ABSTRACT

Along with the times flies, there will always be new companies competing to become leaders in their respective industries. With so many new companies, companies are competing to getting more focus on building customer loyalty. Because loyal customers will make repeat purchases and tend to recommend products to others. So the company's loyal customers will lead the company to have profit in the long term. Based on this situation, this research was conducted in order to analyze the effect of service quality and customer satisfaction on customer loyalty, at Biru drinking water company, Ki Hajar Dewantoro branch, Tangerang City.

The population used in this research were consumers who had purchased Blue drinking water at the Ki Hajar Dewantoro branch. The number of samples used in this study were 150 respondents. The research data collection method was carried out using a questionnaire, using a non-probability sampling technique. The data that has been collected was analyzed using the Structural Equation Modeling (SEM) analysis technique with the AMOS 20.0 analysis tool.

The research findings show that, from the 4 proposed hypotheses, 3 hypotheses are proven to be insignificant, and 1 hypothesis is proven significant. Customer Satisfaction has an insignificant positive effect on Customer Loyalty. Service quality has an insignificant positive effect on customer loyalty. Service quality has an insignificant positive effect on customer loyalty mediates by customer satisfaction. Service quality has a positive and significant influence on customer satisfaction.

Keywords: Service Quality, Customer Satisfaction, Customer Loyalty.

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