The Influence of Service Quality and Product Quality Through Customer Satisfaction on Customer Loyalty at Vegetarian Restaurant Fortunate Taste Batam

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A B S T R A K

Seiring pertumbuhan bisnis kuliner khususnya di penyedia layanan makanan Vegetarian meningkat signifikan di kota Batam, peningkatan pengunjung restoran Fortunate Taste Vegetarian Batam juga cukup besar. Tujuan penelitian ini adalah untuk menganalisis pengaruh kualitas pelayanan dan kualitas produk terhadap kepuasan pelanggan, serta untuk membuktikan bahwa kepuasan pelanggan mampu memediasi pengaruh kualitas pelayanan dan kualitas produk terhadap loyalitas pelanggan. Populasi penelitian ini adalah pelanggan Fortunate Taste Vegetarian Restaurant. Total sampel sebanyak 100 responden dengan teknik purposive sampling. Hasil penelitian menunjukkan bahwa kualitas pelayanan dan mutu produk berpengaruh positif dan signifikan terhadap kepuasan pelanggan, kualitas pelayanan berpengaruh positif dan tidak signifikan terhadap loyalitas pelanggan, kualitas produk berpengaruh positif dan signifikan terhadap loyalitas pelanggan, serta kepuasan pelanggan berpengaruh negatif dan tidak signifikan terhadap loyalitas pelanggan. Kepuasan pelanggan tidak terbukti bertindak sebagai variabel intervensi untuk memediasi pengaruh kualitas layanan dan kualitas produk terhadap loyalitas pelanggan. Implikasi penelitian ini adalah bahwa manajemen restoran Fortunate Taste Vegetarian di Batam perlu meningkatkan kualitas pelayanan dan kualitas produk untuk memenuhi harapan dan kepuasan pelanggan agar dapat meningkatkan loyalitas pelanggan.

A B S T R A C T

As the growth of the culinary business, especially in Vegetarian food service providers, significantly increased in the city of Batam, the increase in visitors to the Fortunate Taste Vegetarian Batam restaurant was also quite large. The purpose of this study was to analyze the effect of service quality and product quality on customer satisfaction, the effect of service quality, product quality, and customer satisfaction on customer loyalty, and to prove that customer satisfaction was able to mediate the effect of service quality and product quality on customer loyalty. The population of this research was the customers of Fortunate Taste Vegetarian Restaurant. Total of sample was 100 respondents with a purposive sampling technique. The results showed that service quality and product quality had a positive and significant effect on customer satisfaction, service quality had a positive and insignificant effect on customer loyalty, product quality had a positive and significant effect on customer loyalty, and customer satisfaction had a negative and insignificant effect on customer loyalty. Customer satisfaction was not proven to act as an intervening variable to mediate the effect of service quality and product quality on customer loyalty. The implication of this research is that the management of Fortunate Taste Vegetarian restaurant in Batam needs to improve service quality and product quality to meet customer expectations and satisfaction in order to increase customer loyalty.

1. INTRODUCTION

In the current era of globalization, there have been many changes in the food service industry and also the lifestyle of the community where some people have changed to become vegetarian. Previous research explains that another reason for someone to become a vegetarian is cosmetic reason, which maintains smoother and shining skin and also can control weight (de Boer et al., 2017; Mullee et al., 2017).

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A restaurant is a place or building that is commercially organized and provides good service to its guests, either in the form of food or drinks, with the purpose to make a profit and to satisfy the guests (Pesoa, J. A. et al., 2020; Tunjungsari & Swari, 2021). Sales are both a science and an art to bring over the person that is carried out by the seller and invite other people willing to purchase the goods or services offered (Ayuni et al., 2019; Togodly et al., 2018). Therefore, a restaurant must understand how to manage with standards qualification that can maintain customer loyalty & customer satisfaction and increase the sales of the business. Fortunate Taste Vegetarian Restaurant is one of the Vegetarian restaurants in Batam City, initially, 2016 was a franchise from Obean Restaurant (originally from Singapore and owned by Mr. Klee Tan), but then Fortunate Taste Vegetarian ended the franchise in 2019, researchers assessed that there was an innovation in the restaurant to manage the service quality and product quality in purpose to increase the customer satisfaction & customer loyalty, base of that reason, researcher chose to do the research at the Fortunate Taste Vegetarian Restaurant Batam.

Consumer loyalty is a customer's commitment to a brand, store, or supplier based on very positive traits in long-term purchases (Adi et al., 2019; Hoye, R. et al., 2015; Hsu et al., 2013). Previous research states that service quality is the level of excellence expected and control over that level of excellence to fulfill customer desires (GS et al., 2013; Norawati et al., 2021). Similar research stated that product quality is the characteristic of a product or service that bears on its ability to satisfy customer needs (Chaerudin & Syafarudin, 2021; Sriyanto & Utami, 2016). Customer satisfaction is a person's feeling of pleasure or disappointment that arises from comparing the perceived performance of a product (or result) against that person's expectations (Andri et al., 2022; Yusuf et al., 2021). Studies related to service quality on customer satisfaction had research gaps. This could be seen from the previous research which stated that service quality had a significant influence on customer satisfaction, with increasing service quality, customers will feel increasingly satisfied (Chaerudin & Syafarudin, 2021; Panday & Nursal, 2021). However, this was contrary to the other research which stated that quality of service had a negative and insignificant effect on customer satisfaction (Rimawan et al., 2017; Surahman et al., 2020). Studies related to product quality on customer satisfaction had research gaps. This could be seen from the other research results which stated that product quality had a positive and significant effect on customer satisfaction (Erlinda et al., 2022; Panday & Nursal, 2021). Whereas similar research stated product quality had no effect on customers satisfaction, by increasing product quality, had no effect on increasing customer satisfaction (Rimawan et al., 2017; Santoso, 2019).

Studies related to service quality on loyalty had research gaps. This could be seen from the previous research results which showing that customer loyalty was significantly influenced by service quality (Nurcahyo et al., 2017; Supriyanto et al., 2021). However, the other results stated that there was nono effect of service quality on customer loyalty, with increasing service quality did not have any impact on customer loyalty (Dandis & Wright, 2020; Rimawan et al., 2017). Even according to the similar research also reveals that service quality had no significant effect on customer loyalty (Flores et al., 2020; Wijaya, 2018). Studies related to product quality on loyalty had research gaps. This could be seen from the previous research which showing that product quality had a significant effect on customer loyalty, the higher of product quality provided to customers, the higher customer loyalty would be (Arif & Syahputri, 2021; Tafsir et al., 2018). Different from that study, the similar research which stated that there was no effect of product quality on customer loyalty (Naini et al., 2022; Syafarudin, 2021). Studies related to customer satisfaction on loyalty also had research gaps. This could be seen from the other research which showing that customer satisfaction had a positive and significant effect on customer loyalty (Dam & Dam, 2021; Khairawati, 2020). The higher customer satisfaction, the higher customer loyalty would be. The results of this study are fully supported by similar research which stated that satisfaction had a positive and significant effect on customer loyalty (Dam & Dam, 2021; El-Adly, 2019). If customers are satisfied, then customers will be loyal, but there is also an empirical gap research which stated that satisfaction did not affect customer loyalty (Martínez & Del Bosque, 2013; Mustikawati et al., 2022).

Based on the phenomenon of the development of vegetarian cuisine in the city of Batam, while Customer Loyalty according to some empirics was influenced by the product quality and service quality, as well as the existence of several empirical gaps as described above, researcher raises the topic "Customer Loyalty Affected by Service Quality and Product Quality Through Customer Satisfaction at Fortunate Taste Vegetarian Restaurant Batam".

2. METHODS

The type of research conducted is quantitative research. The research approach used is a survey approach or cross-sectional study, where data is collected at one particular point in time. The study subjects/participants were customers of Fortunate Taste Vegetarian Restaurant who had visited at least

twice in three months and made a purchase transaction at the restaurant. The number of samples in this study was 100 respondents. The data collection method used is a questionnaire. This questionnaire consists of several questions related to research variables, namely service quality, product quality, customer satisfaction, and customer loyalty. The data analysis method used in this study is Partial Least Square (PLS) using Smart-PLS software version 3.3.7. PLS is an analytical method used to analyze relationships between complex and interrelated variables. PLS analysis is carried out with stages such as conceptual model creation, variable measurement, instrument validity and reliability, path analysis, and mediation analysis. The outer model (Model Measurement) in the Partial Least Square (PLS) analysis is used to determine the validity and reliability of indicators that measure latent variables. In this study, all variables service quality, product quality, customer satisfaction, and customer loyalty variables use reflective indicators.

3. RESULTS AND DISCUSSIONS

Results

Convergent Validity

Convergent validity means that a set of indicators represents one latent variable and the underlying latent variable. This representation can be demonstrated through the value of (1) the loading factor (tolerable value up to 0.50) and (2) the Average Variance Extracted (AVE value > 0.50). This value describes adequate convergent validity which means that one latent variable is able to explain more than half of the variance of its indicators in the average.

Table 1. Value of Loading Factor

Indicator	Customer Satisfaction (Z)	Service Quality (X1)	Product Quality (X2)	Customer Loyalty (Y)	Description
X1.1.1		0.689			Valid
X1.1.2		0.693			Valid
X1.1.3		0.83			Valid
X1.1.4		0.831			Valid
X1.2.1		0.731			Valid
X1.2.2		0.717			Valid
X1.2.3		0.795			Valid
X1.3.1		0.696			Valid
X1.3.2		0.707			Valid
X1.3.3		0.809			Valid
X1.4.1		0.707			Valid
X1.4.2		0.433			Invalid
X1.4.3		0.624			Valid
X1.5.1		0.87			Valid
X1.5.2		0.786			Valid
X1.5.3		0.83			Valid
X2.1.1			0.764		Valid
X2.1.2			0.87		Valid
X2.2.1			0.844		Valid
X2.2.2			0.782		Valid
X2.2.3			0.224		Invalid
Y1.1.1				0.803	Valid
Y1.1.2				0.88	Valid
Y2.1.1				0.695	Valid
Y2.1.2				0.833	Valid
Y2.1.3				0.826	Valid
Y3.1.1				0.861	Valid
Z1.1.1	0.803				Valid
Z1.1.2	0.874				Valid
Z2.1.1	0.784				Valid
Z3.1.1	0.857				Valid
Z3.1.2	0.801				Valid

Based on Table 1, there are 2 indicators (X1.4.2 & X2.2.3) that are declared invalid because the value is less than 0.50 so must be excluded from the model. Here is the Table 2 of the model after removing the invalid indicators, as we see after removing the invalid indicators, all value is greater than 0.50 so the model can be declared as valid.

Table 2. Value of Loading Factor Excluding Invalid Indicator (X1.4.2 and X2.2.3)

Indicator	Customer Satisfaction (Z)	Service Quality (X1)	Product Quality (X2)	Customer Loyalty (Y)	Description
X1.1.1		0.688			Valid
X1.1.2		0.706			Valid
X1.1.3		0.826			Valid
X1.1.4		0.829			Valid
X1.2.1		0.725			Valid
X1.2.2		0.715			Valid
X1.2.3		0.796			Valid
X1.3.1		0.699			Valid
X1.3.2		0.714			Valid
X1.3.3		0.812			Valid
X1.4.1		0.714			Valid
X1.4.3		0.615			Valid
X1.5.1		0.874			Valid
X1.5.2		0.787			Valid
X1.5.3		0.825			Valid
X2.1.1			0.765		Valid
X2.1.2			0.87		Valid
X2.2.1			0.844		Valid
X2.2.2			0.784		Valid
Y1.1.1				0.803	Valid
Y1.1.2				0.88	Valid
Y2.1.1				0.695	Valid
Y2.1.2				0.833	Valid
Y2.1.3				0.826	Valid
Y3.1.1				0.86	Valid
Z1.1.1	0.803				Valid
Z1.1.2	0.874				Valid
Z2.1.1	0.784				Valid
Z3.1.1	0.857				Valid
Z3.1.2	0.802				Valid

Table 3. AVE Value

Variable	AVE	Description
Customer Satisfaction (Z)	0.68	Valid
Service Quality (X1)	0.575	Valid
Product Quality (X2)	0.667	Valid
Customer Loyalty (Y)	0.67	Valid

Based on Table 3, it is stated the AVE value of each variable in this study is > 0.50 so the measurement instruments in this study are convergently valid.

Discriminant Validity

Measurement of discriminant validity can be seen through cross-loading, If the loading value of each item on the construct is greater than the cross-loading value, then it will be declared valid

Table 4. Value of Cross-Loading

Indicator	Service Quality (X1)	Product Quality (X2)	Customer Loyalty (Y)	Customer Satisfaction (Z)
X1.1.1	0.688	0.413	0.4	0.46
X1.1.2	0.706	0.452	0.439	0.531
X1.1.3	0.826	0.492	0.453	0.476
X1.1.4	0.829	0.514	0.43	0.543
X1.2.1	0.725	0.571	0.455	0.515
X1.2.2	0.715	0.44	0.378	0.543
X1.2.3	0.796	0.415	0.328	0.529
X1.3.1	0.699	0.449	0.406	0.48
X1.3.2	0.714	0.474	0.382	0.516
X1.3.3	0.812	0.497	0.374	0.536
X1.4.1	0.714	0.425	0.365	0.442
X1.4.3	0.615	0.429	0.207	0.346
X1.5.1	0.874	0.56	0.513	0.562
X1.5.2	0.787	0.695	0.534	0.638
X1.5.3	0.825	0.713	0.563	0.66
X2.1.1	0.646	0.765	0.508	0.664
X2.1.2	0.575	0.87	0.679	0.624
X2.2.1	0.513	0.844	0.593	0.624
X2.2.2	0.466	0.784	0.537	0.535
Y1.1.1	0.543	0.733	0.803	0.557
Y1.1.2	0.513	0.607	0.88	0.469
Y2.1.1	0.445	0.446	0.695	0.441
Y2.1.2	0.399	0.487	0.833	0.338
Y2.1.3	0.419	0.569	0.826	0.426
Y3.1.1	0.404	0.582	0.86	0.375
Z1.1.1	0.605	0.621	0.502	0.803
Z1.1.2	0.618	0.666	0.413	0.874
Z2.1.1	0.529	0.516	0.464	0.784
Z3.1.1	0.543	0.665	0.43	0.857
Z3.1.2	0.56	0.616	0.412	0.802

Based on Table 4, it is known that all the cross-loading values of the indicators of each variable are higher when compared to the cross-loading values of the other constructs. The outer model for indicators that discriminately reflects all variables are valid.

Reliability Test

The reliability test is carried out through Cronbach's Alpha and Composite Reliability as presented in Table 5.

Table 5. Cronbach's Alpha and Composite Reliability Value

Variable	Cronbach's Alpha	Composite Reliability
Customer Satisfaction (Z)	0.882	0.914
Service Quality (X1)	0.946	0.953
Product Quality (X2)	0.833	0.889
Customer Loyalty (Y)	0.901	0.924

A construct is reliable if the Value of Cronbach's alpha and Composite reliability are > 0.70, and based on the results of the reliability test in Table 5, the four variables in this study have Cronbach's alpha values > 0.70 and Composite Reliability > 0.70. It can be concluded that all variables are declared reliable.

Hypothesis Test

Based on Table 6, there are two point that will be discussed in hypothesis test, (1) the estimation of the path coefficient (original sample O) and (2) t-statistics or p-value. Each variable is significant if the t statistic value is greater than t table (1.960) so that the hypothesis can be accepted. Conversely, if the t-statistics value is smaller than t-table (1.960) then the hypothesis is rejected.

Table 6. Hypothesis Test

Influence	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Descr iption
Service. Q (X1) -> C. Satisfaction (Z)	0.345	0.347	0.115	3.006	0.003	Signifi cant
Product. Q (X2) -> C. Satisfaction (Z)	0.517	0.517	0.114	4.556	0.000	Signifi cant
Service. Q (X1) -> C. Loyalty (Y)	0.168	0.183	0.105	1.599	0.110	Insign ificant
Product. Q (X2) -> C. Loyalty (Y)	0.646	0.64	0.134	4.82	0.000	Signifi cant
C. Satisfaction (Z) -> C. Loyalty (Y)	-0.062	-0.069	0.127	0.489	0.625	Insign ificant
Service. Q (X1) -> C. Satisfaction (Z) -> C. Loyalty (Y)	-0.021	-0.029	0.049	0.435	0.664	Insign ificant
Product. Q (X2) -> C. Satisfaction (Z) -> C. Loyalty (Y)	-0.032	-0.031	0.066	0.483	0.629	Insign ificant

Discussion
Service Quality and Customer Satisfaction
The results of this study indicate that service quality had a positive and significant direct effect on customer satisfaction. Improving the quality of service to customers, it will further increase customer satisfaction in restaurants. The result of this study is in line with the previous research results which stated that Service Quality had a positive influence and significant to customer satisfaction (Dam & Dam, 2021; Zaibaf et al., 2013). However, this was contrary to the similar research where the two previous researchers stated that service quality had no significant effect on customer satisfaction (Rimawan et al., 2017; Supriyanto et al., 2021).

The strongest factor in reflecting the service quality of Fortunate Taste Vegetarian Batam restaurant is the attitude of the waiter serving with patience has become the hallmark of the service quality of the restaurant, the second factor that contributes a lot to the service quality is the restaurant has a large parking area. The restaurant also provides sufficient seating facilities for gatherings or parties.

This study also found the weakest factor and did not make a major contribution to service quality, which is the willingness of restaurants to replace orders if an error occurs. However, it is possible that the restaurant is actually willing to replace wrong orders but needs to provide more training to restaurant staff on how to deal with customers if there is any mistaken order.

Product Quality and Customer Satisfaction
The results of this study indicate that product quality had a direct positive and significant effect on customer satisfaction. By increasing the product quality in restaurants, it will also increase customer satisfaction. The results of this study are in accordance with the results of previous research, where the previous researchers stated that product quality had a positive and significant relationship to satisfaction (Chaerudin & Syafarudin, 2021; Erlinda et al., 2022). However, this was contrary to the other research, where these two researchers stated that product quality had no significant effect on customer satisfaction (Gök et al., 2019; Zaibaf et al., 2013).

The results of this study found the strongest factor and the greatest contribution to product quality, namely product aesthetics where the Restaurant serves Vegetarian dishes that taste very close to the original product. Even though this is a vegetarian restaurant, the restaurant has succeeded in serving vegetarian dishes that are not inferior in terms of taste to the original product, an example of the original product, namely "Ikan Pepes spicy chili", quality ingredients with a taste that is very close to the original product. This has become the higher value of the product quality of a restaurant, besides that there is also a second factor that contributes greatly to product quality, namely the perceived value, of the food products of the Fortunate Taste Vegetarian Restaurant made from good quality ingredients.

However, this study also found the weakest factor, namely the interest in serving dishes. Basically, the food products of Fortunate Taste Vegetarian restaurant are very interesting when compared to other restaurants, but one of the dishes such as vegetarian "Ayam Penyet" has a very prominent taste, especially the chili sauce. Many other restaurants have copied this product's cuisine so that from the point of interest,

it has weakened. It could be one of the points for management to continue to innovate restaurant product dishes.

Service Quality and Customer Loyalty

The results of this study indicate that service quality had a positive but insignificant direct effect on customer loyalty. In other words, if the company improves the quality of service at the restaurant, it will not affect to the customer loyalty. The results of this study are corroborated by the other research which stated that service quality had a positive effect but insignificant to customer loyalty (Rimawan et al., 2017; Wijaya, 2018). However, this was contrary to previous research which stated that service quality had a positive and significant effect to customer loyalty (Dam & Dam, 2021; Surahman et al., 2020).

The results of this study indicate that the Fortunate Taste vegetarian restaurant has high service quality. However, when reviewed from the assurance indicator, where customers experience difficulties in replacing orders when errors or discrepancies in orders occur which may be due to miscommunication between service staff and customers, or restaurants that did not provide clear training to waiters or staff, especially for the new join waiter, the lack of restaurant guarantees causes disloyal customers, therefore it did not have a direct effect on loyalty, so it did not seem to have a correlation or effect on customer loyalty. In addition, in terms of the attitudinal approach, which considers loyalty as attitude, where attitude measures include satisfaction, commitment, and the desire to behave, it seems that this attitude measure is not strong enough to predict loyal customer behavior.

Product Quality and Customer Loyalty

The results of this study indicate that product quality had a positive and significant effect on customer loyalty. By further improving the quality of the product in restaurants, it will also help increase customer loyalty to restaurants. The results of this study are corroborated by the previous research who had the same statement that Product Quality had a positive and significant effect to customer loyalty (Firli & Stiawan, 2021; Wijaya, 2018). However, this was contrary to the other research, where these two researchers stated that product quality had no significant effect on customer loyalty (Naini et al., 2022; Syafarudin, 2021).

According to the results of this study, it was shown that the product quality of Fortunate Taste Vegetarian Batam restaurant was in accordance with product aesthetics and in accordance with perceived value. The Fortunate Taste restaurant had served vegetarian dishes which in terms of taste are very similar to the original product, the Fortunate restaurant also processes vegetarian food products in a hygienic way, and the Fortunate restaurant also uses good quality ingredients, especially soy ingredients.

Customer Satisfaction and Customer Loyalty

The results of this study indicate that customer satisfaction had a negative and insignificant effect on customer loyalty. In other words, if the company increases customer satisfaction there is no significant effect by increasing customer loyalty. The results of this study are corroborated by the previous research which also found that there was no significant effect between customer satisfaction and customer loyalty (Dam & Dam, 2021; Khairawati, 2020). The results of this study also contradicted the other research which stated that customer satisfaction had a positive and significant effect to customer loyalty (El-Adly, 2019; Wijaya, 2018).

The results of this study indicate that customer satisfaction on customer loyalty was not significant. This is because the majority of respondents in this research were not Vegetarian, some customers admitted that they had visited a restaurant several times but only consumed vegetarian products on certain vegetarian days or attended the invitation by friends or family only. Therefore, even though customer expectations are met, and the customer has an interest in making a repeat purchase, it is not certain that the customer will come back and make a repeat purchase since most of the customers in this study were non-vegetarian customers. So, the effect of customer satisfaction on customer loyalty was not significant.

The main thing that must be done by restaurant management is to increase customer willingness to recommend restaurants to non-vegetarian communities because it is the weakest factor of customer satisfaction. Digital Marketing is one of the marketing media which is currently in great demand by the community to support various activities performed (Pradiani, 2017). Restaurant management can try to use digital marketing to do the vegetarian promotion, especially on certain vegetarian days, especially during the 1st and 15th lunar calendar of each month. By using this Vegetarian Day and promoting through digital marketing for both vegetarian and non-vegetarian communities to try consuming vegetarian products at the Fortunate Taste Restaurant. In addition, Management can also provide discounts to existing customers who have recommended the Fortunate Taste Vegetarian restaurant to other potential customers to hold events at the restaurant.

Service Quality, Customer Satisfaction, and Customer Loyalty

The results of this study indicate that satisfaction was not able to mediate the effect of service quality on customer loyalty, so it could be concluded that both directly and indirectly, service quality had no significant effect on customer loyalty. The result of this study is in line with previous research which stated that customer satisfaction could not mediate the relationship between service quality and customer loyalty (Kaura et al., 2015; Novianto & Akbar, 2019). However, the result of this study contradicted the similar research, findings from previous researchers stated that satisfaction could be an intervening variable mediate the effect of service quality on customer loyalty (Handayani et al., 2021; Santoso, 2019).

The suspected cause is that the object of this research is a vegetarian restaurant, where most customers visiting a vegetarian restaurant aim to choose vegetarian dishes compared to looking at service quality, this could be seen from the quality of service that did not have a significant relationship to customer loyalty. Even so, service quality still plays an important role where service quality can help increase customer satisfaction, but satisfied customers cannot be measured to be loyal to the restaurant. So that the indirect effect of service quality on customer loyalty mediated by customer satisfaction is very weak.

Product Quality, Customer Satisfaction, and Customer Loyalty

The results of this study indicate that satisfaction is not able to mediate the effect of product quality on customer loyalty. So, the direct effect of product quality on customer loyalty is much stronger than the indirect effect of product quality on customer loyalty through customer satisfaction as an intervening variable, even the indirect effect can be ignored. The results of this study are in line with other research which stated that customer satisfaction could not mediate the product quality on customer loyalty (Arif & Syahputri, 2021). However, the result of this study contradicted the previous research, findings from previous researchers stated that satisfaction could be an intervening variable to mediate the effect of product quality on customer loyalty (Arif & Syahputri, 2021).

Although product aesthetics already matched customer expectations, the perceived product value is in accordance with customer wishes, but in this study, most respondents who answered the questionnaire were non-vegetarian respondents who were not interested in continuing to eat vegetarian. Therefore, it is suspected that the main cause is that satisfaction is unable to mediate the effect of product quality on customer loyalty because the respondents who filled out the questionnaire were non-vegetarian respondents**.**

4. CONCLUSION

Based on the findings and results of data analysis, it could be concluded that: service quality had an effect on customer satisfaction, product quality had an effect on customer satisfaction, service quality had no effect on customer loyalty, product quality had an effect on customer loyalty, customer satisfaction had no effect on customers loyalty, customer satisfaction was not able to mediate the effect of quality service on customer loyalty, customer satisfaction was not able to mediate the effect of product quality on customer loyalty at Fortunate Taste Vegetarian Restaurant Batam. In order to improve the service quality in Fortunate Taste Vegetarian Restaurant, based on the descriptive analysis it is suggested that the Restaurant must be able to ensure that the parking lot is free of charge, and also be able to increase the number of waiters, especially during peak times. Meanwhile, in terms of product quality, what needs to be considered is that currently there are many other restaurants that have begun to imitate the characteristics of Fortunate Taste Restaurant products, especially one of the menus "Ayam Penyet", so restaurants must be able to innovate to continue to change. The object of this research is a vegetarian restaurant but the majority of respondents in this research are non-vegetarian, and the minority of respondents are Vegetarian, so for next researcher who will do any research related to Vegetarian Restaurants, may need to limit the characteristics of respondents as Vegetarian only.

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