



Building Loyalty in Organic Restaurants among Indonesian Gen Z: The Interplay of Brand Image, Service Quality, and Self-Congruity via Customer Satisfaction

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ABSTRACT

This study aims to examine the influence of brand image, service quality, and self-congruity on customer loyalty, with customer satisfaction serving as a mediating variable, specifically within the context of organic restaurants. As consumer awareness and preferences shift toward healthier and more sustainable dining options, understanding the factors that drive customer loyalty becomes increasingly important for organic food businesses. A quantitative research design was employed, utilizing a non-probability convenience sampling technique. Data were collected through a structured questionnaire distributed to a total of 267 respondents who had prior experience dining at organic restaurants. The data collected were then analyzed using SmartPLS 3.0, a statistical software based on partial least squares structural equation modeling (PLS-SEM), which is well-suited for exploring complex relationships among latent variables. The study tested three hypotheses concerning the direct and indirect effects of the independent variables on customer loyalty through the mediating role of customer satisfaction. The findings indicate that service quality and self-congruity have positive and significant effects on customer loyalty, and that these relationships are mediated by customer satisfaction. This suggests that customers who perceive high service quality and feel a personal alignment with the brand are more likely to be satisfied and, in turn, more loyal. However, the hypothesis related to Brand Image did not receive statistical support, indicating that in the context of organic restaurants, brand image alone may not be sufficient to drive loyalty unless it is supported by quality service and self-congruity. Overall, the results highlight the critical role of customer satisfaction as a mediating factor in building long-term loyalty among organic restaurant customers. These insights can help organic restaurant managers and marketers focus on enhancing service experiences and fostering a brand identity that aligns with their target customers' self-image.

Keywords: Brand Image, Service Quality, Self Congruity, Customer Satisfaction, Customer Loyalty

JEL Classifications: M1, M3, I30

1. INTRODUCTION

1.1. Background of the Study

The global food and beverage (F&B) industry, particularly the restaurant sector, is characterized by intense competition and evolving consumer preferences. In recent years, a notable shift towards health-conscious and ethically-minded consumption has propelled the growth of the organic restaurant segment.

These establishments distinguish themselves by offering food and beverages produced with minimal synthetic pesticides, fertilizers, and genetically modified organisms, often emphasizing sustainability and environmental responsibility (Smith and Jones, 2021). While the appeal of organic dining is growing, the long-term success of organic restaurants hinges not merely on the quality of their offerings but, more critically, on their ability to cultivate enduring customer loyalty. Customer loyalty, defined as a deeply

held commitment to repurchase or re-patronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1999), is a cornerstone of sustainable business growth. Loyal customers are more likely to provide consistent revenue, act as brand advocates, and offer valuable feedback, thereby reducing marketing costs and enhancing profitability (Reichheld and Scheffer, 2000).

However, establishing and maintaining this loyalty is a complex endeavor, especially when considering the unique characteristics of emerging consumer demographics. Among these, Generation Z (Gen Z), individuals born roughly between the mid-1990s and early 2010s, represent a powerful and influential consumer group. In Indonesia, Gen Z is a rapidly growing segment of the population, characterized by their digital nativity, strong social consciousness, and a penchant for authentic experiences (PwC, 2020; Deloitte, 2021). This demographic cohort is increasingly shaping market trends across various industries, including the F&B sector. Gen Z consumers are not only discerning in their choices but also highly attuned to the values and ethics espoused by brands. Their purchasing decisions are often influenced by a desire for alignment between their personal identity and the brands they support, a phenomenon closely linked to the concept of self-congruity (Sirgy, 1982). Furthermore, their engagement with brands is heavily mediated by their digital interactions and their expectations for high-quality service and compelling brand narratives.

Within the Indonesian context, the organic restaurant market is nascent but shows significant potential. As consumer awareness regarding health, wellness, and environmental sustainability rises, there is a growing demand for dining options that cater to these values. Yet, many organic restaurants in Indonesia may still be grappling with how to effectively translate these emerging consumer sentiments into tangible customer loyalty. The unique cultural landscape and the specific consumer behaviors of Indonesian Gen Z present a distinct set of challenges and opportunities. Understanding how this demographic perceives and interacts with organic restaurants is paramount for these businesses to thrive. This study, therefore, seeks to explore the intricate relationships between key marketing and psychological constructs – brand image, service quality, and self-congruity – in their capacity to foster customer loyalty within Indonesian organic restaurants, with a particular focus on the mediating role of customer satisfaction. By examining these factors through the lens of Gen Z consumers in Indonesia, this research aims to provide actionable insights for organic restaurants seeking to build a loyal customer base in this dynamic market.

1.2. Problem Statement

Despite the growing popularity of organic food and the increasing market presence of organic restaurants, there is a discernible gap in understanding the specific drivers of customer loyalty among emerging consumer segments, particularly Generation Z, within the Indonesian context. While general marketing literature highlights the importance of brand image, service quality, and self-congruity in influencing consumer behavior and loyalty (Keller, 2001; Parasuraman et al., 1988; Sirgy, 1982), their interplay and significance

within the niche of Indonesian organic restaurants, specifically for Gen Z consumers, remain underexplored. Existing studies often focus on broader consumer groups or different geographical markets, leaving a void in understanding the nuanced dynamics at play for this specific demographic and industry in Indonesia.

Furthermore, the role of customer satisfaction as a potential mediator in the relationship between these antecedents and customer loyalty requires focused investigation. It is plausible that the positive perceptions of brand image and service quality, coupled with a strong sense of self-congruity, do not translate directly into loyalty but rather do so by first enhancing the customer's overall satisfaction with the dining experience. Without a clear understanding of these interrelationships, organic restaurants in Indonesia may struggle to develop effective strategies to cultivate repeat business and advocacy from one of their most promising consumer segments. Therefore, this research addresses the following core problem: How do brand image, service quality, and self-congruity, individually and collectively, influence customer loyalty in Indonesian organic restaurants, and to what extent is this influence mediated by customer satisfaction among Gen Z consumers?

1.3. Research Objectives

The overarching aim of this research is to investigate the drivers of customer loyalty in organic restaurants among Gen Z Indonesian consumers. Specifically, this study aims to:

1. To examine the direct effect of brand image on customer loyalty in Indonesian organic restaurants among Gen Z consumers
2. To examine the direct effect of service quality on customer loyalty in Indonesian organic restaurants among Gen Z consumers
3. To examine the direct effect of self-congruity on customer loyalty in Indonesian organic restaurants among Gen Z consumers
4. To examine the direct effect of brand image on customer satisfaction in Indonesian organic restaurants among Gen Z consumers
5. To examine the direct effect of service quality on customer satisfaction in Indonesian organic restaurants among Gen Z consumers
6. To examine the direct effect of self-congruity on customer satisfaction in Indonesian organic restaurants among Gen Z consumers
7. To examine the mediating role of customer satisfaction in the relationship between brand image and customer loyalty in Indonesian organic restaurants among Gen Z consumers
8. To examine the mediating role of customer satisfaction in the relationship between service quality and customer loyalty in Indonesian organic restaurants among Gen Z consumers
9. To examine the mediating role of customer satisfaction in the relationship between self-congruity and customer loyalty in Indonesian organic restaurants among Gen Z consumers.

1.4. Significance of the Study

This research holds significant value for both academic and practical domains.

1.4.1. Theoretical contributions

This study aims to contribute to the existing body of knowledge in marketing and consumer behavior by extending the understanding of customer loyalty drivers within a specific, under-researched context: Indonesian organic restaurants and Gen Z consumers. By employing structural equation modeling (SEM), it will provide empirical evidence on the direct and indirect (mediated) effects of brand image, service quality, and self-congruity on customer loyalty. The findings will offer insights into how these constructs interact within a unique cultural and market setting, potentially refining or extending existing theories on consumer loyalty and brand relationship management. Specifically, it will shed light on the applicability and interplay of these established marketing concepts in the context of sustainable consumption among a digitally-native and socially-conscious generation, thereby enriching the theoretical framework of consumer behavior in emerging markets.

1.4.2. Practical contributions

For organic restaurant managers and marketers in Indonesia, this research offers actionable insights to develop more effective strategies for customer retention and loyalty building. By identifying which of the antecedent factors (brand image, service quality, self-congruity) have the strongest influence, and understanding the pivotal role of customer satisfaction, businesses can allocate their resources more efficiently. For instance, if service quality is found to be a dominant predictor, restaurants can focus on enhancing service protocols and staff training. If self-congruity proves critical, marketing efforts might shift towards highlighting the restaurant's values and how they align with the aspirations and identity of Gen Z consumers. The findings can guide menu development, service delivery standards, branding initiatives, and marketing communication strategies tailored to resonate with the preferences and values of Indonesian Gen Z, ultimately leading to increased customer satisfaction and sustained loyalty in a competitive marketplace.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1. Defining Customer Loyalty in the Restaurant Context

Customer loyalty has been widely conceptualized in two main dimensions: attitudinal loyalty, referring to favorable attitudes, commitment, and emotional attachment toward a brand, and behavioral loyalty, which captures the actual repeat patronage and purchasing behavior (Oliver, 1999; Dick and Basu, 1994). In service industries such as restaurants, loyalty is often treated as a multidimensional construct encompassing both intentions (e.g., willingness to recommend) and behaviors (e.g., frequency of visits).

For restaurants, loyalty is a critical determinant of long-term success, particularly in competitive and saturated markets where switching costs for customers are low. Loyal customers not only ensure repeat business but also engage in positive word-of-mouth, contributing to brand advocacy and cost efficiency (Bowen and Chen, 2001).

In niche markets like organic restaurants, loyalty is especially valuable due to the specialized positioning and often higher

price points associated with organic offerings. Customers loyal to such establishments often value sustainability, health consciousness, and authenticity, which go beyond transactional considerations (Smith and Paladino, 2010). To empirically measure loyalty, researchers often employ scales capturing both behavioral (revisit intentions, purchase frequency) and attitudinal elements (brand preference, recommendation) (Chaudhuri and Holbrook, 2001).

2.2. Brand Image (BI): A Key Antecedent for Loyalty

Brand image is defined as the set of perceptions, beliefs, and associations that consumers hold regarding a brand (Keller, 1993). In service marketing, brand image is multidimensional, typically encompassing symbolic, experiential, and functional elements. A favorable brand image contributes to differentiation, trust, and emotional connection, which are crucial in shaping consumer evaluations and loyalty.

In the organic restaurant sector, a positive brand image often rests on attributes such as health orientation, sustainable sourcing, ethical practices, and quality of ingredients (Hughner et al., 2007). Such associations align with consumers' value-driven motivations, particularly in markets where food choices are linked to identity and lifestyle.

Prior empirical studies confirm that brand image positively influences customer loyalty in the food and beverage industry (Nguyen et al., 2013; Koo, 2003). In the Indonesian context, brand image may also intersect with cultural preferences and the growing influence of Gen Z, who value authenticity, transparency, and social responsibility (Hinduan et al., 2020).

Hypothesis 1 (H₁): Brand image has a positive and significant effect on customer loyalty in organic restaurants.

Hypothesis 2 (H₂): Brand image has a positive and significant effect on customer satisfaction in organic restaurants.

2.3. Service Quality (SQ): Enhancing Customer Experience

Service quality is defined as the degree to which a service meets or exceeds customer expectations (Parasuraman et al., 1988). It is often operationalized through models like SERVQUAL (reliability, responsiveness, assurance, empathy, tangibles) or SERVPERF (performance-based evaluation).

In restaurants, high service quality is manifested in staff attentiveness, product knowledge, efficiency, ambiance, and overall dining experience. For organic restaurants, service quality expectations extend to staff expertise on organic foods, the authenticity of sourcing, and the provision of a welcoming, environmentally conscious atmosphere.

Research consistently demonstrates a strong link between service quality, satisfaction, and loyalty in hospitality industries (Cronin and Taylor, 1992; Ryu and Han, 2010). Among Gen Z consumers in Indonesia, service quality plays a particularly important role, as this cohort seeks seamless, personalized, and aesthetically pleasing experiences that align with their digital-savvy lifestyle (Huwaida et al., 2024).

Hypothesis 3 (H_3): Service quality has a positive and significant effect on customer loyalty in organic restaurants.
Hypothesis 4 (H_4): Service quality has a positive and significant effect on customer satisfaction in organic restaurants.

2.4. Self-Congruity (SC): The Fit Between Consumer and Brand

Self-congruity refers to the match between consumers' self-concept and their perceptions of a brand's image (Sirgy, 1982). It is often considered in four forms: actual self-congruity (match with how one perceives oneself), ideal self-congruity (match with who one aspires to be), social self-congruity (match with how one wants to be perceived by others), and ideal social self-congruity (match with desired perceptions by others).

High self-congruity enhances consumers' psychological comfort, brand attachment, and ultimately loyalty. In lifestyle-driven markets such as organic consumption, self-congruity plays a central role: customers who view themselves as health-conscious, eco-friendly, or socially responsible are more likely to prefer brands reflecting those identities (Malhotra, 1988; Kressmann et al., 2006).

For Gen Z, identity expression and alignment with personal values are paramount. They are inclined toward brands that mirror their social concerns, including sustainability and ethical business practices (Fromm and Read, 2018).

Hypothesis 5 (H_5): Self-congruity has a positive and significant effect on customer loyalty in organic restaurants.

Hypothesis 6 (H_6): Self-congruity has a positive and significant effect on customer satisfaction in organic restaurants.

2.5. Customer Satisfaction (CS): The Mediator of Loyalty

Customer satisfaction refers to the consumer's overall evaluation of a service encounter, resulting from the comparison of expectations with perceived performance (Oliver, 1997). In restaurant settings, satisfaction emerges from various elements, including food quality, service quality, ambiance, and value for money.

Scholars widely agree that satisfaction is a key driver and prerequisite of loyalty, though it may not always guarantee loyalty in highly competitive industries (Anderson and Sullivan, 1993). Importantly, satisfaction often mediates the relationship between antecedents (such as brand image, service quality, and self-congruity) and loyalty outcomes (Caruana, 2002).

In the organic restaurant context, satisfaction may derive not only from sensory and functional aspects but also from emotional and ethical fulfillment (Grunert, 2011). Among Gen Z diners in Indonesia, satisfaction is influenced by authenticity of the experience, digital engagement (e.g., social media-friendly aesthetics), and alignment with personal values.

Hypothesis 7 (H_7): Customer satisfaction has a positive and significant effect on customer loyalty in organic restaurants.

Hypothesis 8 (H_8): Customer satisfaction mediates the relationship between brand image, service quality, self-congruity, and customer loyalty.

2.6. Conceptual Framework and Hypothesis Development

Based on the preceding discussion, the proposed conceptual framework, as shown in Figure 1, positions brand image, service quality, and self-congruity as antecedents of customer satisfaction and customer loyalty. Customer satisfaction is hypothesized to serve as a mediator linking these antecedents to loyalty outcomes.

3. RESEARCH METHOD

The research design used was descriptive. The sample selection method used in this study was non-probability sampling, a convenience sampling method. Data analysis used SmartPLS 3.3.2. The sample used was 200 people who knew about and had visited the organic food restaurant in Jakarta. The indicator instruments underwent validity and reliability analysis. The validity analysis results were based on the average variance extracted (AVE) value for all variables, which was above 0.5, thus declared valid (Hair et al., 2019). The reliability analysis results were based on the Composite Reliability value for all variables, which was above 0.6, thus declared reliable (Chin, 1998).

The questionnaire questions were adapted from previous research to measure the research variables and used a Likert scale of 1-5. Brand Image was measured using three indicators adapted from Kim and Kim (2004). Service Quality was measured using 19 indicators adapted from Radović-Marković (2011), Andaleeb and Conway (2006), and Lee and Hing (1995). Self-Congruity was measured using 7 indicators adapted from Anh et al. (2013) and Nam et al. (2011). Customer Satisfaction was measured using 4 indicators adapted from Han and Ryu (2009). Customer loyalty was measured using 3 indicators adapted from Ryu et al. (2012) and Gong and Yi (2018).

4. RESULTS AND DISCUSSION

4.1. Demographic Profile of Respondents

The study involved a total of 200 respondents. Of these, 95 were male (47.5%) and 105 were female (52.5%), indicating a fairly balanced gender distribution. All respondents were undergraduate students, ensuring a relatively homogeneous educational background. The age of participants ranged between 19 and 22 years, which corresponds to the typical age range of undergraduate cohorts in Indonesia. In terms of economic characteristics, respondents reported monthly spending levels between IDR 5,000,000 and IDR 10,000,000, reflecting a moderate to high level of consumer purchasing power within the student segment. This demographic profile highlights a young, educated, and financially active group of consumers who are likely to be influential in shaping emerging consumption trends, particularly in lifestyle sectors such as organic dining.

4.2. Hypotheses Testing and Results

To examine the proposed relationships among variables, this study employed partial least squares structural equation modeling (PLS-SEM) using the SmartPLS software. PLS-SEM is particularly suitable for this research because it is variance-based, allows for

the estimation of complex models with multiple constructs and mediating relationships, and does not require strict assumptions regarding data distribution (Hair et al., 2017). In this study, hypotheses were tested by evaluating both the measurement model (to ensure reliability and validity of constructs) and the structural model (to assess the significance and strength of hypothesized relationships).

The structural model was assessed using path coefficients (β), t-values, and P-values, obtained through a bootstrapping procedure with 5,000 resamples. These results provide evidence for the direct effects of brand image, service quality, and self-congruity on customer loyalty, as well as the mediating role of customer satisfaction. The following sections present the results of hypothesis testing and the interpretation of the findings in relation to prior research.

The results of the structural model analysis are presented in Table 1. Based on the path coefficient estimates, brand image (BI) was found to have a negative and insignificant effect on customer loyalty (CL) ($\beta = -0.020$, $t = 0.348$, $P = 0.701$). This indicates that brand image does not directly contribute to enhancing loyalty in this context.

Customer satisfaction (CS) showed a positive and significant influence on customer loyalty ($\beta = 0.308$, $t = 3.141$, $P = 0.002$), suggesting that higher levels of satisfaction increase the likelihood of customers remaining loyal. Similarly, self-congruity (SC) exerted a positive and significant effect on customer loyalty ($\beta = 0.223$, $t = 2.731$, $P = 0.007$), indicating that alignment between consumer self-concept and the restaurant's image strengthens loyalty.

With regard to the predictors of customer satisfaction, brand image (BI) was again found to be insignificant ($\beta = 0.015$, $t = 0.339$, $P = 0.735$). In contrast, service quality (SQ) showed a strong, positive, and highly significant effect on customer satisfaction ($\beta = 0.568$, $t = 8.319$, $P = 0.000$), making it the most influential determinant of satisfaction. Self-congruity (SC) also significantly influenced customer satisfaction ($\beta = 0.328$, $t = 4.540$, $P = 0.000$). Finally, service quality (SQ) also had a direct positive and significant effect on customer loyalty ($\beta = 0.346$, $t = 3.398$, $P = 0.001$), further confirming its critical role in shaping loyalty.

The results of the mediation analysis are presented in Table 2. The findings indicate that customer satisfaction does not significantly mediate the relationship between brand image (BI) and customer

loyalty (CL) ($\beta = 0.011$, $P = 0.756$). This suggests that brand image, either directly or indirectly through satisfaction, does not play a meaningful role in fostering loyalty in the context of organic restaurants. In contrast, customer satisfaction was found to significantly mediate the relationship between service quality (SQ) and customer loyalty ($\beta = 0.430$, $P = 0.000$), highlighting that superior service delivery enhances satisfaction, which subsequently strengthens loyalty. Similarly, self-congruity (SC) exhibited a significant indirect effect on loyalty through customer satisfaction ($\beta = 0.249$, $P = 0.000$). This implies that when consumers perceive a strong alignment between their self-concept and the brand's values, their satisfaction increases, which in turn promotes greater loyalty. Overall, the mediation results emphasize the pivotal role of customer satisfaction as a mechanism through which service quality and self-congruity translate into customer loyalty, whereas brand image remains a weaker predictor in this context.

From the perspective of Gen Z consumers in Indonesia, these findings are highly relevant. This cohort tends to be skeptical of marketing-driven brand images and is more influenced by authentic, lived experiences. For them, service quality—such as staff attentiveness, speed, and ambiance—is central to satisfaction because it provides the tangible value that supports repeat patronage and creates shareable moments for social media. Likewise, self-congruity is critical because Gen Z often seeks brands that reflect their identity, values, and lifestyle choices, particularly with respect to health and sustainability. When these expectations are fulfilled, satisfaction reinforces their emotional attachment and drives loyalty. In contrast, brand image alone, without experiential reinforcement, fails to resonate strongly with Gen Z, which explains the insignificant mediation effect observed in this study.

Based on the research results, service quality has a positive and significant effect on customer loyalty, and the mediation analysis

Table 1: Path coefficient analysis results

Path	Original sample (O)	t statistics	P-values	Results
BI → CL	-0.020	0.348	0.701	Insignificant
CS → CL	0.308	3.141	0.002	Significant
SC → CL	0.223	2.731	0.007	Significant
BI → CS	0.015	0.339	0.735	Insignificant
SQ → CS	0.568	8.319	0.000	Significant
SC → CS	0.328	4.540	0.000	Significant
SQ → CL	0.346	3.398	0.001	Significant

Source: SmartPLS 3.0

Table 2: Mediation analysis results

	Original sample (O)	P-values	Results
BI → CS → CL	0.011	0.756	Insignificant
SQ → CS → CL	0.430	0.000	Significant
SC → CS → CL	0.249	0.000	Significant

Source: SmartPLS 3.0

Table 3: Direct and indirect path coefficient

Path	Coefficient	Interpretation
Service Quality → Customer Satisfaction	0.319	Significant, strong effect
Service Quality → Customer Loyalty	0.398	Significant, moderate effect
Customer Satisfaction → Customer Loyalty	0.141	Significant, moderate effect
Brand Image → Customer Satisfaction	0.339	Significant, strong effect
Brand Image → Customer Loyalty	0.384	Significant, moderate effect
Self-congruity → Customer Satisfaction	0.540	Significant, strong effect
Self-congruity → Customer Loyalty	0.271	Significant, moderate effect

shows that service quality has a positive and significant effect on customer loyalty, mediated by customer satisfaction. This means that customer satisfaction partially mediates the relationship between service quality and customer loyalty, and hypothesis 2 is accepted.

Based on the results obtained, self-congruity has a positive and significant effect on customer loyalty, and the mediation analysis shows that self-congruity has a positive and significant effect on customer loyalty, mediated by customer satisfaction. This means that customer satisfaction can partially mediate the relationship between self-congruity and customer loyalty.

Based on the hypothesis testing, it can be stated that brand image has a positive but insignificant influence on customer loyalty, mediated by customer satisfaction. Furthermore, service quality has a positive and significant influence on customer loyalty, mediated by customer satisfaction. Self-congruity also has a positive and significant influence on customer loyalty, mediated by customer satisfaction.

4.3. Direct Effects and Path Coefficients

Bootstrapping in this context is used to assess the significance of path coefficients between latent variables—such as service quality, brand image, self-congruity, customer satisfaction, and customer loyalty. The numbers on the arrows represent the standardized path coefficients obtained from bootstrapping resamples. These coefficients as shown in Table 3 indicate the strength and direction of relationships:

- Service Quality → Customer Satisfaction: 0.319
- Service Quality → Customer Loyalty: 0.398
- Customer Satisfaction → Customer Loyalty: 0.141
- Brand Image → Customer Satisfaction: 0.339
- Brand Image → Customer Loyalty: 0.384
- Self Congruity → Customer Satisfaction: 0.540
- Self Congruity → Customer Loyalty: 0.271.

Higher values suggest a stronger relationship. The bootstrapping process tests these coefficients for statistical significance, usually by generating confidence intervals or t-values.

4.4. Reliability of Indicators

The numbers between the latent variables (blue circles) and observed variables (yellow boxes) are factor loadings—indicating how well each item represents the latent construct. Bootstrapping helps confirm whether these loadings are significantly different from zero. Most loadings are above 0.7, suggesting strong indicator reliability. A statistically significant path (often $P < 0.05$) means the relationship between constructs is supported by the bootstrap resampling process. Non-significant paths suggest no reliable effect. The diagram numbers (e.g., 8.319, 4.540) may represent t-statistics from bootstrapping, further confirming significance if above the typical critical value of 1.96 for a 95% confidence level.

Service quality, brand image, and self-congruity all have notable direct effects on customer satisfaction, which in turn, influences customer loyalty. Direct paths from service quality, brand image, and self-congruity to customer loyalty also exist, indicating both

direct and indirect influences. Bootstrapping adds robustness by validating that these observed relationships are not sample-specific but hold across many simulated resamples, providing empirical confidence in the model's findings.

Moreover, the analysis in Figure 2 below shows that bootstrapping confirms both the magnitude and significance of paths, supporting the structural model's validity and the hypothesized relationships among latent constructs.

4.4.1. Brand image → customer loyalty: negative/insignificant (H_1 rejected)

The results of this study's analysis indicate that brand image has a negative and insignificant effect on customer loyalty. Meanwhile, the mediation analysis shows that brand image has a positive and insignificant effect on customer loyalty, mediated by customer satisfaction. This means that hypothesis 1 is rejected.

Although brand image is commonly found to predict loyalty in services and food contexts (Keller, 1993; Chaudhuri and Holbrook, 2001), your results show a negative and non-significant direct effect. Several theoretically grounded explanations can account for this unexpected pattern.

First, brand image may not translate directly into repeat behavior in niche, experience-driven contexts. In restaurants, and particularly organic restaurants, consumers often base repatronage more on experiential elements (food/service/ambience) than on abstract brand associations alone (Ryu and Han, 2010; Grunert, 2011). A favorable image (e.g., "healthy," "sustainable") might attract trial or positive attitudes but not be sufficient to generate habitual repeat visits if the in-store experience or value-for-money is lacking (Oliver, 1997).

Secondly, Image may be mediated or suppressed by satisfaction and other variables. Your mediation results (brand image → satisfaction → loyalty positive but insignificant) suggest the effect of brand image on loyalty may operate largely indirectly through satisfaction, rather than as a strong direct driver. This aligns with literature showing that antecedents such as image often affect loyalty via satisfaction and trust (Anderson and Sullivan, 1993; Caruana, 2002). When satisfaction and experience variables are included in the model, the residual direct effect of brand image can become small, nonsignificant, or even reverse in sign (suppression) because the shared variance is captured by mediators.

Thirdly, there might be perceived inauthenticity or mismatch between espoused image and delivered experience. If customers perceive a gap between the restaurant's communicated image (e.g., claims of ethical sourcing) and their actual experience (service, transparency), image cues may generate skepticism rather than loyalty—particularly among value-driven consumers such as Gen Z (Hughner et al., 2007; Fromm and Read, 2018). Negative or ambivalent reactions to perceived greenwashing can blunt the positive effect of brand associations.

Brand image is multidimensional (functional, symbolic, experiential). Image dimensions matter—aggregate BI may mask

opposite effects. Some features (e.g., high price associated with premium image) might deter repeat visits even while other features (e.g., ethical sourcing) attract customer interest. Collapsing these into a single BI score can produce null or negative net effects if opposing subdimensions exist (Keller, 1993).

From the perspective of Gen Z consumers in Indonesia, the non-significant effect of brand image on loyalty can be understood through their unique consumption patterns and value orientations. While Gen Z is highly aware of brand narratives such as health, sustainability, and ethical sourcing, these symbolic associations may primarily function as entry points that spark curiosity or trial rather than long-term loyalty drivers (Keller, 1993; Chaudhuri and Holbrook, 2001). In the organic restaurant context, this generation tends to be more experience-oriented and places higher emphasis on tangible, lived encounters—such as the taste and presentation of food, the quality of service interactions, and the ambience of the restaurant—rather than abstract brand meanings alone (Ryu and Han, 2010; Grunert, 2011).

Moreover, Gen Z in Indonesia is highly pragmatic and price-sensitive; even if they perceive an organic restaurant as sustainable or trendy, their loyalty will waver if the dining experience does not meet expectations for value, personalization, or “shareability” on social media platforms. In this sense, while a positive brand image (e.g., “eco-friendly,” “healthy lifestyle”) can shape initial perceptions, it is the consistency of experiential quality and emotional engagement that ultimately determines whether Gen Z consumers return and advocate for the brand. This helps explain why brand image did not emerge as a significant direct predictor of loyalty in your study, despite its strong theoretical grounding in broader consumer behavior literature.

Although brand image is theoretically important, in this study it did not have a positive direct effect on customer loyalty, and its indirect effect via satisfaction was weak and non-significant. This pattern suggests that in the organic restaurant context, proximal experiential factors (service quality) and identity-based fit (self-congruity) are stronger drivers of loyalty. Brand image may operate as a distal cue that only contributes to loyalty when it is translated into satisfying service experiences and perceived authenticity; if that translation fails, image alone will not secure repeat patronage (Anderson and Sullivan, 1993; Ryu and Han, 2010; Kressmann et al., 2006).

4.4.2. Service quality and self-congruity showed positive, significant effects (H_2 , accepted)

Service quality (SQ) → loyalty (direct and via satisfaction). The findings that SQ significantly predicts loyalty, and that satisfaction partially mediates that effect, are consistent with a large hospitality literature showing that tangible service performance drives both satisfaction and behavioral intentions (Parasuraman et al., 1988; Cronin and Taylor, 1992; Ryu and Han, 2010). In practice, SQ captures the immediate cues customers use to evaluate a visit (speed, staff competence, food quality, ambience) — cues that strongly influence whether they will return.

Service quality (SQ) is widely considered one of the most important antecedents of both customer satisfaction and loyalty in hospitality

and F&B contexts. According to expectancy-disconfirmation theory (Oliver, 1997), customers enter a service encounter with expectations about how they will be treated. When the perceived service performance (e.g., staff friendliness, promptness, cleanliness) meets or exceeds expectations, satisfaction follows, which in turn fosters loyalty.

However, service quality can also influence loyalty directly, bypassing satisfaction, because high-quality service builds trust, reduces perceived risk, and strengthens the relational bond with the provider (Cronin and Taylor, 1992). In restaurants, consistent delivery of high-quality service reduces uncertainty about future experiences, leading customers to commit to returning.

Parasuraman et al. (1988) (SERVQUAL) showed that five service quality dimensions (tangibles, reliability, responsiveness, assurance, empathy) strongly influence customer evaluations and repeat intentions. Meanwhile, Cronin and Taylor (1992) (SERVPERF) argued that perceived service performance is even more critical than expectations, and directly drives behavioral intentions such as repurchase and word-of-mouth.

Moreover, Ryu and Han (2010) confirmed in a restaurant context that food quality, service quality, and physical environment significantly influence both satisfaction and loyalty intentions. While Caruana (2002) demonstrated that satisfaction partially mediates the service quality–loyalty link, meaning SQ exerts both direct and indirect influence. Kandampully and Suhartanto (2000) also found that in hospitality services, SQ not only enhances satisfaction but also strengthens customers’ emotional commitment, which anchors loyalty.

The findings that satisfaction partially mediates is consistent with this body of work, suggesting that while good service makes customers feel satisfied, it also instills confidence and trust that directly secure loyalty. SQ directly reduces uncertainty and fosters trust — customers know they will be treated well next time, so they return (Oliver, 1999). SQ also shapes the emotional evaluation of the visit, and when customers are happy, they are more inclined to stay loyal. The partial mediation result suggests that both rational confidence (direct effect) and emotional contentment (indirect effect via satisfaction) drive loyalty simultaneously. This dual pathway aligns with dual-process theories of consumer behavior, where both cognitive trust and affective satisfaction shape loyalty (Dick and Basu, 1994).

In organic restaurants, service quality has unique characteristics. First characteristic is staff knowledge. Customers often expect servers to explain sourcing, organic certification, or health benefits. Knowledgeable, confident staff build credibility and reinforce the brand’s authenticity (Hughner et al., 2007). Second characteristic is ambience & cleanliness. A natural, eco-friendly ambience reassures customers that the restaurant embodies its sustainability image, reinforcing trust. The following characteristic is efficiency. Health-and eco-conscious consumers value not just organic food but also a smooth, hassle-free experience. Delays or inefficiency can undermine satisfaction despite the organic positioning. Conclusively, SQ in organic restaurants is more than

operational — it is part of delivering on the value promise of health, sustainability, and authenticity, which translates strongly into loyalty.

For Gen Z consumers in Indonesia, service quality plays a particularly critical role in shaping loyalty because this cohort is highly experience-driven, valuing not only the product but also the quality of interactions and the overall atmosphere (Fromm and Read, 2018). Unlike previous generations, Gen Z frequently documents and shares dining experiences on social media platforms such as Instagram and TikTok, meaning that positive service encounters can translate into both repeat visits and powerful word-of-mouth advocacy (Huwaida et al., 2024).

Moreover, Gen Z expects a degree of personalization in service delivery—staff attentiveness, responsiveness, and the ability to tailor interactions to individual preferences are viewed as essential for building trust and emotional connection. In contrast, impersonal or generic service may undermine satisfaction, even when the food aligns with their values of health and sustainability. This emphasis on experiential and relational aspects of dining helps explain why service quality emerged as a significant predictor of customer loyalty in this study, as for Gen Z, loyalty is anchored in

the tangible, lived experiences that not only satisfy but also create shareable, memorable moments.

4.4.3. Self-congruity (SC) → loyalty (direct and via satisfaction)

Self-brand congruency fosters emotional attachment and identity signalling, which lead to stronger loyalty—even beyond functional evaluations (Sirgy, 1982; Kressmann et al., 2006). In lifestyle markets like organic consumption, congruence between a consumer’s self-concept and the brand’s values can create a motivational basis for repeat patronage that is reinforced when the consumption experience is satisfying. Together these results suggest that experiential (SQ) and identity (SC) drivers are more proximal and powerful determinants of loyalty for organic-restaurant patrons than image as an abstract construct.

The finding that self-congruity significantly predicts customer loyalty, both directly and through satisfaction, highlights the importance of identity alignment in shaping Gen Z consumers’ dining choices in Indonesia. Self-brand congruency goes beyond functional benefits, as it allows individuals to express who they are and what they stand for through their consumption practices (Sirgy, 1982; Kressmann et al., 2006). In lifestyle-oriented markets such as organic restaurants, this alignment is particularly powerful: when the restaurant’s values—health consciousness, sustainability, ethical sourcing—mirror the consumer’s self-concept, it fosters a sense of authenticity and belonging that strengthens emotional attachment.

For Gen Z, whose consumption is often tied to identity signalling and social validation, dining in places that reflect their ideals is not merely about eating but about reinforcing their desired self-image to themselves and others. This alignment creates a motivational basis for repeat patronage, which becomes even stronger when the actual service and food experience is satisfying, thus validating

Figure 1: Research model

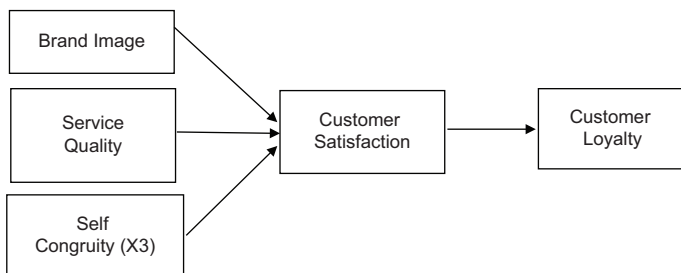
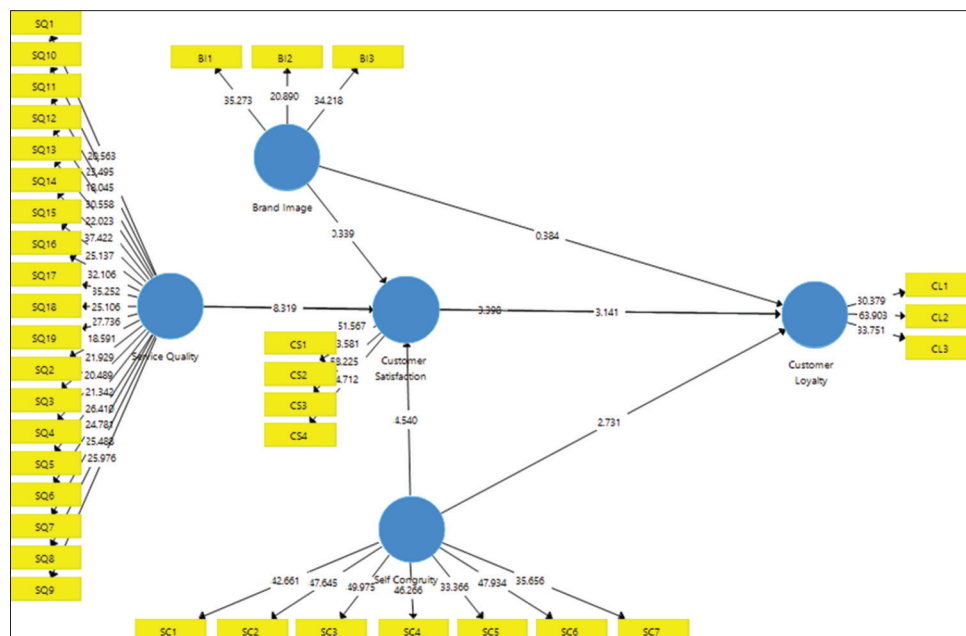


Figure 2: Bootstrapping results



Source: SmartPLS 3.0

their choice. These results suggest that while brand image provides an abstract perception of value, it is the experiential (service quality) and identity-driven (self-congruity) aspects that act as more proximal and powerful determinants of loyalty in the organic restaurant sector. In other words, loyalty among Gen Z patrons is secured not simply by believing in what the brand represents but by feeling that their personal values are lived out and affirmed in every dining experience.

4.4.4. Brand image → customer loyalty via customer satisfaction: Positive but insignificant

The mediation analysis, which revealed a small positive but insignificant indirect effect of brand image on loyalty via satisfaction, suggests that while brand image may help shape expectations and influence initial restaurant trial, it does not necessarily translate into lasting loyalty unless reinforced by consistent service and dining experiences. Theoretically, this aligns with Oliver's (1997) and Anderson and Sullivan's (1993) argument that image-based expectations must be met or exceeded by actual performance in order to generate satisfaction, which is the gateway to loyalty.

From the perspective of Gen Z consumers in Indonesia, this finding becomes especially relevant. This cohort is highly brand-aware and values symbolic associations such as "healthy," "sustainable," or "eco-friendly," but their loyalty is fragile if the real experience falls short of the promise. Gen Z tends to be skeptical of marketing claims, often verifying authenticity through direct experience and peer reviews on social media. For them, image may spark curiosity and encourage a first visit, but satisfaction—and ultimately loyalty—depends on whether the restaurant delivers value-for-money, attentive service, and a personalized, shareable dining experience.

When there is a mismatch between the brand's projected image and the lived experience, Gen Z consumers are quick to disengage and move to alternatives, reflecting their low switching costs and wide dining options in urban Indonesia. This explains why the indirect path from brand image to loyalty through satisfaction was weak: while brand image sets the stage, it is insufficient on its own to drive loyalty without the reinforcement of consistent, high-quality experiences.

5. CONCLUSION AND SUGGESTIONS

The results of this study highlight that service quality plays a central role in shaping customer satisfaction, which in turn drives customer loyalty. For companies, this means that consistently delivering services that not only meet but exceed consumer expectations is critical in building long-term relationships. In the context of organic restaurants, service quality includes both tangible and intangible elements such as staff attentiveness, knowledge about organic products, and the overall dining ambience. Additionally, the findings underscore the importance of self-congruence, where consumers are more satisfied and ultimately more loyal when they perceive that the brand aligns with their self-image and personal values. This reflects the growing significance of identity-based consumption, especially in lifestyle markets.

From the perspective of Gen Z consumers in Indonesia, these findings carry particular weight. Gen Z is highly experience-driven, socially expressive, and identity-conscious. They expect personalized service, authenticity, and values such as sustainability and health to be reflected not only in marketing but in their lived dining experiences. For this cohort, restaurants that fail to deliver on these expectations risk losing loyalty despite having a strong brand narrative. Therefore, companies targeting Gen Z must focus on creating memorable, shareable experiences, integrating digital engagement strategies (e.g., Instagrammable moments, online storytelling), and ensuring that brand values are authentically embodied in everyday service delivery.

In terms of research implications, this study provides evidence that both experiential (service quality) and identity-driven (self-congruence) factors are stronger predictors of loyalty than abstract brand image alone. Future studies should broaden the scope by including multiple companies and a larger sample to enhance generalizability. Additionally, incorporating repurchase intention as a behavioral outcome could provide richer insights into loyalty formation. The inclusion of moderator variables, such as digital engagement, price sensitivity, or peer influence, could also deepen understanding of how loyalty develops in younger consumer segments like Gen Z in Indonesia. This would not only advance academic knowledge but also offer practical guidance for businesses seeking to build sustainable customer relationships in competitive niche markets such as organic dining.

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