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SERVICE QUALITY, PERCEIVED PRICE FAIRNESS, AND CUSTOMER LOYALTY IN LOCAL RETAIL: THE MEDIATING ROLE OF CUSTOMER SATISFACTION AND AN ISLAMIC BUSINESS ETHICS INTERPRETATION

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ABSTRACT

Customer loyalty in local retail is commonly explained by service quality and pricing; however, the indirect statistical pathway through which these factors are associated with loyalty remains underexamined, particularly from an Islamic business ethics perspective. This study examined the relationships among service quality, perceived price fairness, customer satisfaction, and customer loyalty at Star Kitchen, a local retailer in Palu, Indonesia. Using a cross-sectional design, data were collected from 102 repeat customers through a questionnaire and analyzed using PLS-SEM. Service quality was modeled as a reflective–reflective higher-order construct comprising tangibles, reliability, responsiveness, assurance, and empathy. Service quality and perceived price fairness were positively associated with customer satisfaction, with perceived price fairness exhibiting the stronger association. Among the significant direct paths, customer satisfaction showed the largest association with loyalty, whereas neither service quality nor perceived price fairness was directly associated with loyalty. Mediation analysis indicated indirect-only mediation through customer satisfaction in both relationships. PLSpredict indicated high out-of-sample predictive performance. Islamic business ethics was not measured directly but was applied as a normative interpretive framework. Accordingly, the findings may be interpreted as consistent with *amānah*, *ṣidq*, *iḥsān*, *ʿadl*, transparency, and mutual consent, without constituting empirical validation of these principles. The study provides contextual evidence from an ordinary local retail setting and identifies customer satisfaction as the principal indirect statistical pathway linking service and price evaluations to loyalty.

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INTRODUCTION

Retail competition increasingly depends not only on product availability but also on the service experience, customers' price evaluations, and the quality of customer relationships. In local retail markets, where firms often offer similar products, customer loyalty is a strategic asset because loyal customers are more likely to repurchase, sustain long-term relationships, and recommend the retailer to others (Nuranti et al., 2024; Slack et al., 2020). Prior research indicates that service quality and appropriate pricing are positively associated with customer satisfaction, which, in turn, is associated with repeat purchasing, loyalty, and positive word of mouth (Nuranti et al., 2024; C. Shen & Yahya, 2021; Slack et al., 2020).

Retail loyalty, however, is not merely a behavioral outcome and should not be presumed inherently ethical; it reflects customers' overall assessment of whether a transaction is beneficial, fair, and satisfactory. This evaluative process is especially salient in local retail, where repeated interpersonal encounters, observable price comparisons, and direct assessments of the value received shape purchasing decisions.

From the perspective of Islamic business ethics, transactions are evaluated not only by profitability and efficiency but also by honesty, justice, responsibility, transparency, and mutual consent. Islamic marketing ethics identifies fairness, equity, and justice as foundations of customer trust and satisfaction (Abbas et al., 2019; Ali, 2015). In local retail, ethical concerns may arise from information asymmetry, misleading or incomplete product descriptions, concealed defects, inconsistent pricing, manipulative price comparisons, and unequal treatment of customers. Such practices can prevent customers from making fully informed and voluntary purchasing decisions.

Service encounters may be interpreted as normatively consistent with *amānah*, *ṣidq*, and *iḥsān* when employees act responsibly, communicate truthfully, provide sincere assistance, and treat customers with respect. Marketing and sales ethics have been associated with stronger trust, satisfaction, and loyalty when customers perceive integrity and fairness in the service provider (Nasuka et al., 2021; I. F. Wijaya et al., 2023). Similarly, pricing may be interpreted in terms of *ʿadl*, transparency, proportionality, and mutual consent, provided customers receive clear information and are protected from exploitation, *gharar*, and *tadlīs*.

Research on Islamic banking, halal services, and tourism further indicates that service quality, perceived value, trust, and ethically acceptable transactions are closely associated with customer satisfaction and loyalty (Nasuka et al., 2023; Osman et al., 2024; Primadona et al., 2025; Quadir, 2020). Nevertheless, satisfaction should not be equated with ethical validity, as customers may report satisfaction even when relevant information is incomplete or ethically problematic practices remain unobserved.

Islamic marketing scholarship has extensively examined the relationships among service quality, customer satisfaction, and customer loyalty. Much of this literature applies SERVQUAL or Sharia-oriented service-quality models, such as CREATOR, to explain how reliability, responsiveness, assurance, empathy, tangibility, operational efficiency, and Sharia compliance shape customer evaluations (Kashif et al., 2015; Khan et al., 2023; Purnama et al., 2025). In this study, service quality is conceptualized as a multidimensional higher-order construct comprising tangibles, reliability, responsiveness, assurance, and empathy. Empirical evidence generally indicates that service quality is positively associated with satisfaction and that satisfaction often mediates the relationship between service quality and loyalty (Asnawi et al., 2019; Kadir et al., 2023; Purnama et al., 2025).

Trust, religiosity, ethical conduct, customer engagement, and Sharia-based values have likewise been identified as relevant antecedents of loyalty (Abror et al., 2019; Fatmawati et al., 2024; Nasuka et al., 2021). However, this literature remains concentrated in Islamic banking and financial services, leaving the relevance of Islamic ethical interpretation to everyday retail transactions insufficiently examined. Moreover, inconsistent findings regarding the direct association between service quality and loyalty suggest that service quality may be linked to loyalty primarily through overall customer satisfaction rather than through an independent direct pathway.

Perceived price fairness also remains insufficiently developed in Islamic marketing research. Conventional marketing typically treats price as an element of the marketing mix or a determinant of perceived value. In contrast, Islamic business ethics frames pricing as a normative issue involving justice, transparency, proportionality, and voluntary agreement. A fair transaction should entail a balanced exchange between payment and benefit and should avoid deception, information asymmetry, *gharar*, *tadlīs*, and exploitation. Although perceived price fairness has been associated with customer satisfaction, trust, loyalty, and behavioral intention (Asadi et al., 2014; Hride et al., 2022; Rama, 2020), its integration with Islamic ethical principles remains limited. Crucially, perceived price fairness must be distinguished from Islamic price justice. Affordability, competitiveness, and price–quality congruence capture customers' subjective economic evaluations but do not independently establish *ʿadl*. An Islamic ethical assessment additionally requires truthful disclosure, the absence of deception and exploitation, and informed mutual consent.

Although customer loyalty is central to Islamic marketing, prior research has largely focused on Islamic banking, Islamic finance, and halal-product contexts. Studies of Islamic banking commonly emphasize Sharia compliance, service quality, trust, religiosity, satisfaction, and loyalty (Abror et al., 2019; Amin et al., 2013; Kartika et al., 2019; Nasuka et al., 2021; Suhartanto et al., 2018), whereas research on halal products tends to focus on halal cosmetics, modest fashion, halal coffee, Islamic brand experience, and digital marketing ethics (Maisyarah et al., 2025; Yeo & Mohamed, 2017; Zainudin et al., 2019).

Local retail and small-business contexts remain comparatively underexamined, although everyday retail transactions raise ethical concerns involving service responsibility, price transparency, product disclosure, interpersonal trust, and voluntary exchange. Because the empirical relationships among service quality, perceived price fairness, satisfaction, and loyalty are already well established, applying the same model to a local retailer would constitute contextual replication rather than a substantial theoretical contribution. The unresolved issue addressed here is the extent to which customer satisfaction constitutes an indirect statistical pathway linking service and price evaluations to loyalty in an ordinary local retail setting, and how these empirical relationships can subsequently be interpreted through Islamic business ethics.

Star Kitchen in Palu, Indonesia, provides a relevant empirical setting for addressing this issue. As a local retailer of household and kitchen products, it involves direct employee–

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customer interactions in service delivery, product explanation, price evaluation, and purchase decisions. This setting enables customers to assess whether service is responsive, reliable, courteous, and helpful, and whether prices are reasonable, competitive, and proportionate to the benefits received.

From an Islamic business ethics perspective, these interactions may also be interpreted as ethical encounters involving honesty, fairness, transparency, trustworthiness, and mutual consent. However, the study does not operationalize these ethical principles as empirical constructs; instead, it uses them as a normative framework for interpreting the statistical relationships among the measured variables. Accordingly, service quality and perceived price fairness are modeled as predictors of customer satisfaction, while customer satisfaction is examined as an indirect statistical pathway linking these evaluations to customer loyalty.

This study therefore examines the relationships among service quality, perceived price fairness, customer satisfaction, and customer loyalty at Star Kitchen, a local retailer in Palu, Indonesia. It specifically tests whether customer satisfaction mediates the relationships between service quality and loyalty and between perceived price fairness and loyalty. Rather than developing or empirically validating a new Islamic ethical construct, the study makes contextual, analytical, and normative contributions. It provides evidence from a non-financial retailer situated outside explicitly Islamic financial and halal-service sectors, identifies customer satisfaction as the principal indirect statistical pathway linking service and price evaluations to loyalty, and interprets the findings through *amānah*, *ṣidq*, *iḥsān*, *ʿadl*, transparency, and mutual consent without treating customer perceptions as evidence of Islamic ethical compliance. In practical terms, it emphasizes the importance of reliable service, accurate product information, transparent pricing, and satisfactory transactions in supporting customer loyalty.

LITERATURE REVIEW

Islamic Business Ethics as a Normative Interpretive Framework

Islamic business ethics provides a normative lens through which business transactions can be understood as both economic and moral exchanges. In Islam, business is not oriented solely toward profit maximization; it must also uphold justice, trustworthiness, honesty, responsibility, and social welfare (Ali et al., 2013; Jabbar et al., 2018; Mohammed, 2013).

This orientation is consistent with *maqāṣid al-sharīʿah*, which emphasizes the protection of welfare, property, and justice in economic activity (Sulaeman et al., 2025). Commercial legitimacy therefore depends not only on market outcomes but also on informed mutual consent, truthful disclosure, fair exchange, and the avoidance of harm, deception, and exploitation (Qur'an 4:29; 83:1–3, trans. Abdel Haleem, 2008). Prophetic teachings likewise prohibit deceptive commercial conduct and transactions involving material uncertainty while emphasizing truthful disclosure between contracting parties (al-Bukhārī, 2000, Hadith no. 2079; Muslim, 2007, Hadith no. 1513).

The principal ethical values relevant to this study are *amānah*, *ṣidq*, *iḥsān*, *ʿadl*, transparency, and *al-tarāḍī*. *Amānah* entails the responsible fulfillment of promises and obligations; *ṣidq* requires truthful communication and accurate product disclosure; *iḥsān* denotes excellence, benevolence, and respectful treatment beyond minimum contractual obligations; and *ʿadl* requires proportionality, impartiality, and the avoidance of unjust advantage. Al-tarāḍī requires informed and voluntary agreement, whereas *tadlīs*, *gharar*, and exploitative *ghubn* undermine transactional fairness through concealment, material uncertainty, or unjust disparity in exchange. Transparency therefore requires product, price, and transaction information to be accessible and intelligible, while Islamic commercial ethics prohibits deceptive disclosure, excessive uncertainty, and the exploitation of information asymmetry (Jabbar et al., 2018; Nuraeni & Najib Abdullah, 2023; Tlaiss, 2015; I. F. Wijaya et al., 2023).

These principles are not measured empirically in this study. Instead, they provide a normative framework for interpreting the statistical relationships among service quality, perceived price fairness, customer satisfaction, and customer loyalty. Accordingly, reliable service may be interpreted as consistent with *amānah*; truthful product communication with *ṣidq*; considerate service with *iḥsān*; and transparent, proportionate pricing with *ʿadl* and *al-tarāḍī*. The measured marketing constructs, however, cannot independently verify ethical compliance. Customer loyalty is normatively desirable only when it arises from informed choice, honest communication, fair exchange, and genuine customer benefit—not from concealed information, manipulation, dependency, or unfair switching barriers (Nasuka et al., 2021, 2023; Panakaje et al., 2025; T. Wijaya et al., 2022).

Service Quality and Customer Satisfaction

Service quality refers to customers' evaluation of whether service performance meets or exceeds expectations. It is commonly conceptualized in terms of tangibles, reliability, responsiveness, assurance, and empathy (Mak, 2024; Marković & Kljaić Šebrek, 2020; Panday, 2020). Reliability concerns accurate and consistent service delivery; responsiveness denotes prompt assistance; assurance captures employee competence and courtesy; empathy reflects individualized attention; and tangibles encompass physical facilities, equipment, and employee appearance.

Consistent with this multidimensional conceptualization, this study models service quality as a reflective–reflective higher-order construct represented by the five SERVQUAL dimensions. The specification assumes that variation in customers' overall perception of service quality is reflected in corresponding, correlated changes in tangibles, reliability, responsiveness, assurance, and empathy. These five dimensions are therefore conceptualized as distinct lower-order manifestations of a common overall service-quality perception (Becker et al., 2012; Sarstedt et al., 2019).

From an Islamic business ethics perspective, service quality is not merely a managerial instrument; it may also have normative significance. Reliable fulfillment of service promises may be associated with *amānah*, clear and accurate communication with *ṣidq*, and responsive, empathetic service with *iḥsān*. These associations remain interpretive, however, because the study does not directly measure ethical conduct, truthful disclosure, or benevolent service behavior (Aprianti & Mu'arrif, 2025; Khan et al., 2023; Nasuka et al., 2023; Panakaje et al., 2025).

Empirical research consistently reports positive associations between service quality and customer satisfaction across financial, digital, hospitality, public, and consumer-service contexts (Balinado et al., 2021; Bhojak et al., 2024; Pawlicz et al., 2022; Sánchez et al., 2024; Vadivel & Boobalan, 2024). Similar findings have been reported in Islamic banking, particularly when service delivery is accompanied by trust, ethical conduct, and Sharia-oriented values (Asnawi et al., 2019; Kadir et al., 2023; Purnama et al., 2025). Evidence from ordinary

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local retail, however, remains limited. This study therefore examines whether customers' overall evaluation of service quality is positively associated with satisfaction in a non-financial retail setting.

H1: Service quality is positively associated with customer satisfaction.

Perceived Price Fairness and Customer Satisfaction

Perceived price fairness refers to customers' subjective assessment of whether a price is reasonable, affordable, competitive, and commensurate with product quality and benefits. Customers evaluate price not only as a monetary sacrifice but also as part of a broader judgment of value involving comparisons with alternative sellers, price transparency, product usefulness, and exchange equity (Chernev & Hamilton, 2025; Feurer & von Däniken, 2024; Hride et al., 2022). Perceived unfairness may reduce satisfaction and increase distrust, complaints, negative word of mouth, and switching intentions (Hride et al., 2022; Jeong et al., 2021; Malc et al., 2016).

Perceived price fairness must nevertheless be distinguished from Islamic price justice. Affordability, competitiveness, and price–quality congruence reflect customers' economic evaluations but do not, by themselves, establish *ʿadl*. Islamic price justice additionally requires truthful disclosure, transparency, the absence of *tadlīs* and *gharar*, protection from exploitation, and informed mutual consent (Nuraeni & Najib Abdullah, 2023; Rama, 2020; Shaukat et al., 2024).

Empirical studies in e-commerce, restaurants, automotive markets, and revenue-management contexts indicate that customers report higher satisfaction when prices are perceived as transparent, reasonable, and aligned with the value received (Hride et al., 2022; Opata et al., 2021; M. A. Rahman et al., 2023; Subying & Yoopetch, 2025). Similar evidence has emerged in Islamic finance, where transparent and value-consistent pricing is associated with satisfaction and behavioral intention (Rama, 2020). Accordingly, perceived price fairness is examined as a customer evaluation rather than as direct evidence of compliance with Islamic ethics.

H2: Perceived price fairness is positively associated with customer satisfaction.

Service Quality and Customer Loyalty

Service quality may support customer loyalty by strengthening confidence in the seller, reducing perceived transaction risk, and creating favorable experiences that encourage repeat purchases and recommendations (Iffan et al., 2024; Lee, 2025; Tordoya-Espinoza et al., 2025; Utami & Hidayat, 2024). However, evidence regarding its direct relationship with loyalty remains inconsistent. Some studies report a significant direct association, whereas others indicate that service quality operates primarily through satisfaction, trust, perceived value, relationship quality, or service fairness (Purnama et al., 2025; P. Shen & Ma, 2022; Zhang & Qu, 2021).

This inconsistency suggests that good service may be necessary but insufficient for loyalty. Customers may recognize reliable and responsive service without developing a commitment to repurchase unless the experience also generates satisfaction, perceived value, or trust. Testing the direct path is therefore necessary to distinguish an independent association from a satisfaction-mediated indirect pathway.

From an Islamic business ethics perspective, service quality may be interpreted as consistent with *amānah*, *ṣidq*, and *iḥsān* when it entails reliable fulfillment, truthful communication, and sincere assistance. High service-quality ratings, however, do not empirically demonstrate that these ethical principles have been practiced (Aprianti & Mu'arrif, 2025; Nasuka et al., 2021, 2023; T. Wijaya et al., 2022).

H3: Service quality is positively associated with customer loyalty.

Perceived Price Fairness and Customer Loyalty

Customers are more likely to maintain a relationship with a retailer when prices are perceived as reasonable, transparent, and proportionate to the quality and benefits received. Fair price evaluations may enhance perceived value, reduce suspicion, and support repeat purchases and recommendations (Hride et al., 2022; Malik et al., 2020; Nst et al., 2024; Opata et al., 2021). Price fairness, however, may not translate directly into loyalty. Its association with loyalty may operate through satisfaction, trust, or perceived value, because customers become loyal not merely because prices are low but because the exchange is experienced as fair and worthwhile (Artuğer et al., 2024; Chubaka Mushagalusa et al., 2022; Hride et al., 2022).

From an Islamic business ethics perspective, pricing may be normatively associated with *ʿadl*, transparency, proportionality, and mutual consent when sellers disclose prices honestly, avoid manipulation, and refrain from exploiting information asymmetry. Nevertheless, customers' perceptions of affordability and competitiveness cannot, on their own, establish the ethical validity of a transaction (Nasuka et al., 2021; Rama, 2020; T. Wijaya et al., 2022). In local retail, where customers can readily compare prices, product quality, service experiences, and alternative sellers, perceived price fairness may be associated with loyalty either directly or through customers' broader evaluation of the transaction.

H4: Perceived price fairness is positively associated with customer loyalty.

Customer Satisfaction and Customer Loyalty

Customer satisfaction refers to customers' cognitive and affective evaluation of whether the overall transaction experience meets or exceeds expectations. In this study, it is reflected by overall satisfaction, expectation confirmation, and satisfaction with the purchase decision. Customer loyalty, by contrast, captures behavioral and relational intentions reflected by repurchase intention, store preference, resistance to switching, willingness to recommend, and long-term commitment. Satisfaction is thus treated as an evaluative judgment, whereas loyalty represents customers' intention to continue their relationship with the retailer and to recommend it. This distinction is important because satisfaction and loyalty are related but not interchangeable (Chowdhury, 2020; Çiçeklidağ et al., 2025; Ferrentino & Boniello, 2020; Johnson, 2015).

Satisfied customers are generally more likely to repurchase, recommend the retailer, maintain long-term relationships, and display lower switching intentions (Erjavec et al., 2016; Kumar & Ayodeji, 2021; Mathew, 2024; Nasir et al., 2021; Sharma & Singh, 2023). The association between satisfaction and loyalty is stronger when accompanied by trust, perceived value, relationship quality, and a favorable customer experience (Hadi et al., 2026; Izogo, 2016; Méndez-Aparicio et al., 2021).

From an Islamic business ethics perspective, satisfaction may arise from transactions perceived as beneficial, transparent, and fair. It should not, however, be treated as evidence of ethical validity, because customers may remain satisfied despite incomplete disclosure, limited alternatives, or unobserved unethical practices.

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An Islamic ethical assessment requires separate evidence of truthful disclosure, non-deception, proportionality, and informed consent. Similarly, customer loyalty is ethically desirable only when it develops through informed choice, honest communication, fair exchange, and genuine customer benefit, rather than through manipulation, dependency, concealed information, or unfair switching barriers.

H5: Customer satisfaction is positively associated with customer loyalty.

The Mediating Role of Customer Satisfaction

Customer satisfaction is specified as an indirect pathway linking service and price perceptions to customer loyalty. Service quality and perceived price fairness may be associated with favorable transaction evaluations, but they do not necessarily correspond directly to relational commitment. In the proposed model, satisfaction captures customers' overall post-purchase evaluation and remains conceptually distinct from repurchase intention, recommendation, switching resistance, and long-term commitment, which constitute loyalty outcomes.

Prior studies indicate that satisfaction frequently mediates the statistical association between service quality and loyalty because reliability, responsiveness, empathy, and perceived value shape customers' overall evaluations, which are subsequently associated with loyalty intentions (Malik et al., 2020; M. K. B. A. Rahman et al., 2018; Tordoya-Espinoza et al., 2025). Similarly, price fairness may contribute to loyalty primarily when customers experience the exchange as satisfying, valuable, and trustworthy (Chandel et al., 2023; Hadi et al., 2026; Nst et al., 2024; Opata et al., 2021; Subying & Yoopetch, 2025).

The indirect effect is conceptually distinct from the direct effect and should therefore be tested separately. A significant indirect effect can occur even when the corresponding direct effect is nonsignificant, indicating indirect-only rather than partial mediation (Nitzl et al., 2016; Zhao et al., 2010). In this study, mediation denotes an indirect statistical relationship, not a confirmed causal mechanism or temporal sequence, because all constructs were measured concurrently in a cross-sectional design. From an Islamic business ethics perspective, reliable service, truthful communication, transparent pricing, and non-exploitative exchange may be interpreted as normatively consistent with *amānah*, *ṣidq*, *iḥsān*, and *ʿadl*. The mediation model, however, tests customer evaluations rather than the ethical principles themselves. Satisfaction is therefore an empirical evaluative response, not evidence that the transaction is objectively Sharia-compliant or that loyalty is inherently ethical. Loyalty is normatively desirable only when it develops through informed choice, honest communication, fair exchange, and genuine customer benefit, rather than through manipulation, concealment, dependence, or unfair switching barriers.

H6: Customer satisfaction statistically mediates the relationship between service quality and customer loyalty.

H7: Customer satisfaction statistically mediates the relationship between perceived price fairness and customer loyalty.

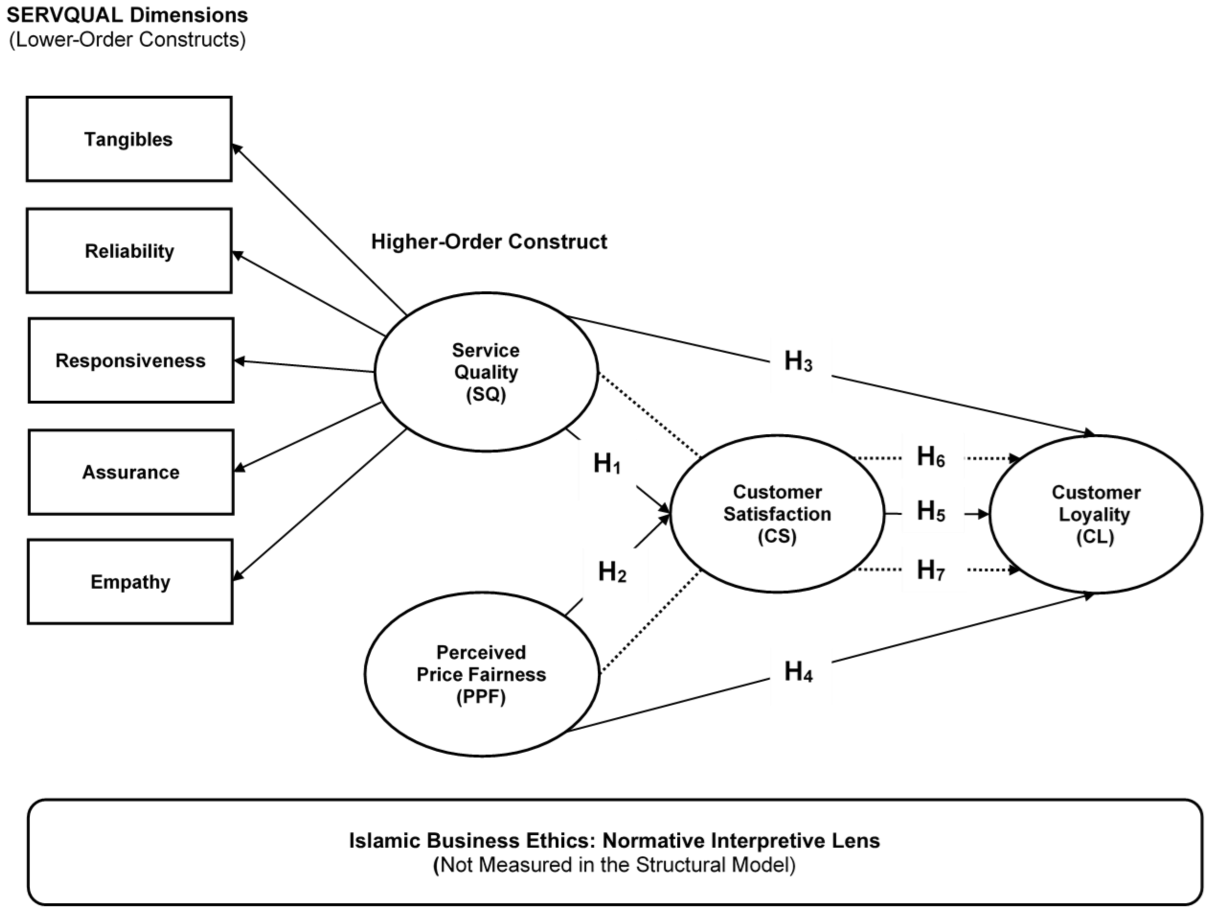

Figure 1. Conceptual Framework and the Normative Position of Islamic Business Ethics

RESEARCH METHOD

This study employed a quantitative, cross-sectional explanatory design to examine the statistical relationships among service quality, perceived price fairness, customer satisfaction, and customer loyalty. Because all constructs were measured concurrently and respondents were selected through non-probability sampling, the design supports hypothesis testing of associations but cannot establish causal or temporal ordering. The study was conducted at Star Kitchen, a local retailer in Palu, Central Sulawesi, between November 2024 and January 2025. Respondents were purposively selected and required to be at least 17 years old, to have purchased from Star Kitchen more than twice, and to provide informed consent. Although the repeat-customer criterion ensured sufficient experience with the retailer, it may have excluded dissatisfied former customers, thereby introducing selection bias and limiting response variability.

Of 120 questionnaires distributed, 108 were returned, yielding a 90.0% response rate. Of these, 102 complete and eligible responses were retained, equivalent to 85.0% of the distributed questionnaires. An a priori power analysis conducted in G*Power version 3.1.9.7 using F tests and the linear multiple regression fixed-model test for R^2 deviation from zero indicated a minimum sample of 77, assuming three predictors, a medium effect size ($f^2 = 0.15$), $\alpha = 0.05$, and power of 0.80. The final sample

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exceeded the minimum required to detect medium effects, although power to detect small effects remained limited (Cohen, 2013; Faul et al., 2009; Hair et al., 2021).

Service quality was operationalized using the SERVQUAL dimensions of tangibles, reliability, responsiveness, assurance, and empathy (Parasuraman et al., 1988). It was specified as a reflective–reflective higher-order construct and estimated using the disjoint two-stage approach. This specification assumes that variation in customers' overall perception of service quality is reflected in corresponding and correlated variation across the five SERVQUAL dimensions. The dimensions were therefore treated as conceptually distinct manifestations of a common overall service-quality perception. In the first stage, each lower-order dimension was estimated from its respective indicators; in the second stage, the resulting latent variable scores served as reflective indicators of overall service quality (Becker et al., 2012; Sarstedt et al., 2019).

Perceived price fairness was measured with five items covering affordability, price–quality congruence, price competitiveness, price–benefit congruence, and overall value fairness, adapted from Zeithaml (1988), Bolton et al. (2003), Xia et al. (2004), and Martín-Consuegra et al. (2007). Customer satisfaction was measured with three items representing overall satisfaction, expectation confirmation, and satisfaction with the purchase decision, adapted from Oliver (1980, 2010) and Fornell et al. (1996). Customer loyalty was measured with five items representing repurchase intention, store preference, resistance to switching, willingness to recommend, and long-term commitment, adapted from Zeithaml et al. (1996), Jones et al. (2000), and Oliver (1999). These operationalizations distinguish satisfaction as an evaluative judgment from loyalty as a set of behavioral and relational intentions. All items were rated on a five-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree. Appendix A provides the complete item wording and sources.

The questionnaire administered to respondents was prepared in Indonesian. The items were contextually adapted from the cited measurement scales to the household- and kitchen-product retail setting. Five experts in marketing management, Islamic business ethics, consumer behavior, research methodology, and PLS-SEM reviewed the instrument for content validity, clarity, and contextual relevance. Their feedback informed item refinement, after which a pilot test with 35 respondents assessed comprehensibility and preliminary measurement consistency. Pilot respondents were excluded from the final sample. The English wording presented in Appendix A is provided solely for publication purposes.

Data were analyzed using PLS-SEM in SmartPLS. This method was selected because the model included latent variables, a higher-order construct, mediation, and predictive assessment (Hair & Alamer, 2022; Sarstedt et al., 2021). The measurement model was evaluated using outer loadings, average variance extracted (AVE), Cronbach's alpha, rho_A, rho_C, and the heterotrait–monotrait ratio (HTMT). Outer loadings above 0.70, AVE above 0.50, reliability coefficients above 0.70, and HTMT values below 0.85 were considered indicative of acceptable measurement quality and construct distinctiveness (Henseler et al., 2015).

The structural model was assessed using inner VIF, R^2, adjusted R^2, f^2, Stone–Geisser's Q^2, SRMR, path coefficients, and bootstrapping. Stone–Geisser's Q^2 was calculated through blindfolding with an omission distance of 7. Inner VIF values below 3.3 were interpreted as indicating no problematic predictor collinearity. Common method bias was assessed separately using the full-collinearity VIF approach; values below 3.3 suggested that common method variance was unlikely to materially distort the estimates (Kock, 2015). Nevertheless, the single-source, self-reported, cross-sectional design cannot eliminate this risk entirely (Podsakoff et al., 2003).

Hypotheses were tested using 5,000 bootstrap subsamples, two-tailed tests, a 5% significance level, BCa 95% confidence intervals, a fixed random seed, and SmartPLS's no-sign-changes procedure. Statistical significance was established when $p < 0.05$ and the confidence interval excluded zero. Significant indirect effects accompanied by nonsignificant corresponding direct effects were classified as indirect-only mediation (Nitzl et al., 2016; Zhao et al., 2010). Given the cross-sectional design, mediation was interpreted as an indirect statistical relationship rather than as a confirmed causal mechanism. PLSpredict was implemented with 10 folds, 10 repetitions, and a fixed random seed. Predictive performance was evaluated using Q^2_predict and by comparing PLS-SEM RMSE and MAE values with those of the linear-model benchmark.

RESULTS AND DISCUSSION

Results

Respondent Profile

The final sample comprised 102 repeat customers of Star Kitchen. As shown in Table 1, respondents were predominantly female (65.7%), while 34.3% were male. The largest age groups were 31–35 years (30.4%) and 36–40 years (24.5%), indicating that most respondents were adults with relevant purchasing experience. Private-sector employees constituted the largest occupational group (42.2%), followed by entrepreneurs (24.5%). Overall, the sample consisted predominantly of economically active customers with sufficient experience to evaluate service quality, perceived price fairness, satisfaction, and loyalty in a local retail context.

Table 1. Respondent Profile

Characteristic	Category	n	%
Gender	Male	35	34.3
	Female	67	65.7
Age	17–25 years	19	18.6
	26–30 years	10	9.8
	31–35 years	31	30.4
	36–40 years	25	24.5
	Above 40 years	17	16.7
Occupation	School student	3	2.9
	University student	16	15.7
	Civil servant	15	14.7
	Private employee	43	42.2
	Entrepreneur	25	24.5

Source: Primary data processed by the authors

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Measurement Model Assessment

The measurement model was assessed at both the lower- and higher-order levels using outer loadings, average variance extracted (AVE), Cronbach's alpha, rho_A, rho_C, and the heterotrait–monotrait ratio (HTMT). Service quality was modeled as a reflective–reflective higher-order construct comprising tangibles, reliability, responsiveness, assurance, and empathy and was estimated using the disjoint two-stage approach.

As reported in Table 2, all lower-order SERVQUAL indicators loaded strongly on their intended dimensions, with values ranging from 0.932 to 0.949. AVE values ranged from 0.876 to 0.898, Cronbach's alpha from 0.858 to 0.886, rho_A from 0.860 to 0.887, and rho_C from 0.934 to 0.946. At the higher-order level, the latent variable scores for the five SERVQUAL dimensions loaded satisfactorily on service quality, with values ranging from 0.821 to 0.886. Service quality achieved an AVE of 0.728, Cronbach's alpha of 0.907, rho_A of 0.920, and rho_C of 0.930. Across service quality, perceived price fairness, customer satisfaction, and customer loyalty, AVE ranged from 0.620 to 0.728, Cronbach's alpha from 0.755 to 0.907, rho_A from 0.766 to 0.920, and rho_C from 0.859 to 0.930. All values exceeded the recommended thresholds, supporting indicator reliability, convergent validity, and internal consistency.

Discriminant validity was assessed using HTMT. As shown in Table 3, all values were below the conservative threshold of 0.85, ranging from 0.133 to 0.665. The largest HTMT value was observed between perceived price fairness and customer satisfaction (0.665), followed by the value between customer satisfaction and customer loyalty (0.625); the smallest value was observed between service quality and perceived price fairness (0.133). These results support the empirical distinctiveness of the constructs at the structural-model level.

Table 2. Construct Reliability and Convergent Validity

Construct	Item	Outer Loading	AVE	Cronbach's Alpha	rho_A	rho_C
Tangibles	SQ1.1	0.949	0.898	0.886	0.887	0.946
	SQ1.2	0.946				
Reliability	SQ2.1	0.939	0.885	0.870	0.871	0.939
	SQ2.2	0.942				
Responsiveness	SQ3.1	0.943	0.893	0.880	0.881	0.943
	SQ3.2	0.947				
Assurance	SQ4.1	0.944	0.889	0.875	0.876	0.941
	SQ4.2	0.942				
Empathy	SQ5.1	0.940	0.876	0.858	0.860	0.934
	SQ5.2	0.932				
Service Quality	Tangibles	0.875	0.728	0.907	0.920	0.930
	Reliability	0.857				
	Responsiveness	0.886				
	Assurance	0.825				
	Empathy	0.821				
Perceived Price Fairness	PPF1	0.739	0.620	0.847	0.855	0.891
	PPF2	0.831				
	PPF3	0.763				
	PPF4	0.826				

Construct	Item	Outer Loading	AVE	Cronbach's Alpha	rho_A	rho_C
	PPF5	0.776				
Customer Satisfaction	CS1	0.775	0.671	0.755	0.766	0.859
	CS2	0.828				
	CS3	0.853				
Customer Loyalty	CL1	0.841	0.628	0.853	0.868	0.894
	CL2	0.726				
	CL3	0.811				
	CL4	0.788				
	CL5	0.792				

Source: SmartPLS output based on primary survey data

Note: AVE = average variance extracted; rho_A = Dijkstra–Henseler's reliability coefficient; rho_C = composite reliability. Service quality was modeled as a reflective–reflective higher-order construct comprising five lower-order SERVQUAL dimensions and estimated using the disjoint two-stage approach.

Table 3. Discriminant Validity Using HTMT

Construct	Customer Loyalty	Customer Satisfaction	Perceived Price Fairness	Service Quality
Customer Loyalty				
Customer Satisfaction	0.625			
Perceived Price Fairness	0.401	0.665		
Service Quality	0.275	0.482	0.133	

Source: SmartPLS output based on primary survey data

Structural Model Assessment

Table 4 summarizes the structural model assessment in terms of collinearity, effect size, explanatory power, predictive relevance, and approximate model fit. For customer satisfaction, the inner VIF values for service quality and perceived price fairness were both 1.009, indicating no problematic predictor collinearity. The model explained 42.2% of the variance in customer satisfaction, with an adjusted R^2 of 0.411. The positive Stone–Geisser Q^2 value of 0.256 indicated predictive relevance for this endogenous construct. Regarding incremental explanatory contribution, perceived price fairness had a large effect on customer satisfaction (f^2 = 0.435), whereas service quality had a medium effect (f^2 = 0.231).

For customer loyalty, inner VIF values ranged from 1.242 to 1.731 and remained well below the conservative threshold of 3.3. Service quality, perceived price fairness, and customer satisfaction jointly explained 29.3% of the variance in customer loyalty, with an adjusted R^2 of 0.271. The positive Q^2 value of 0.152 likewise indicated predictive relevance for customer loyalty. Customer satisfaction made a medium incremental contribution to the explained variance in loyalty (f^2 = 0.166). By contrast, the effect sizes of service quality (f^2 = 0.004) and perceived price fairness (f^2 = 0.011) were below the conventional threshold for a small effect, indicating negligible incremental contributions after customer satisfaction was included in the model.

The estimated model produced an SRMR of 0.074, below the commonly applied threshold of 0.08, indicating an acceptable discrepancy between the observed and model-implied correlation matrices. Overall, the

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structural model exhibited acceptable collinearity, moderate explanatory power for both endogenous constructs, positive in-sample predictive relevance, and satisfactory approximate fit.

Full-Collinearity Assessment

Potential common method bias was evaluated separately using the full-collinearity VIF procedure. As reported in Table 5, values ranged from 1.240 to 2.009: 1.240 for service quality, 1.464 for perceived price fairness, 2.009 for customer satisfaction, and 1.414 for customer loyalty. All values were well below the conservative threshold of 3.3, suggesting that pathological collinearity was absent and that common method bias was unlikely to materially distort the estimated associations.

This diagnostic should nevertheless be treated as a supplementary statistical check rather than conclusive evidence that common method bias is absent. Because all constructs were measured through self-reports from the same respondents at a single time point, residual common method variance cannot be ruled out and remains a methodological limitation.

Predictive Assessment

Out-of-sample predictive performance was evaluated using PLSpredict. As shown in Table 6, all customer loyalty and customer satisfaction indicators yielded positive Q^2_predict values, ranging from 0.023 to 0.335. These values indicate that the PLS-SEM predictions outperformed the naïve benchmark for every endogenous indicator.

The comparison of prediction errors further showed that the PLS-SEM model produced lower RMSE and MAE values than the linear-model benchmark for all eight endogenous indicators. For customer loyalty, this improvement was consistent across CL1–CL5. The same pattern was observed for customer satisfaction, with the strongest predictive relevance recorded for CS3 (Q^2_predict = 0.335), followed by CS1 (0.218) and CS2 (0.196). Because PLS-SEM prediction errors were lower than the corresponding linear-model errors across all indicators, the model exhibited high out-of-sample predictive performance for the endogenous constructs under the present sample and model specification (Shmueli et al., 2019).

Table 4. Structural Model Quality Criteria

Model	Endogenous Construct	Predictor	VIF	f^2	R^2	Adjusted R^2	Q^2
Model 1	Customer Satisfaction	Service Quality	1.009	0.231	0.422	0.411	0.256
		Perceived Price Fairness	1.009	0.435			
Model 2	Customer Loyalty	Service Quality	1.242	0.004	0.293	0.271	0.152
		Perceived Price Fairness	1.447	0.011			
		Customer Satisfaction	1.731	0.166			
Overall Model Fit			Estimated Model			SRMR = 0.074	

Source: Primary data processed using SmartPLS.
Note: VIF = variance inflation factor; f^2 = effect size; R^2 = coefficient of determination; Q^2 = Stone–Geisser cross-validated redundancy; SRMR = standardized root mean square residual. Positive Q^2 values indicate in-sample predictive relevance for the endogenous constructs, whereas an SRMR below 0.08 indicates acceptable approximate model fit.

Table 5. Full-Collinearity Assessment

Construct	Full-Collinearity VIF	Assessment
Service Quality	1.240	No critical collinearity
Perceived Price Fairness	1.464	No critical collinearity
Customer Satisfaction	2.009	No critical collinearity
Customer Loyalty	1.414	No critical collinearity

Source: Primary data processed by the authors.
Note: Values below 3.3 indicate that common method bias is unlikely to constitute a serious concern. This diagnostic, however, does not conclusively eliminate common method bias.

Table 6. PLSpredict Assessment

Item Code	Q^2_predict	PLS-SEM		LM	
		RMSE	MAE	RMSE	MAE
CL1	0.023	0.646	0.470	0.696	0.522
CL2	0.064	0.704	0.568	0.781	0.625
CL3	0.078	0.698	0.511	0.760	0.563
CL4	0.079	0.660	0.454	0.686	0.510
CL5	0.117	0.644	0.448	0.699	0.504
CS1	0.218	0.583	0.458	0.605	0.470
CS2	0.196	0.591	0.464	0.636	0.499
CS3	0.335	0.481	0.399	0.508	0.420

Source: SmartPLS output based on primary survey data.
Note: Q^2_predict = indicator-level predictive relevance; RMSE = root mean square error; MAE = mean absolute error; LM = linear-model benchmark. Positive Q^2_predict values indicate that PLS-SEM predictions outperform the naïve benchmark. PLS-SEM prediction errors **below** the corresponding LM values across all indicators indicate high out-of-sample predictive performance.

Hypothesis Testing and Mediation Results

Table 7 reports the direct, specific indirect, and total effects estimated through bootstrapping. Service quality was positively associated with customer satisfaction (β = 0.367, t = 5.098, p < 0.001, 95% BCa CI [0.215, 0.499]), supporting H1. Perceived price fairness was likewise positively associated with customer satisfaction (β = 0.503, t = 6.245, p < 0.001, 95% BCa CI [0.317, 0.636]), supporting H2. Its coefficient exceeded that of service quality, indicating the stronger association with customer satisfaction in the estimated model.

Neither service quality nor perceived price fairness was directly associated with customer loyalty. The service quality–loyalty path was small and nonsignificant (β = 0.057, t = 0.528, p = 0.598, 95% BCa CI [−0.170, 0.256]), and the perceived price fairness–loyalty path was also nonsignificant (β = 0.107, t = 1.050, p = 0.294, 95% BCa CI [−0.096, 0.301]). H3 and H4 were therefore not supported. By contrast, customer satisfaction was positively associated with customer loyalty (β = 0.451, t = 3.753, p < 0.001, 95% BCa CI [0.204, 0.670]), supporting H5 and showing the largest statistically significant direct coefficient for loyalty.

The specific indirect effect of service quality on customer loyalty through customer satisfaction was statistically significant (β = 0.166, t = 3.192, p = 0.001, 95% BCa CI [0.078, 0.281]), supporting H6. The corresponding indirect effect of perceived price fairness was also significant (β = 0.227, t = 2.969, p = 0.003, 95% BCa CI [0.091, 0.385]), supporting H7. Because each indirect effect was significant while its corresponding direct effect was

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nonsignificant, both pathways were classified as indirect-only mediation.

The total effects of service quality (β = 0.223, t = 2.328, p = 0.020, 95% BCa CI [0.004, 0.392]) and perceived price fairness (β = 0.334, t = 3.108, p = 0.002, 95% BCa CI [0.110, 0.531]) on customer loyalty were statistically significant. The total effect of perceived price fairness exceeded that of service quality. Overall, five of the seven hypotheses were supported; H3 and H4 were not supported.

Table 7. Direct, Indirect, and Total Effects of the Structural Model

Effect Type	Hyp.	Relationship	β	t	p-value	95% BCa CI		Decision
						Lower	Upper	
Direct	H1	SQ → CS	0.367	5.098	< 0.001	0.215	0.499	Supported
Direct	H2	PPF → CS	0.503	6.245	< 0.001	0.317	0.636	Supported
Direct	H3	SQ → CL	0.057	0.528	0.598	−0.170	0.256	Not supported
Direct	H4	PPF → CL	0.107	1.050	0.294	−0.096	0.301	Not supported
Direct	H5	CS → CL	0.451	3.753	< 0.001	0.204	0.670	Supported
Indirect	H6	SQ → CS → CL	0.166	3.192	0.001	0.078	0.281	Supported
Indirect	H7	PPF → CS → CL	0.227	2.969	0.003	0.091	0.385	Supported
Total	–	SQ → CL	0.223	2.328	0.020	0.004	0.392	Significant
Total	–	PPF → CL	0.334	3.108	0.002	0.110	0.531	Significant

Source: Primary data processed using SmartPLS bootstrapping.
Note: Hyp. = hypothesis; SQ = service quality; PPF = perceived price fairness; CS = customer satisfaction; CL = customer loyalty; β = standardized path coefficient; BCa CI = bias-corrected and accelerated confidence interval. Statistical significance was evaluated using two-tailed bootstrapping at the 5% level. A hypothesized relationship was supported when $p < 0.05$ and its 95% BCa confidence interval excluded zero. Total effects combine the corresponding direct and specific indirect effects and are therefore reported as significant or nonsignificant rather than supported or not supported. Indirect-only mediation was identified when the specific indirect effect was significant and the corresponding direct effect was nonsignificant.

Discussion

The results indicate that service quality and perceived price fairness were both positively associated with customer satisfaction, with the latter exhibiting the stronger association. This pattern suggests that Star Kitchen customers evaluate transactions through both interpersonal service and the affordability, competitiveness, and proportionality of prices relative to product quality and benefits. In local retail, prices are highly visible and readily comparable across sellers, making perceived price fairness a salient evaluative cue. This pattern may be especially relevant in household- and kitchen-product retail, where products are often functionally substitutable, prices can be compared across physical and online sellers, and customers may be sensitive to value for money. The finding is consistent with studies showing that transparent, reasonable, and value-consistent pricing is positively associated with customer satisfaction (Hride et al., 2022; Opata et al., 2021; Rama, 2020; Subying & Yoopetch, 2025). Because this contextual explanation was not directly tested, it should be interpreted cautiously. These evaluations reflect perceived economic fairness and do not demonstrate that prices satisfy Islamic standards of justice.

Service quality was also positively associated with customer satisfaction. The higher-order specification indicates that customers' overall service evaluations reflect tangibles, reliability, responsiveness, assurance, and empathy. Accurate product information, prompt assistance, dependable service, and respectful interaction may therefore contribute to more favorable transaction evaluations. This finding aligns with evidence from retail, digital, and consumer-service contexts that service quality is positively associated with satisfaction (Balinado et al., 2021; Bhojak et al., 2024; Sánchez et al., 2024; Vadivel & Boobalan, 2024). From an Islamic business ethics perspective, reliable, truthful, and considerate service may be interpreted as consistent with *amānah*, *ṣidq*, and *iḥsān* (Nasuka et al., 2023; Panakaje et al., 2025). However, the study did not directly measure promise fulfillment, truthful disclosure, or benevolent conduct; these ethical associations are therefore normative rather than empirically established.

Service quality was not directly associated with customer loyalty. Favorable service evaluations therefore did not independently correspond to repurchase intention, recommendation, resistance to switching, or long-term commitment. One possible explanation is that customers perceive acceptable service as a basic expectation rather than a distinctive basis for loyalty. Because the study did not test this explanation, describing service quality as a "hygiene factor" would be premature. A more defensible interpretation is that, within the estimated model, service quality was associated with loyalty primarily through customer satisfaction rather than through an independent direct pathway. This interpretation is consistent with studies showing that the service quality–loyalty relationship often operates through satisfaction, trust, perceived value, or relationship quality (Purnama et al., 2025; P. Shen & Ma, 2022; Zhang & Qu, 2021).

Perceived price fairness was likewise not directly associated with customer loyalty because its 95% BCa confidence interval included zero. H4 was therefore not supported despite the positive coefficient. Customers may perceive prices as reasonable or competitive without developing sustained preference, recommendation intentions, or resistance to switching. This result supports the view that price fairness is more likely to be associated with loyalty when it contributes to satisfaction, trust, or perceived value rather than through an independent direct pathway (Artuğer et al., 2024; Chubaka Mushagalusa et al., 2022; Hride et al., 2022; Nst et al., 2024). From an Islamic business ethics perspective, pricing may be interpreted as consistent with ʿadl, transparency, proportionality, and mutual consent only when supported by truthful disclosure, non-exploitation, and the absence of gharar and tadlīs (Nuraeni & Najib Abdullah, 2023; Rama, 2020; Shaukat et al., 2024).

Customer satisfaction exhibited the largest statistically significant direct association with customer loyalty. This result suggests that customers' overall evaluation of service, pricing, product value, and transaction processes was more closely associated with loyalty than service or price perceptions considered separately. Satisfied customers are generally more likely to repurchase, recommend the retailer, resist switching, and maintain long-term relationships (Chatzoglou et al., 2022; Kumar & Ayodeji, 2021; Mathew, 2024; Nasir et al., 2021; Sharma & Singh, 2023). Satisfaction, however, should not be equated with ethical validity.

Customers may remain satisfied despite incomplete information, limited alternatives, or ethically problematic practices not captured by the questionnaire. Islamic ethical assessment requires separate evidence of truthful disclosure, non-deception, proportional exchange, and informed consent. Customer loyalty should therefore not be regarded as inherently ethical; it is normatively desirable only when it develops through informed choice, honest com-

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munication, fair exchange, and genuine customer benefit, rather than through concealed information, manipulation, dependency, or unfair switching barriers.

The mediation analysis constitutes the study's central analytical contribution. Customer satisfaction significantly mediated the relationship between service quality and customer loyalty, whereas the corresponding direct relationship was not significant. This pattern constitutes indirect-only, rather than full, mediation (Nitzl et al., 2016; Zhao et al., 2010). Within the estimated model, service quality was therefore associated with customer loyalty through its association with customer satisfaction. The effect-size results reinforce this pattern: service quality had a medium effect on customer satisfaction but only a negligible direct effect on customer loyalty. This pattern helps account for the inconsistent direct associations reported in prior research (Nst et al., 2024; Purnama et al., 2025).

Customer satisfaction also significantly mediated the relationship between perceived price fairness and customer loyalty, whereas the corresponding direct relationship was nonsignificant. This pathway likewise represents indirect-only rather than partial mediation. Customers do not appear to become loyal solely because prices are perceived as affordable or competitive; instead, such evaluations are associated with loyalty when they contribute to a satisfying exchange characterized by value consistency and confidence in the transaction. This finding aligns with studies showing that price fairness is linked to loyalty through satisfaction, trust, and perceived value (Hride et al., 2022; Nst et al., 2024; Opata et al., 2021; Subying & Yoopetch, 2025). Normatively, transparent and non-exploitative pricing may support customer satisfaction, but the present results do not establish that *ʿadl* or mutual consent was achieved. These mediation findings represent indirect statistical associations rather than confirmed causal mechanisms. Because all constructs were measured concurrently from the same respondents, the analysis cannot establish that service quality and perceived price fairness temporally preceded satisfaction or that satisfaction subsequently generated loyalty.

The total effects further indicate that service quality and perceived price fairness remained significantly associated with customer loyalty when their direct and indirect components were combined. The total effect of perceived price fairness exceeded that of service quality, consistent with its stronger association with customer satisfaction. This pattern indicates that the overall associations of both predictors with customer loyalty were attributable primarily to indirect pathways through customer satisfaction. In this context, "transmitted" denotes the statistical decomposition of total associations into direct and indirect components and does not imply temporal or causal transmission.

The model explained 42.2% of the variance in customer satisfaction and 29.3% of the variance in customer loyalty. These values indicate moderate explanatory power while leaving 57.8% of the variance in customer satisfaction and 70.7% of the variance in customer loyalty unexplained. Product quality, trust, perceived value, convenience, store accessibility, relationship quality, switching costs, and customer involvement may account for additional variance. The effect-size results indicate that perceived price fairness made a large incremental contribution to customer satisfaction, service quality made a medium contribution to customer satisfaction, and customer satisfaction made a medium contribution to customer loyalty. By contrast, the direct incremental effects of service quality and perceived price fairness on customer loyalty were negligible. The findings must also be interpreted in light of the repeat-customer sampling criterion. Because the sample excluded customers who had stopped purchasing after unfavorable experiences, the observed variability in satisfaction and loyalty may have been limited, potentially biasing upward evaluations of the retailer.

Overall, the study's contribution is contextual, analytical, and normative rather than the development of a new Islamic marketing theory. Contextually, it extends an established satisfaction-mediated loyalty model to an ordinary local retailer outside Islamic banking and explicitly halal-labeled sectors. Analytically, it identifies customer satisfaction as the principal statistical pathway through which service quality and perceived price fairness were associated with loyalty. Normatively, it shows how the observed relationships may be interpreted in light of *amānah*, *ṣidq*, *iḥsān*, *ʿadl*, transparency, and mutual consent. Because these principles were not operationalized as empirical constructs, the study does not claim that Islamic business ethics caused satisfaction or loyalty or that Star Kitchen's practices were objectively Sharia-compliant. The study should therefore be interpreted as a contextually grounded extension with normative relevance, not as the development or empirical validation of a new theory in Islamic economics.

In practical terms, Star Kitchen and comparable retailers should not rely solely on courteous service or competitive pricing. Service practices should prioritize accurate product disclosure, prompt assistance, reliable fulfillment, and respectful customer treatment, while prices should be communicated transparently and remain proportionate to the product's quality and benefits. From an Islamic business ethics perspective, these practices may support *amānah*, *ṣidq*, *iḥsān*, and *ʿadl* when accompanied by verifiable honesty, non-exploitation, and informed voluntary consent. Retailers should therefore evaluate ethical performance through actual disclosure, pricing, and service procedures rather than through customer satisfaction scores alone.

CONCLUSION

This study examined the relationships among service quality, perceived price fairness, customer satisfaction, and customer loyalty at Star Kitchen, a local retail business in Palu, Indonesia. Using a quantitative, cross-sectional design, the study collected data from 102 repeat customers via a structured questionnaire and analyzed it using PLS-SEM in SmartPLS.

Service quality and perceived price fairness were positively associated with customer satisfaction, with perceived price fairness showing the stronger association. Customer satisfaction exhibited the largest statistically significant direct association with customer loyalty, whereas service quality and perceived price fairness were not directly associated with loyalty. Both predictors nevertheless had significant total effects on customer loyalty because their specific indirect effects through customer satisfaction were significant. Accordingly, customer satisfaction provided indirect-only mediation in the relationships between service quality and loyalty and between perceived price fairness and loyalty.

These results indicate that customer loyalty in local retail was more strongly associated with customers' overall satisfaction than with service quality or price fairness considered as independent direct predictors. From an Islamic business ethics perspective, the results may be interpreted as normatively consistent with *amānah*, *ṣidq*, *iḥsān*, *ʿadl*, transparency, and mutual consent. However, these principles were not measured directly and should therefore be understood as a normative interpretive framework rather than as empirically validated determinants of loyalty.

Given the cross-sectional, single-source design, the mediation findings represent indirect statistical relationships and do not establish causal or temporal ordering. Customer loyalty is ethically desirable only when it arises from informed choice, honest disclosure, fair exchange, and genuine customer benefit.

The study provides contextual evidence from an ordinary local retailer. It identifies customer satisfaction as the principal statistical pathway through which service quality and perceived price fairness were associated with loyalty. Its limitations include the single-retailer setting, cross-sectional design, purposive sampling, and restriction to repeat customers, which may have excluded dissatisfied former customers and introduced selection bias. Future research should evaluate the model across diverse retail contexts, use longitudinal or probability-based designs, and directly measure trust, perceived value, product quality, religiosity, and specific Islamic ethical practices, including truthful disclosure, transparent pricing, non-exploitation, and informed consent.

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APPENDIX A

Table A1. Measurement Items and Original Sources

Construct	Dimension/Indicator	Code	Questionnaire Item	Adapted from
Service Quality	Tangibles	SQ1.1	The physical facilities at Star Kitchen are clean and well maintained.	Parasuraman et al. (1988); Zeithaml et al. (1996)
		SQ1.2	Star Kitchen provides adequate and visually appealing physical facilities.	Parasuraman et al. (1988)
	Reliability	SQ2.1	Star Kitchen provides its services consistently as promised.	Parasuraman et al. (1988)
		SQ2.2	Star Kitchen employees provide accurate and reliable product information.	Parasuraman et al. (1988)
	Responsiveness	SQ3.1	Star Kitchen employees respond promptly to customer requests or complaints.	Parasuraman et al. (1988)
		SQ3.2	Star Kitchen employees provide services accurately and in a timely manner.	Parasuraman et al. (1988)
	Assurance	SQ4.1	I feel secure when conducting transactions at Star Kitchen.	Parasuraman et al. (1988)
		SQ4.2	Star Kitchen employees have sufficient knowledge to answer customer questions confidently.	Parasuraman et al. (1988)
	Empathy	SQ5.1	Star Kitchen employees provide sincere and individualized attention to customers.	Parasuraman et al. (1988)
		SQ5.2	Star Kitchen employees show genuine concern for customers' comfort and needs.	Parasuraman et al. (1988)
Perceived Price Fairness	Price affordability	PPF1	The prices offered by Star Kitchen are affordable for me.	Xia et al. (2004); Martín-Consuegra et al. (2007)
	Price–quality congruence	PPF2	The prices I pay are appropriate for the quality of the products I receive.	Bolton et al. (2003)
	Price competitiveness	PPF3	Star Kitchen's prices are competitive compared with similar retail stores.	Martín-Consuegra et al. (2007)
	Price–benefit congruence	PPF4	The benefits I receive are proportional to the prices I pay at Star Kitchen.	Xia et al. (2004)
	Overall value fairness	PPF5	The products I purchase provide fair value relative to the prices charged.	Zeithaml (1988); Martín-Consuegra et al. (2007)
Customer Satisfaction	Overall satisfaction	CS1	Overall, I am satisfied with my shopping experience at Star Kitchen.	Oliver (1980); Fornell et al. (1996)

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Construct	Dimension/Indicator	Code	Questionnaire Item	Adapted from
	Expectation confirmation	CS2	My shopping experience at Star Kitchen met my expectations.	Oliver (1980)
	Satisfaction with purchase decision	CS3	Choosing Star Kitchen for my purchase was a satisfactory decision.	Oliver (2010)
Customer Loyalty	Repurchase intention	CL1	I intend to purchase products from Star Kitchen again in the future.	Zeithaml et al. (1996); Oliver (1999)
	Store preference	CL2	Star Kitchen is my preferred choice compared with other similar retail stores.	Oliver (1999)
	Resistance to switching	CL3	I am unlikely to switch to another store even when similar alternatives are available.	Jones et al. (2000); Oliver (1999)
	Willingness to recommend	CL4	I am willing to recommend Star Kitchen to friends or family.	Zeithaml et al. (1996)
	Long-term commitment	CL5	I intend to maintain a long-term relationship with Star Kitchen.	Oliver (1999); Zeithaml et al. (1996)

Note: All items were measured on a five-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree. The questionnaire was prepared and administered in Indonesian; the English wording in this appendix is provided solely for publication. The items were adapted to the local household- and kitchen-product retail context without altering their underlying conceptual meanings.