727	0.816	0.848	0.809	Valid
H4	**0.916**	0.621	0.741	0.756	0.797	Valid
KL2	0.542	**0.906**	0.619	0.660	0.600	Valid
KL3	0.604	**0.924**	0.656	0.736	0.679	Valid
KL4	0.727	**0.879**	0.734	0.779	0.736	Valid
KL5	0.638	**0.901**	0.679	0.771	0.678	Valid
KP1	0.744	0.671	**0.901**	0.783	0.731	Valid
KP2	0.746	0.589	**0.850**	0.729	0.634	Valid
KP3	0.821	0.690	**0.917**	0.826	0.714	Valid
KP4	0.753	0.729	**0.922**	0.791	0.725	Valid
KPE1	0.885	0.703	0.827	**0.896**	0.827	Valid
KPE2	0.687	0.777	0.776	**0.927**	0.722	Valid
KPE3	0.683	0.744	0.763	**0.888**	0.699	Valid
KPE4	0.805	0.774	0.815	**0.940**	0.856	Valid
LP1	0.735	0.781	0.732	0.812	**0.911**	Valid
LP2	0.825	0.650	0.743	0.799	**0.942**	Valid
LP3	0.782	0.697	0.699	0.796	**0.958**	Valid
LP4	0.858	0.685	0.752	0.793	**0.936**	Valid

Source: Results Output SmartPLS 4.0 (2025)

The Fornell-Larcker the results showed that the square root of the AVE for each construct exceeds the inter-variable correlation. This demonstrates that discriminant validity is satisfied, as indicated in Table 4.

Table 4. Fornell-Larcker Criterion

Variable	Price	Service Quality	Product Quality	Customer Satisfaction	Customer Loyalty	Description
Price	**0.895**					Valid
Customer Satisfaction	0.842	**0.913**				Valid
Service Quality	0.701	0.820	**0.903**			Valid
Product Quality	0.853	0.872	0.748	**0.898**		Valid
Customer Loyalty	0.855	0.854	0.750	0.782	**0.937**	Valid

Source: Results Output SmartPLS 4.0 (2025)

The HTMT results demonstrate that most values are below 0.90, hence verifying the establishment of discriminant validity. Nonetheless, evidence suggests a correlation between product excellence and customer loyalty, indicating the need for further exploration of the linkage between these constructs, as illustrated in Table 5.

Table 5. Heterotrait-Monotrait Ratio (HTMT)

Variable	Price	Service Quality	Product Quality	Customer Satisfaction	Customer Loyalty	Description
Price						
Customer Satisfaction	0.899					Valid
Service Quality	0.749	0.879				Valid
Product Quality	0.926	0.939	0.806			Invalid
Customer Loyalty	0.910	0.901	0.796	0.834		Invalid

Source: Results Output SmartPLS 4.0 (2025)

Two principal metrics, Cronbach's Alpha (CA) and Composite Reliability (CR) metrics were employed to assess the internal consistency of the constructs, which measures the extent of internal consistency. Latent variables are represented by indicators. Table 6 of the test findings demonstrates that all variables possess CA and CR values exceeding 0.70, hence meeting the reliability criterion. All data indicate that the constructs in this study demonstrate dependability. Thus, the research instrument exhibits reliability in evaluating the variables of service quality, product quality, pricing, customer satisfaction, and customer loyalty.

Table 6. Cronbach's Alpha (CA) dan Composite Reliability (CR)

Variable	Cronbach's alpha	Composite reliability	Description
Price	0.917	0.942	Reliable
Customer Satisfaction	0.934	0.953	Reliable
Service Quality	0.924	0.946	Reliable
Product Quality	0.920	0.943	Reliable
Customer Loyalty	0.953	0.966	Reliable

Source: Results Output SmartPLS 4.0 (2025)

The structural (inner) model evaluation was performed to analyze the causal relationships among the latent constructs. The R^2 value obtained for customer satisfaction was 0.846 and for customer loyalty was 0.802, both of which were ≥0.75, thus falling into the very strong category. The Q^2 value of all endogenous constructs was also positive, confirming that the model had predictive relevance. The representation of the structural (inner) model is provided in Figure 3.

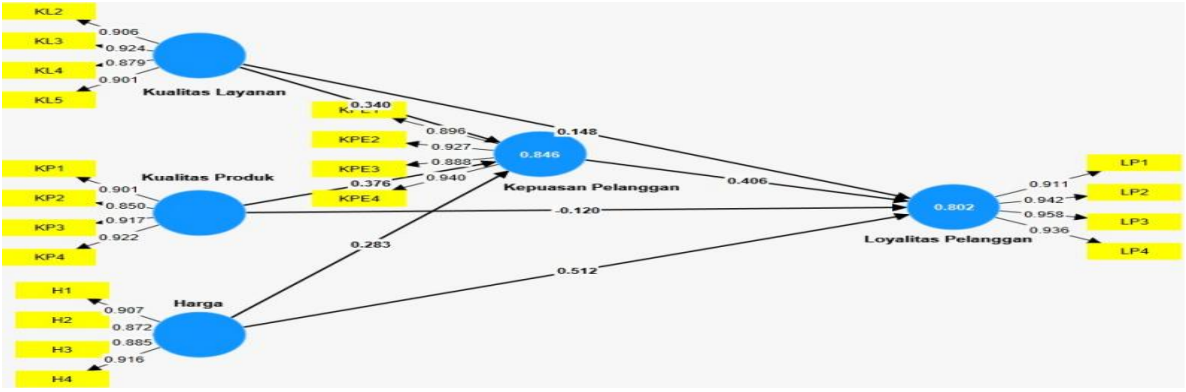

Figure 3. Inner Model

Source: SmartPLS 4.0 Output. (2025)

The coefficient of determination (R^2) for the customer satisfaction construct happiness was 0.846, while for customer loyalty it was 0.802. Both values are ≥0.75, categorizing them as very powerful. This demonstrates that the model possesses exceptional predictive capability, as illustrated in Table 7.

Table 7. Results R-Square (R^2)

Variable	R-square	R-square adjusted	Description
Customer Satisfaction	0.846	0.842	Very Strong
Customer Loyalty	0.802	0.795	Very Strong

Source: Results Output SmartPLS 4.0 (2025)

The Q^2 values for all endogenous constructs are positive ($Q^2 > 0$), signifying that the model possesses predictive relevance, as demonstrated in Table 8.

Table 8. Results Predictive Relevance (Q^2)

Parameter	Q^2predict	Description
Customer Satisfaction	0.834	Fit
Customer Loyalty	0.754	Fit

Source: Results Output SmartPLS 4.0 (2025)

The price significantly affects consumer loyalty (H3). Service performance (H4) and product excellence (H5) exert significant positive effects on customer satisfaction, and consumer satisfaction in turn has a strong influence on loyalty behavior (H7). Conversely, the direct impacts of service performance (H1) and product excellence (H2) on customer loyalty are minimal and statistically insignificant, as demonstrated in Table 9.

Table 9. Results Direct Effect

Hypothesis	Path Coefficient	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values	Decision
H1	Service Quality =>	0.148	0.162	0.108	1.373	0.170	Not accepted

	Customer Loyalty						
H2	Product Quality => Customer Loyalty	-0.120	-0.117	0.134	0.895	0.371	Not accepted
H3	Price => Customer Loyalty	0.512	0.492	0.134	3.814	0.000	Accepted
H4	Service Quality => Customer Satisfaction	0.340	0.338	0.072	4.756	0.000	Accepted
H5	Product Quality => Customer Satisfaction	0.376	0.372	0.116	3.251	0.001	Accepted
H6	Price => Customer Satisfaction	0.283	0.288	0.115	2.454	0.014	Accepted
H7	Customer Satisfaction => Customer Loyalty	0.406	0.405	0.148	2.736	0.006	Accepted

Source: Results Output SmartPLS 4.0 (2025)

Customer satisfaction is revealed to mediate the influence of service performance (H8) and product excellence (H9) on customer loyalty. Customer satisfaction functioned as a mediating mechanism by pricing in respect to customer loyalty (H10) is not significant as it is pointed out in Table 10.

Table 10. Results Indirect Effect

Hypothesis	Path Coefficient	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/ STDEV|)	P values	Decision
H8	Service Quality=> Customer Loyalty	0.138	0.136	0.057	2.414	0.016	Accepted
H9	Product Quality=> Customer Loyalty	0.153	0.152	0.076	1.997	0.046	Accepted
H10	Price=> Customer Loyalty	0.115	0.117	0.066	1.751	0.080	Not Accepted

Source: Results Output SmartPLS 4.0 (2025)

Path analysis indicates that price significantly influences consumer loyalty, both directly and indirectly via customer satisfaction (Kotler & Keller, 2022; GoodStats

Indonesia, 2024). This discovery suggests that, within the realm of utilitarian wood items, rational elements like pricing are the primary predictors of customer loyalty. In contrast, service performance and product excellence do not exhibit a significant direct effect on customer loyalty; however, both positively impact consumer satisfaction. This satisfaction serves as a mediator that facilitates the development of loyalty (Naini et al., 2022; Tjiptono & Diana, 2022). These findings align with Madiawati's (2023) study in the MSME sector, which substantiates the affirmative correlation between satisfaction and loyalty. Conversely, this contrasts with the conclusions of Yunani et al. (2024), which highlight the significance of physical facilities in influencing customer satisfaction in transportation services. This disparity can be elucidated by the traits of PoTP clients, who exhibit greater rationality and prioritize cost efficiency over hedonistic elements. This substantiates the assertion that, within the framework of state-owned enterprises predicated on utilitarian requirements, an appropriate pricing strategy is the primary mechanism for cultivating loyalty.

The results of this study align with the theoretical proposition advanced by Kotler and Keller (2022) according to which loyalty could be created when a company meets the expectations of its clients through services, the quality of the products offered, and appropriate pricing. Tjiptono and Diana (2022) and Naini et al. (2022) insist on the fact that customer satisfaction is one of the essential mediating variables linking the impacts regarding the influence of service performance and product excellence on loyalty outcomes. However, the findings of this study contrast with the results of Hongdiyanto and Liemena (2021), who reported a significant direct influence of service performance on customer loyalty within the digital retail sector environment. This difference could be explained by different contexts of study: in the context of wood products in PoTP, the utility and economical nature of the product (utilitarian consumption) matters the most, whereas in the digital retail business, factors related to service and customer experience (customer experience) gain more significance.

This research offers strategic insights for PoTP to improve its competitiveness against private digital platforms such as Tokopedia and Shopee (GoodStats Indonesia, 2024). Implementing competitive pricing methods must be prioritized, including discount initiatives for bulk acquisitions, price transparency on digital platforms, and loyalty programs based on pricing. Conversely, enhancements in service quality, including prompt responses inside the e-commerce system, The accessibility of stock information and the accuracy of delivery times are crucial for fostering enduring client satisfaction. Consistent quality of wood products is crucial in shaping customer satisfaction and fostering enduring loyalty relationships trust in PoTP.

This paper enhances the theoretical insight into customer loyalty frameworks by highlighting pricing strategies as a predominant influencing factor component in utilitarian consumption model. The findings contribute to the current body of literature, in which the authors have focused on service quality as a key determinant

of loyalty (Oliver, 1999; Parasuraman et al., 1988). The results also support Expectation Disconfirmation Theory (EDT), which states that satisfaction comes as a result of performance of a service or a product to be up to or exceeding expectations. This work confirms that the satisfaction is a significant mediating factor between the service and product quality and the customer loyalty in a rational-needs-based state-owned enterprise market.

E. CONCLUSION

The study reveals that among the three marketing factors examined — service quality, product quality, and price — only price has a direct and significant effect on customer loyalty at Toko Perhutani (PoTP). Meanwhile, service quality and product quality significantly influence customer satisfaction, which in turn drives loyalty indirectly. Customer satisfaction acts as a key mediator linking service and product excellence with loyalty, while price independently shapes loyal behavior without mediation. These findings emphasize that maintaining consistent product and service quality enhances satisfaction, but competitive pricing remains the strongest determinant of customer loyalty in PoTP's online sales context.

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