

***THE IMPACT OF PRODUCT DIFFERENTIATION STRATEGY AND
CUSTOMER SATISFACTION ON CUSTOMER LOYALTY AT ENHAI SOERABI
BANDUNG RESTAURANT***

**PENGARUH STRATEGI DIFERENSIASI PRODUK DAN KEPUASAN
PELANGGAN TERHADAP LOYALITAS PELANGGAN PADA RESTORAN
ENHAI SOERABI BANDUNG**

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ABSTRACT

This study investigates the impact of product differentiation strategies and customer satisfaction on customer loyalty at Enhai Soerabi Bandung Restaurant in Padang. Using a sample of 130 respondents, the research explores the influence of three dimensions of product differentiation—service offering differentiation, service delivery differentiation, and image differentiation—on customer satisfaction and loyalty. The data were analyzed using Structural Equation Modeling (SEM) with SmartPLS 2.0. The results show that both service offering differentiation and image differentiation significantly affect customer satisfaction, while service delivery differentiation did not have a significant impact. Furthermore, customer satisfaction was found to have a strong positive effect on customer loyalty. The findings suggest that Enhai Soerabi Bandung should focus on enhancing its service offerings and brand image to foster customer satisfaction and loyalty. The study also highlights the importance of maintaining high-quality service delivery but recognizes that factors like food quality and pricing also contribute to customer loyalty. Limitations of the study include its focus on a single restaurant and a relatively small sample size. Future research should explore these factors across different locations and with larger samples to generalize the findings further.

Keywords: Product Differentiation, Customer Satisfaction, Customer Loyalty, Service Offering

ABSTRAK

Penelitian ini menyelidiki dampak dari strategi diferensiasi produk dan kepuasan pelanggan terhadap loyalitas pelanggan di Restoran Enhai Soerabi Bandung di Padang. Dengan menggunakan sampel sebanyak 130 responden, penelitian ini mengeksplorasi pengaruh dari tiga dimensi diferensiasi produk—diferensiasi penawaran layanan, diferensiasi penyampaian layanan, dan diferensiasi citra—terhadap kepuasan dan loyalitas pelanggan. Data dianalisis menggunakan Structural Equation Modeling (SEM) dengan SmartPLS 2.0. Hasil penelitian menunjukkan bahwa diferensiasi penawaran jasa dan diferensiasi citra secara signifikan mempengaruhi kepuasan pelanggan, sedangkan diferensiasi penyampaian jasa tidak memiliki dampak yang signifikan. Lebih lanjut, kepuasan pelanggan ditemukan memiliki pengaruh positif yang kuat terhadap loyalitas pelanggan. Temuan ini menunjukkan bahwa Enhai Soerabi Bandung harus fokus pada peningkatan penawaran layanan dan citra merek untuk menumbuhkan kepuasan dan loyalitas pelanggan. Studi ini juga menyoroti pentingnya mempertahankan kualitas layanan yang tinggi, tetapi juga mengakui bahwa faktor-faktor seperti kualitas makanan dan harga juga berkontribusi terhadap loyalitas pelanggan. Keterbatasan dari penelitian ini termasuk fokusnya pada satu restoran dan ukuran sampel yang relatif kecil. Penelitian di masa depan harus mengeksplorasi faktor-faktor ini di lokasi yang berbeda dan dengan sampel yang lebih besar untuk menggeneralisasi temuan lebih lanjut.

Kata Kunci: Diferensiasi Produk, Kepuasan Pelanggan, Loyalitas Pelanggan, Penawaran Layanan

INTRODUCTION

The rapid development of science and technology in the era of globalization has significantly influenced consumer needs and desires, intensifying competition in the business world. Companies are compelled to act swiftly and strategically to maintain their position in the market. One critical factor in winning this competition is creating satisfied and loyal customers. Differentiation strategies play a pivotal role in achieving this goal, aiming to create unique products that offer added value to customers and exceed their expectations, thereby fostering loyalty. High-quality and innovative products provide a competitive edge and enhance customer satisfaction. Customer loyalty is a valuable asset, as retaining loyal customers is more cost-effective than acquiring new ones. In the service industry, including the restaurant sector, success lies in differentiating offerings, delivering superior services, and maintaining high-quality standards.

In the restaurant business, competition has become increasingly fierce, driving operators to innovate in their products and services. Restaurants are required to offer unique experiences, whether through food taste, presentation, or service quality. Enhai Soerabi Bandung Restaurant addresses this challenge by offering distinctive products, such as soerabi with various flavors, and enhancing customer experience through aesthetically pleasing interiors and strategic locations. These efforts aim to achieve higher customer satisfaction compared to competitors, ultimately fostering customer loyalty. This phenomenon serves as a critical background to further examine the role of product differentiation strategies and customer satisfaction in creating customer loyalty at Enhai Soerabi Bandung Restaurant.

This study focuses on Enhai Soerabi Bandung Restaurant, a dining establishment specializing in traditional Indonesian food, particularly soerabi with a variety of flavors and variations. Located in a strategic area, the restaurant provides a unique experience for its customers through its distinctive menu, appealing interior design, and competitive pricing. By adopting a product differentiation strategy, the restaurant aims to deliver added value not only through its unique offerings but also through aesthetic appeal, service quality, and affordability. Amid intense competition, Enhai Soerabi Bandung continues to develop innovative strategies to attract new customers and retain the loyalty of existing ones. This differentiation strategy is a key element of the restaurant's efforts to remain relevant and competitive in the market, offering significant insights into the impact of product differentiation and customer satisfaction on customer loyalty.

Product differentiation is a strategy businesses use to gain a competitive edge by making their products or services distinct from competitors. According to Kotler (2009), this process involves leveraging various physical and functional dimensions to create added value—offering products that are better, newer, faster, or more affordable. Differentiation can take several forms, such as unique product designs, superior features, or innovative functions. Companies that rely solely on price reductions without enhancing their offerings risk losing competitive ground, as cheaper products might be perceived as lower quality, potentially diminishing customer satisfaction and loyalty. Pearce and Robinson (2008) highlight that differentiation is achieved by introducing features, performance, or qualities that competitors cannot easily

replicate. Kotler (2007) further identifies parameters like form, features, performance quality, durability, and reliability as critical factors for differentiation. Additionally, strategies like image differentiation, delivery methods, and service enhancement play a significant role. For example, creating a strong brand image helps build trust and customer perception, while exceptional service quality ensures customer loyalty. Differentiation also involves product classifications, including convenience, shopping, specialty, and unsought goods, which influence customer decisions and satisfaction. Overall, successful product differentiation aligns with customer needs, leveraging unique attributes that deliver value, set a company apart from its competitors, and foster long-term market advantages.

Customer satisfaction is the emotional response a customer experiences when comparing their expectations to the actual performance of a product or service. It can range from satisfaction to delight or dissatisfaction, depending on whether the product meets, exceeds, or falls short of expectations. Factors influencing satisfaction include product quality, pricing, service quality, emotional appeal, and convenience. High-quality products, competitive pricing, excellent service, and convenience all enhance satisfaction. Businesses use loyalty programs, marketing strategies, and feedback tools to improve satisfaction, which boosts customer retention, reduces acquisition costs, and contributes to long-term profitability and a competitive edge.

Customer loyalty is a customer's strong commitment to repeatedly purchase a product or service over time, even when influenced by competitors' marketing efforts (Oliver in Kotler &

Keller, 2007). It is evident through repeat purchases, positive attitudes, and preference for a brand (Fornell in Aryani & Rosinta, 2010). Loyal customers not only buy regularly but also recommend the brand and engage long-term (Lovelock, 2011). Loyalty offers businesses several advantages, including increased profitability, stronger customer relationships, and reduced churn costs. Griffin (2003) outlines the loyalty progression from suspects to repeat buyers and eventually loyal advocates. Loyal customers exhibit traits such as frequent purchases, resistance to competitors, and word-of-mouth promotion (Lovelock, 2011). Loyalty can be measured through repurchase intention, resistance to switching, and willingness to recommend (Aydin & Ozer, 2005). Ultimately, customer loyalty enhances profitability and reduces acquisition costs, making it essential for business success.

Product differentiation, customer satisfaction, and loyalty are interconnected and essential for business success. Differentiation involves offering unique product features—such as design, quality, or service—that distinguish a brand from competitors and provide added value to customers (Kotler, 2009). This uniqueness enhances the customer experience, fostering satisfaction when products meet or exceed expectations (Kotler & Keller, 2007). Satisfied customers are more likely to become loyal, forming a long-term commitment to repurchase and recommend the brand, driven by positive experiences and emotional bonds (Oliver in Kotler & Keller, 2007; Lovelock, 2011). Loyalty increases business profitability through repeat purchases, positive word-of-mouth, and lower acquisition costs. A strong differentiation strategy enhances

product appeal, leading to higher satisfaction and stronger loyalty. This cycle—differentiation leading to satisfaction, satisfaction fostering loyalty, and loyalty driving growth—underscores the importance of delivering exceptional value to retain a loyal customer base and gain a competitive edge.

In the competitive restaurant industry, differentiation strategies are crucial for gaining an edge and building customer loyalty. At Enhai Soerabi Bandung, these strategies include service offering differentiation, where unique and high-quality products cater to customer preferences; service delivery differentiation, emphasizing efficient and customer-friendly service systems; and image differentiation, which strengthens the restaurant's brand identity through ambiance and marketing efforts (Kotler & Keller, 2007). These strategies help establish a distinctive market position, making the restaurant a top choice for repeat customers. However, the impact of these strategies on customer loyalty is not fully understood and warrants further research.

Customer satisfaction also plays a key role in fostering loyalty at Enhai Soerabi Bandung. Satisfied customers are more likely to return, resist competitor offers, and spread positive word-of-mouth (Oliver, 2007; Lovelock, 2011). Satisfaction is influenced by factors like food quality, pricing, and service standards. Research suggests that customer satisfaction mediates the relationship between differentiation strategies and loyalty (Kotler & Keller, 2007), but these dynamics need further exploration in the context of the restaurant.

The research gap in product differentiation, customer satisfaction, and loyalty at Enhai Soerabi Bandung

lies in the lack of empirical evidence on how specific differentiation strategies—such as service offering, service delivery, and image differentiation—affect customer loyalty in the restaurant sector. While existing studies highlight the role of differentiation in boosting customer satisfaction (Kotler & Keller, 2007), there is limited research linking these strategies to sustained loyalty in Indonesian restaurants. Kotler (2009) discusses differentiation's role in creating competitive advantage, yet its direct impact on loyalty in the restaurant context remains unexplored. Aydin and Ozer (2005) show a relationship between satisfaction and loyalty, but the mediating role of satisfaction in the effects of differentiation strategies is unclear. Additionally, research on image differentiation in local restaurants and its link to loyalty is sparse (Lovelock, 2011), as is the study of service delivery's impact on long-term loyalty in casual dining (Sukawati, 2007). Thus, further research is needed in these areas.

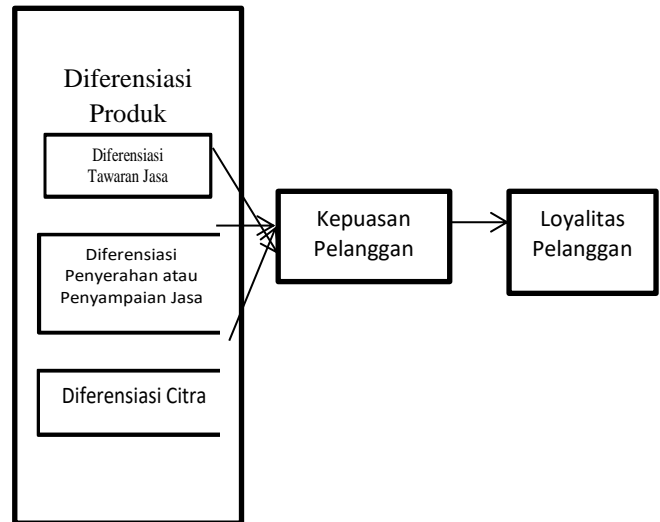
This research aims to explore the impact of product differentiation strategies—service offering differentiation, service delivery differentiation, and image differentiation—on customer loyalty at Enhai Soerabi Bandung Restaurant. The first objective is to examine how these strategies contribute to loyalty. Service offering differentiation focuses on providing unique, high-quality products tailored to customer preferences, while service delivery differentiation enhances service efficiency and customer-friendliness. Image differentiation strengthens the brand's identity through ambiance, reputation, and customer experience. The second objective is to assess the link between customer satisfaction and loyalty, as satisfied customers are more likely to

return and recommend the restaurant. This study will explore how customer satisfaction mediates the relationship between differentiation strategies and loyalty. By examining both direct and indirect influences, the research aims to offer actionable insights to improve customer retention and long-term success at Enhai Soerabi Bandung.

RESEARCH METHODS

This research adopts an explanatory approach, using quantitative methods with a structured questionnaire as the primary instrument for data collection (Sugiyono, 2009). The study aims to investigate the impact of product differentiation strategies—service offering differentiation, service delivery differentiation, and image differentiation—on customer loyalty at Enhai Soerabi Bandung. The population for this study includes all customers of the restaurant, while the sample is determined using non-probability sampling with a sample size of 100 respondents, ensuring it is sufficient for statistical analysis, as suggested by Hair et al. (1995). The research variables include independent variables such as differentiation strategies (X1, X2, X3) and dependent variables such as customer satisfaction (Y1) and loyalty (Y2), with operational indicators derived from previous studies (Aryani & Rosinta, 2010). Data collection will be done through a Likert-scale questionnaire, covering customer perceptions on the restaurant's offerings and satisfaction. Data will be processed using Microsoft Excel and SmartPLS software for structural equation modeling (SEM) to analyze the relationships and impacts between variables (Sekaran, 2006). Validity and reliability tests will be conducted using SmartPLS to ensure the accuracy and consistency of the data collection tools.

The research will provide insights into how differentiation strategies influence customer loyalty through the mediating role of satisfaction, offering practical implications for improving customer retention and business success (Sugiyono, 2009).



Picture 1. Conceptual Framework

RESULTS AND DISCUSSIONS

Brief History of Enhai Soerabi Bandung Restaurant

Enhai Soerabi Bandung, established in 2000 by Ating Supardi, arose from his resilience following financial hardships and the collapse of his previous meat business during the economic crisis. With limited funds of IDR 50,000, Ating started a small food stall specializing in traditional Bandung surabi near the National Hotel Institute (NHI). Initially offering only two variants—oncom and sweet surabi—his stall quickly gained popularity among students and locals. Customer suggestions led to the introduction of 54 unique toppings, priced affordably between IDR 3,000 and IDR 9,000 per piece. At its peak in 1999–2000, the business earned daily revenues of IDR 10–12 million. However, challenges such as frequent relocations and increased competition resulted in a

significant revenue decline of 80%. Undeterred, Ating revitalized the business with a vintage concept and managed to produce up to 1,500 servings daily, ensuring its continued success (Sukawati, 2007; Kotler, 2009).

Respondent Characteristics and Findings

The study on customer satisfaction and loyalty at Enhai Soerabi Bandung Restaurant involved the distribution of questionnaires to 100 respondents in Padang, Indonesia, conducted from December 22, 2012, to December 30, 2012. The respondent characteristics show a diverse group in terms of gender, age, occupation, and income. According to the findings, 69% of the respondents were female, and 31% were male (see Table 4.1), indicating a higher female patronage at the restaurant. In terms of age, the majority of respondents (45%) were between 19 and 23 years old, followed by those aged 24-28 (24%) and a smaller portion in the older age brackets. This aligns with the notion that younger individuals are more likely to socialize and frequent restaurants like Enhai Soerabi Bandung (Sugiyono, 2009). The majority of respondents were students (45%), which is consistent with the restaurant's strategic location near educational institutions, making it a popular choice for students (Sekaran, 2006). Furthermore, the study found that a significant portion of respondents (41%) had a monthly income between IDR 1,000,000 and IDR 2,500,000, suggesting that Enhai Soerabi Bandung's affordable pricing makes it an attractive option for individuals with limited disposable income (Hair et al., 1995).

Differentiation Strategy: Service Offering

The study also explored customer perceptions regarding Enhai Soerabi Bandung's differentiation strategies, particularly service offering differentiation. The responses regarding the restaurant's strategic location, interior design, use of local ingredients, and layout were all highly favorable, with average ratings of 3.70 out of 5, indicating strong agreement that these aspects contributed positively to customer satisfaction. The strategic location near educational institutions and the attractive design of the restaurant were particularly appreciated by respondents, as they made the venue easily accessible and comfortable. These elements are crucial in differentiation strategies, which can enhance customer satisfaction and loyalty by providing unique value propositions that competitors may not offer (Kotler, 2009). The use of local ingredients and a convenient layout that suits the space further adds to the perceived quality, making Enhai Soerabi Bandung a preferred destination for customers (Sukawati, 2007).

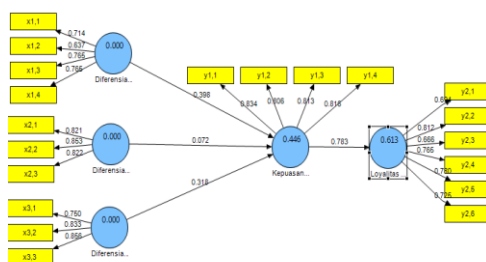
Service Delivery Differentiation

Service delivery differentiation was another key area examined in the study. The responses regarding employee behavior, service flexibility, and staff training were overwhelmingly positive, with an average rating of 3.61. Respondents particularly appreciated the friendly and efficient service provided by the staff, which contributed to their overall positive experience. This is supported by Lovelock (2011), who suggests that service quality and customer satisfaction are closely related, especially when businesses prioritize training their staff and offering flexible, responsive service. Enhai Soerabi Bandung's ability to create a welcoming atmosphere with highly trained

employees is indicative of a service delivery strategy that aligns with customer expectations, fostering a loyal customer base (Aydin & Ozer, 2005).

Image Differentiation and Customer Satisfaction

Image differentiation plays a key role in Enhai Soerabi Bandung's strategy, with findings showing that the restaurant's innovative menu and ambiance positively influence customer satisfaction. The average rating of 3.80 indicates that customers appreciate the variety of surabi toppings, reasonable prices, and comfortable atmosphere, which set the restaurant apart from competitors. As Kotler & Keller (2007) suggest, differentiating through brand image and customer experience is crucial for creating a unique identity that attracts and retains customers. Customers expressed a strong connection with the restaurant's ambiance, enhancing their satisfaction and likelihood of recommending it to others. This emotional attachment, fueled by positive experiences, is essential for fostering customer loyalty (Lovelock, 2011). With an overall satisfaction rating of 3.60, the restaurant demonstrates the effectiveness of its differentiation strategies in driving loyalty and repeat business. This emphasizes the importance of crafting a distinctive image for long-term success (Pearce & Robinson, 2008).



Picture 2. Structural Model

In this study, a loading value of 0.60 was used for validity testing, following prior research, although a threshold of 0.50 is acceptable for first-time studies. The constructs met the criteria for convergent validity, with loading factors above 0.60, indicating reliable measurement of the constructs. Discriminant validity was assessed through cross-loading, confirming that each indicator was more strongly correlated with its own construct than with others, ensuring construct distinctiveness. These validity checks—convergent and discriminant—ensure the measurement model's reliability, accuracy in representing constructs, and proper capture of variable relationships, supporting the research model's integrity (Ghozali, 2008; Hair et al., 1995).

Tabel. 1 Cross Loading

	Image Differentiation	Differentiation of Service Offerings	Differentiation Delivery of services	Customer Satisfaction	Customer Loyalty
x1, 1	0,344455	0,713518	0,395910	0,358501	0,508454
x1, 2	0,361521	0,637259	0,375355	0,274745	0,270430
x1, 3	0,28	0,7	0,3	0,569	0,480

3	3539	65 47 8	02 18 3	237	417
x1, 4	0,45 6415	0,7 64 51 4	0,6 14 21 5	0,428 220	0,618 379
x2, 1	0,45 5571	0,3 95 22 4	0,8 20 53 5	0,340 615	0,528 451
x2, 2	0,48 8342	0,6 17 36 2	0,8 52 76 7	0,428 707	0,641 176
x2, 3	0,35 5648	0,4 55 97 6	0,8 22 25 2	0,413 626	0,450 498
x3, 1	0,75 0156	0,3 59 88 0	0,3 53 06 6	0,378 271	0,377 303
x3, 2	0,83 2840	0,4 43 02 5	0,4 44 14 5	0,465 118	0,514 209
x3, 3	0,85 5821	0,3 81 87 7	0,4 61 71 1	0,487 138	0,480 265
y1, 1	0,47 7218	0,4 71 29 1	0,3 82 75 4	0,834 132	0,632 245
y1, 2	0,55 7737	0,4 22 23 4	0,4 30 89 3	0,805 945	0,626 845
y1, 3	0,36 8486	0,6 04 08 9	0,3 69 89 6	0,812 544	0,656 009
y1, 4	0,38 9852	0,4 43 93 8	0,3 79 06 0	0,816 302	0,432 08

y2, 1	0,53 1844	0,6 02 51 9	0,5 95 33 7	0,473 863	0,694 047
y2, 2	0,50 2545	0,5 96 30 6	0,6 33 40 2	0,588 373	0,812 378
y2, 3	0,52 8502	0,3 76 52 9	0,5 27 69 6	0,440 904	0,666 450
y2, 4	0,36 2334	0,3 10 03 6	0,3 55 52 8	0,573 154	0,765 169
y2, 5	0,33 4259	0,6 18 29 6	0,4 64 32 6	0,706 152	0,780 049
y2, 6	0,34 5334	0,4 31 83 7	0,3 79 60 4	0,636 513	0,725 036

Cross loadings are used to assess whether a construct has adequate discriminant validity, by comparing the correlation of an indicator with its own construct to the correlation with other constructs. If the correlation between an indicator and its own construct is higher than its correlation with other constructs, it indicates strong discriminant validity. Based on the table, it can be concluded that the indicators for each construct exhibit high convergent validity, all exceeding 0.60. Furthermore, the cross loading values demonstrate good discriminant validity, confirming that each construct is distinct and accurately measured by its respective indicators. This ensures the robustness of the measurement model.

Tabel 2
Loading and Average Varian Extract
(AVE)

Another method for evaluating discriminant validity is by comparing the Square Root of Average Variance Extracted (AVE) for each construct with the correlations between that construct and the other constructs in the model. A model is considered to have adequate discriminant validity if the square root of the AVE for each construct is greater than its correlations with other constructs, as shown in the following table. This comparison ensures that each construct is distinct and not overly correlated with others, confirming the validity of the measurement model.

Table 3

	Image Differentiation	Differentiation of Service Offerings	Differentiation Delivery or delivery of services	Customer Satisfaction	Customer Loyalty
Diferensiasi Citra	0,81420452				
Diferensiasi Tawaran Jasa	0,485479	0,72208794			
Diferensiasi Penyerahan atau penyampaian	0,519333	0,605438	0,83198317		

	AVE
Diferensiasi citra	0.662929
Diferensiasi tawaran jasa	0.521411
Diferensiasi penyerahan atau penyampaian jasa	0.692196
Kepuasan pelanggan	0.667975
Loyalitas pelanggan	0.550909

jasa					
Kepuasan Pelanggan	0,548445	0,595821	0,477979	0,81729738	
Loyalitas Pelanggan	0,566017	0,665708	0,65086	0,782816	0,74223244

Discriminant validity is assessed by comparing the square root of the Average Variance Extracted (AVE) for each construct with the correlation values between constructs in the model. A construct demonstrates good discriminant validity when the square root of its AVE exceeds its correlations with other constructs, confirming that it measures a unique aspect. The provided table shows the correlations between latent variables and their respective square roots of AVE. According to the SmartPLS output (2012), the constructs in this model exhibit strong discriminant validity, as the square root of the AVE for each construct is higher than its correlations with other constructs. This confirms that the constructs are distinct and do not overlap, ensuring that each one

measures a separate and unique dimension.

Reliability testing in a structural equation modeling (SEM) framework is often conducted using composite reliability, which assesses the internal consistency of the indicators that measure each construct. Composite reliability values greater than 0.7 are considered satisfactory, indicating that the constructs in the model are reliably measured by their indicators. The table below presents the composite reliability values for each construct, derived from the SmartPLS output (2012). All values exceed the threshold of 0.7, suggesting that each construct in the model meets the reliability criterion and can be considered dependable for further analysis. This confirms that the constructs used in the model have a high degree of consistency and reliability.

Tabel 4
Composite Reliability

	Composite Reliability
Diferensiasi citra	0.854691
Diferensiasi tawaran jasa	0.812560
Diferensiasi penyerahan atau penyampaian jasa	0.870873
Kepuasan pelanggan	0.889454
Loyalitas pelanggan	0.879900

The values of composite reliability for all constructs in the model are above the threshold of 0.7, indicating that the measurement model is reliable and suitable for further analysis. This ensures that the indicators

for each construct consistently measure the intended theoretical concept.

After the outer model evaluation has been completed, the next step is to test the structural model (inner model). The R-squared (R^2) values for each construct are crucial in understanding the explanatory power of the independent variables (predictors) on the dependent variables (outcomes) in the model. As shown in Table 4.13, the R^2 value for "Customer Satisfaction" is 0.445833, indicating that the predictors—Differentiation Service Offer, Differentiation Delivery, and Differentiation Image—explain only 44.58% of the variance in customer satisfaction, with the remaining 55.42% influenced by other factors not included in the study. Additionally, the R^2 value for "Customer Loyalty" is 0.612802, meaning that customer satisfaction explains 61.28% of the variance in customer loyalty, leaving 38.72% to be explained by other factors not covered in the research. A higher R^2 value reflects a greater ability of the independent variables to explain the variation in the dependent variable, indicating the strength of the relationship between the constructs in the model.

Tabel 5
R Square

	R Square
Diferensiasi citra	
Diferensiasi tawaran jasa	
Diferensiasi penyerahan atau penyampaian jasa	
Kepuasan pelanggan	0.445833
Loyalitas pelanggan	0.612802

In this case, the R-squared values suggest moderate explanatory power, with customer satisfaction and loyalty being influenced by the included constructs, but also by other external factors not accounted for in the current model.

Hypothesis testing evaluates the relationships between constructs in the model using t-statistics, where a t-value greater than 1.6 indicates a significant relationship. The results shown in Table reveal that "Differentiation Image" and "Differentiation Service Offer" significantly impact "Customer Satisfaction," with t-values of 2.896 and 3.201, respectively, both higher than the critical value of 1.6, indicating a significant influence on customer satisfaction. However, "Differentiation Delivery" does not significantly impact customer satisfaction, as its t-value of 0.567 is lower than 1.6, suggesting a minimal effect. Furthermore, customer satisfaction has a strong impact on "Customer Loyalty," with a t-value of 18.421, indicating a robust relationship. This finding shows that customer satisfaction plays a key role in fostering customer loyalty, while "Differentiation Delivery" has little effect on loyalty, explaining only 0.5% of loyalty, which may be attributed to other factors such as food quality and price (Gupta & Gomez, 2007). At Enhai Soerabi Restaurant, the focus on recipe authenticity resonates more with customers than service delivery alone (Aryani & Rosinta, 2010).

Tabel 6
Hypothesis Testing

	T Statistics (O/STERR)	Description
Diferensiasi cita ->	2.896184	Significant

kepuasan pelanggan		
Diferensiasi tawaran jasa - > kepuasan pelanggan	3.201199	Significant
Diferensiasi penyerahan atau penyampaian jasa -> kepuasan pelanggan	0.567180	Insignificant
Kepuasan Pelanggan -> Loyalitas Pelanggan	18.421144	Significant

The findings highlight the importance of differentiation strategies, particularly in service offerings and brand image, in shaping customer satisfaction and loyalty at Enhai Soerabi Restaurant. The study found that service offerings, such as the restaurant's location and comfortable layout, significantly influence customer satisfaction (Hypothesis 1), supported by a t-statistic of 3.201, exceeding the critical value of 1.6. Additionally, image differentiation (Hypothesis 2) also plays a key role in customer satisfaction, with a t-statistic of 2.896, indicating that the restaurant's unique brand image helps distinguish it from competitors. Sukawati (2007) underscores the importance of creatively aligning various marketing elements to meet customer expectations, a strategy Enhai Soerabi appears to execute effectively. However, the differentiation of service delivery (Hypothesis 3) had no significant impact, with a t-statistic of 0.567, suggesting that while service delivery is important, it is less influential than

service offerings or brand image in enhancing satisfaction and loyalty.

The study also emphasizes that customer satisfaction is a strong driver of loyalty, with Hypothesis 4 showing a significant relationship between satisfaction and loyalty (t-statistic of 18.421). This supports Kotler's (2009) view that customers who feel their expectations are met or exceeded are more likely to remain loyal. While service delivery is important, other factors such as food quality and pricing, as noted by Gupta and Gomez (2007), have a stronger impact on loyalty. Enhai Soerabi's focus on its unique recipes and product authenticity provides a clearer differentiation that resonates more with customers, suggesting that these elements are more critical than service delivery in fostering long-term customer loyalty.

CONCLUSION AND SUGGESTION

This study examines the impact of product differentiation strategies, including service offering differentiation, image differentiation, and service delivery differentiation, on customer satisfaction and loyalty at Enhai Soerabi Bandung Restaurant. The results show that service offering differentiation and image differentiation significantly affect customer satisfaction, while service delivery differentiation does not. Customer satisfaction is found to have a strong influence on customer loyalty. The implications of this research provide insights for restaurant management to apply differentiation strategies to enhance customer satisfaction and loyalty. The study has limitations, such as its focus on a single restaurant and a small sample size. Suggestions for future research include testing in other restaurants, developing a conceptual model, and adding latent variables to

further explore product differentiation strategies.

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