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The impact of service quality on customer satisfaction and customer loyalty: An analysis of the KFC fast food chain company in Inner Mongolia in China

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Abstract: The growth of the bustling fast-food sector of Inner Mongolia, China has underscored the competitive advantage of cultivating satisfied, loyal customers. This research endeavoured to evaluate how service quality and customer satisfaction influence customer loyalty, focusing on KFC establishments within Inner Mongolia. This study also explored the intermediary role of customer satisfaction in the relationship between service quality and loyalty. The study utilized convenience sampling to gather data from 353 customers at KFC outlets in various cities across Inner Mongolia, including Ulanhot, Hohhot, Baotou, Chifeng, and Tongliao. The data were then analyzed using SPSS software. The findings revealed significant correlations among loyalty, satisfaction, and high-quality service. It was confirmed that customer satisfaction acts as a mediator in the relationship between service quality and loyalty, supporting the study's hypothesis. The insights gained are invaluable for managing quick-service restaurants, offering guidance on improving service standards and crafting strategies to sustain customer satisfaction.

Keywords: Customer Satisfaction; Customer Loyalty; Service Quality; KFC; Inner Mongolia

1 Introduction

Fast food restaurants, sometimes referred to as convenience food stores, are distinguished by their offering of quick and reliable food and service; and their offering of little or no table service. Fast food is a growing industry that merits more attention because it has taken on a central role in public catering, with the food market playing a crucial role in fostering growth. According to the Research and Markets Prospect Analysis Report on the Catering Industry in Inner Mongolia, 2018–2023, the Inner Mongolian catering market accounted for 11% of total consumer market growth, driving the consumer market's growth by 1.2%. Inner Mongolia's catering industry recorded sales of 102.73 billion yuan in 2022, a 10.6% increase over the previous year (Yue, 2022).

The National Bureau of Statistics of China Report noted that Chinese fast food plays a significant role in the expansion of the catering industry. In the first half of 2024, value-added services rose by 4.6 percent year on year, with the catering industry specifically growing by 6.6 percent. In the first half of the year, the catering industry's total income was 2,624.3 billion yuan, up 7.9 percent. This indicates a normalization of growth to a more stable, yet still robust, pace following its explosive rebound in 2023 (National Bureau of Statistics of China, 2024).

A report on Inner Mongolia's economic performance in the first half of 2024 indicated that the consumer market demonstrated steady recovery. The total retail sales of consumer goods in Inner Mongolia reached 390.87 billion yuan in Horizon 1 of 2024, up by 4.0% year on year. The report highlights that the catering industry's total revenue was 36.97 billion yuan, with a robust year-on-year growth rate of 9.3%. This indicates that Inner Mongolia's catering sector is not only recovering, but also growing at a pace exceeding the national average of 8.5%, showcasing

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strong local demand and vitality (goinnermongolia.cn, 2024). In today's cutthroat business landscape, a company's survival hinges on its capacity to meet customer satisfaction.

Inner Mongolia is one of the many places where the distinctive international fast-food business brand Kentucky Fried Chicken (KFC) has attracted customers. Even though KFC has already successfully established its reputation and popularity worldwide, its success continues to draw the attention of many devoted and potential new customers. Steadfast brand loyalty and popular fondness for the chicken's distinctive flavour have helped KFC experience annual growth. To thrive in this competitive market, product and service quality are the cornerstones of customer satisfaction and loyalty. According to recent trends, consumers are becoming pickier when evaluating products to ensure satisfaction (Yulisetiari, Endhiarto, Akbar, & Wulandari, 2022), and must carefully evaluate product quality before purchasing to be satisfied (Nasirudin, Yulisetiari, & Suroso, 2018). A product is deemed high-calibre when it successfully addresses consumers' desires and anticipated standards. Research by Aldiana, Adji, and Santoso (2020), Bali (2022), Budiarno et al. (2022), Deviyanti et al. (2023), Maghfiroh (2019), Setiawan and Safitri (2019), Soraya and Marlina (2020), Woen and Santoso (2021), Nasirudin et al. (2018), and Yulisetiari et al. (2022) all corroborate this notion, highlighting that superior product quality significantly influences customer satisfaction in a positive direction.

Service quality plays a pivotal role in shaping customer satisfaction, complementing the importance of product quality (Halim et al., 2025). Because service quality directly affects a company's capacity to compete and be profitable, businesses must give it close attention. Kristiawan et al. (2021) establish that a welcoming atmosphere for customers dining at a restaurant, and the amiability of the staff upon their departure are indicators of service quality. Yulisetiari, Wulandari, and Cahyaningsih (2022) assert that a company's capacity to fulfil customers' needs and expectations serves as a measure of its service quality. This aligns with the findings of Fitria and Yuliati (2020), Kristiawan et al. (2021), Oktarini (2020), Yulisetiari and Mawarni (2021), and Yulisetiari et al. (2022), which indicate that customer satisfaction is intrinsically linked to service quality. Customers report higher satisfaction when they experience superior service quality, thereby establishing a positive correlation between the two. Nonetheless, as noted by Budiarno et al. (2022), Purwanto, Deny, and Tansil (2016), Safavi and Hawignyo (2020) and Tresiya et al. (2019), satisfaction cannot be achieved if the calibre of the services rendered falls short of what the customer wants.

A company's success is often reflected in its customer satisfaction levels, which are key drivers of customer loyalty, as highlighted by Fiazisyah and Purwidiani (2018). According to Kotler and Keller (2017), satisfaction is best viewed as an emotional outcome stemming from an individual's evaluation of whether the product or service's performance aligns with their initial expectations. This emotional response is pivotal, as it shapes the customer's overall perception of, and future engagement with, the brand (Tahir, Adnan, & Saeed, 2024). Xiao et al. (2017) suggest that customer satisfaction is informed both by the consumer's post-usage feelings towards a product and by comparing a company's services and products against competitors within the same industry.

According to Ghobadian, Speller, and Jones (1994), service quality is a metric that reflects the service delivered as compared to customer expectations. A satisfying shopping experience can forge an emotional connection, helping ensure a customer's return. Research by Yulisetiari and Mawarni (2021) underscores the pivotal role of service quality in moulding consumer loyalty, a notion echoed by Naini et al. (2022), who assert that service quality is a determinant of customer loyalty. However, findings from Supriyanto et al. (2021), Sitorus and Yustisia (2018), and Narotama (2019) suggest a more nuanced perspective. While customer satisfaction traits significantly sway customer loyalty, the impact of service quality sometimes does not. Conversely, Rusiyati et al. (2021) report a significant correlation among customer satisfaction, service quality, and customer loyalty, highlighting the complexity of these interrelationships. Customer satisfaction is, however, a primary driver of long-term loyalty, particularly when it is in response to top-notch service.

Despite a substantial body of research on service quality, customer satisfaction, and customer loyalty, notable gaps remain, particularly in the context of fast-food operations in Inner Mongolia. While previous studies have explored these constructs in broader Chinese or international settings, empirical evidence from Inner Mongolia's rapidly expanding catering sector has been limited. Moreover, existing findings on the direct and indirect relationships among service quality, satisfaction, and loyalty are mixed, with some studies supporting a direct link and others highlighting satisfaction as a mediator. Few studies have examined these relationships simultaneously within a single integrated framework, especially in the context of a major international brand such as KFC.

Therefore, this study addresses these gaps by investigating how service quality, customer satisfaction, and customer loyalty interact in KFC restaurants in Inner Mongolia, and by examining whether customer satisfaction

mediates the relationship between service quality and customer loyalty. Consequently, the researchers investigated the following questions:

RQ1: What are the interrelationships among service quality, customer satisfaction, and customer loyalty at KFC restaurants in Inner Mongolia, China?

RQ2: Does customer satisfaction mediate the relationship between service quality and customer loyalty?

Based on the above discussion, this study aims to examine the relationships among customer satisfaction, customer loyalty, and service quality at KFC Inner Mongolia. The study also seeks to examine the mediating effect of customer satisfaction on customer loyalty and service quality, and to pursue the following research objectives:

RO₁: To ascertain how customer satisfaction and service quality are related at KFC restaurants in Inner Mongolia, China.

RO₂: To examine how customers' loyalty and satisfaction relate to one another at KFC restaurants in Inner Mongolia, China.

RO₃: To examine the connection between customers' loyalty and service quality at KFC restaurants in Inner Mongolia, China.

RO₄: To confirm that customer satisfaction mediates the relationship between customer loyalty and service quality.

The remainder of this paper is structured as follows. The following section presents the literature review and the development of the hypotheses. The "Methodology" section delineates the methodology applied, including the research design, instrument development, and data collection techniques. The "Data Analysis and Results" section reports the results and confirms the research hypotheses. The following section discusses the results of the study, and the final section draws conclusions while also outlining limitations and directions for further research.

2 Literature Review

2.1 Relationships between service quality and customer loyalty

A plethora of scholarly research has demonstrated a distinct association between customer loyalty and the quality of service. For instance, a Chinese study by Lee et al. (2018) found that the loyalty of hotel clientele was significantly and positively influenced by service quality.

Similarly, Priporas et al. (2017) identified a robust relationship between service quality factors and the frequency of repeat customers among Airbnb hosts in Thailand. The findings revealed that customers are likely to continue doing business with an organization when they receive satisfactory service. Drawing insights from the literature reviewed across the aforementioned studies, substantial evidence suggests that the customer perception of service quality is intrinsically linked to customer loyalty.

H₁: Customers' loyalty and service quality are strongly correlated in KFC restaurants in Inner Mongolia, China.

2.2 Relationships between customer satisfaction and customer loyalty

Research shows a relationship between customer loyalty and satisfaction with a company's offerings and competencies, with loyal customers more likely to become brand advocates (Lin et al., 2023). Consumer loyalty is the most significant aspect of any business mobilization, and is always a key area of interest because it helps determine a consumer's future purchasing expectations, which are used to forecast a business's turnover or profitability (Garg & Kumar, 2017).

Oliver (1997) defined satisfaction as a state of pleasurable fulfillment. In other words, consumers perceive that their consumption meets a need, desire, or goal, and that this fulfillment brings pleasure. Satisfaction also reflects the consumer's belief that consumption delivers positive outcomes compared to a standard of pleasure versus displeasure. For satisfaction to influence loyalty, it must occur frequently or accumulate over time so that individual episodes combine into a broader experience.

In contrast, loyalty is defined differently. Oliver (1997, p. 392) describes loyalty as "A deeply held commitment to repurchase or continue using a preferred product or service in the future, resulting in repeated purchases of the same brand or brand set, despite situational factors and marketing efforts that could encourage switching".

Several studies have supported research on the satisfaction-loyalty linkage. One such study by Han et al. (2018) was set within the coffee industry and examined the determinants of customer loyalty among customers of a chain of coffee shops in South Korea. Ahadmotlaghi and Moghaddam (2017) also demonstrated that customer satisfaction directly influences customers' repurchase behaviour in the Iranian hotel industry. Based on the above studies, the data suggests that satisfaction can predict loyalty. This means clients who consume KFC

products will most likely remain loyal if they are satisfied with what they receive.

H₂: Customer loyalty is highly impacted by customer satisfaction at KFC restaurants in Inner Mongolia, China.

2.3 Relationships between service quality and customer satisfaction

The study of service quality can be approached as a systematic examination of customers' expectations and attitudes towards a service provided (Garg & Kumar, 2017). Service quality, as defined by Kotler and Keller (2017), refers to the attributes and qualities of a service product and its appropriateness in meeting consumer requirements. This means that the more acceptable the services are according to the quality standard, the more satisfied the consumers will be. Satisfactory service quality leads to high consumer satisfaction, enabling repeat purchases. Likewise, Garg (2014) clarified that the qualities of a restaurant's customer service may lead to customers forming an opinion about the restaurant. The perception of service quality in a restaurant setting can vary from one customer to another. What one patron considers low-quality service might be perceived as high-quality by another, highlighting the subjective nature of service evaluation.

Many studies have shown that quality significantly affects satisfaction in numerous scenarios. According to Ahadmotlaghi and Moghaddam (2017), perceived service quality directly and favourably impacts customer satisfaction in the hotel industry. Moreover, Liat et al. (2014) discovered that in Malaysia's hotel sector, customer satisfaction was directly affected by service quality. Saleem and Raja (2014) concurred that client happiness in Pakistan's five-star hotels is highly influenced by service quality. In a separate study, Minh et al. (2015) investigated the impact of service quality on guest satisfaction in three-star hotels in Vietnam. Strong service quality guarantees increased client satisfaction and a greater likelihood of business continuity. Consumers dissatisfied with a business's level of service are unlikely to patronize it again. Additionally, they may express their displeasure to others, which can damage the company's standing in this regard.

H₃: Customer satisfaction is highly influenced by service quality at KFC restaurants in Inner Mongolia, China.

2.4 Mediating effect of customer satisfaction on the relationship between service quality and customer loyalty

While customer satisfaction is a crucial determinant of customer loyalty, it also mediates the relationship between service quality and customer loyalty, as previously indicated (Agarwal & Dhingra, 2023; Mugova et al., 2025). Priporas et al. (2017) found that satisfaction partially mediated the relationship between service quality and loyalty among tourists in Thailand. Furthermore, Su et al. (2016) noted that the relationship between Chinese hotel visitors' loyalty and perceived service quality can be mediated by satisfaction. Furthermore, Namin (2017) demonstrated that customer satisfaction is the sole variable capable of attenuating the influence of enhanced service quality on customers' behavioural intentions within the restaurant industry. Drawing from the aforementioned discourse, the present study posits that customer satisfaction positively mediates the nexus between customer loyalty and perceived service quality.

H₄: Customer satisfaction positively mediates the impact of service quality on customer loyalty and vice-versa at KFC restaurants in Inner Mongolia, China.

3 Methodology

3.1 Research design

This research used a questionnaire to explain the study's purpose and goals to participants. The responses from the questionnaire were then used to assess the proposed hypotheses. All variables were measured by items developed from the literature and were used to construct a complete questionnaire. The research objectives were thus achieved using a deductive approach. This approach entails formulating hypotheses from the existing body of theory (Graneheim et al., 2017).

3.2 Instrument development

For this study, the questionnaire items were crafted by drawing from previous research findings. The questionnaire was bifurcated into two sections. The initial segment comprised eight queries on respondents' demographic details, including gender, age, nationality, educational background, marital status, profession, income level, and

frequency of visits to KFC outlets. The second segment of the questionnaire comprised 35 items distributed across three categories: service quality (12 items), customer satisfaction (12 items), and customer loyalty (11 items). The items for these constructs were sourced from various studies, including those by Gawuna (2019), Al-Rousan and Mohamed (2012), De Leaniz and Del Bosque Rodríguez (2016), and Karim (2020). Since the data collection was targeted in Inner Mongolia, the questionnaire was initially drafted in English and then translated into Chinese and Mongolian to accommodate the local population. A five-point Likert scale was implemented to gauge responses for this section, with options ranging from “strongly disagree” (assigned a value of 1) to “strongly agree” (assigned a value of 5), with “disagree,” “neutral,” and “agree” as intermediate points.

3.3 Data collection

Surveys were administered to customers at KFC outlets in Ulanhot City, Hohhot City, Baotou, Chifeng, and Tongliao, Inner Mongolia, in November and December 2024. The researchers obtained the restaurant management’s permission to collect customer data. The convenience sampling method was employed to collect 390 responses using face-to-face and online surveys. However, 37 responses were omitted from the analysis; 24 of these had the same responses to all Likert-scale questions, while 13 of the responses were incomplete.

Of the 390 responses, 353 were considered valid after data refinement and were further analysed. The author used SPSS version 26 to analyse the data collected in the present research. Demographic attributes were analysed using frequencies and percentages, and the instrument’s reliability tests were conducted to confirm that all constructs were reliable and free of random error. For the current research, the hypotheses were tested using correlation, multiple regression, and coefficient analyses.

4 Data Analysis and Results

4.1 Reliability analysis

Cronbach’s alpha is a recognized measure of internal consistency reliability for a survey instrument. According to Kline (2015), a coefficient alpha of 0.7 or higher indicates reliability. This study used Cronbach’s alpha to assess the internal reliability of the three constructs

Table 1: Cronbach’s alpha coefficients for all constructs

Construct	Cronbach’s alpha (α)	Number of items
Service quality	0.974	12
Customer satisfaction	0.962	12
Customer loyalty	0.966	11
Overall	0.955	35

within the survey questionnaire. With estimates ranging from 0.962 to 0.974, above the recommended threshold of 0.70 (Pallant, 2020), the results, as depicted in Table 1, demonstrate that all measures possess adequate reliability. Churchill (1979) interprets such findings as indicating that the measurements are free from random error, with the reliability coefficients serving as an estimate of the systematic variance. Furthermore, a very high Cronbach’s alpha value of 0.955 was found overall; a higher Cronbach’s alpha signifies consistency across all items, and a high Cronbach’s alpha score for the entire scale signifies the attainment of convergent validity.

4.2 Descriptive Analysis

Table 2 presents the descriptive statistics of the 353 survey participants. Within the sample, 50.1% of the participants were men and 49.9% were women. Most respondents were aged 18–24, with those aged 25–34 forming the second-largest group. The majority were Mongolian nationals, with smaller groups from China, Korea, Japan, and other countries. In terms of education, most participants had a Bachelor’s degree or higher, while others held vocational, high school, postgraduate, or lower-secondary qualifications.

Most respondents worked as executives or managers (149), followed by students (72), unemployed individuals (64), vocational workers (33), homemakers (21), and retirees (14). In terms of yearly income, the largest group earned less than RMB 20,000, with others falling mainly within the RMB 20,001–40,000 and RMB 90,000–110,000 ranges. Regarding visit frequency, 64 respondents visited KFC every three months, 61 visited monthly, and 60 visited every six months. Additionally, 34 respondents reported that they do not consume any KFC products at all.

4.3 Correlation analysis

Correlation analysis was utilized in this study because it can both account for the joint variation of two measures and assess the closeness of their relationship (Churchill, 1995;

Table 2: Demographics of the study (n = 353)

Variable	Category	Frequency (F)	Percentage (%)
Gender	Male	177	50.1
	Female	176	49.9
Age	18 – 24	144	40.8
	25 – 34	108	30.6
	35 – 44	52	14.7
	45 – 54	29	8.2
	55 and above	20	5.7
	Mongolia	260	73.7
Nationality	China	69	19.5
	Korea	9	2.5
	Japan	7	2.0
	Others	8	2.3
Education	Below High school	46	13.0
	High school or equivalent	43	12.2
	Vocational degree	44	12.5
	College	89	25.2
	Bachelor's degree	90	25.5
	Postgraduate	41	11.6
Profession	Employed	149	42.2
	Vocational job	33	9.3
	Unemployed	64	18.1
	Retired	14	4.0
	Student	72	20.4
	Homemaker	21	5.9
Yearly Income	Under RMB 20,000	95	26.9
	RMB 20,001 – RMB 30,000	47	13.3
	RMB 30,001 – RMB 40,000	49	13.9
	RMB 40,001 – RMB 50,000	35	9.9
	RMB 50,000 – RMB 70,000	33	9.3
	RMB 70,000 – RMB 90,000	21	5.9
Frequency of visits	RMB 90,000 – RMB 110,000	45	12.7
	RMB 110,000 or above	28	7.9
	Daily	37	10.5
	Weekly	48	13.6
	Monthly	61	17.3
	Every 3 months	64	18.1
	Every 6 months	60	17.0
	Once a year	49	13.9
	Never	34	9.6

Pallant, 2020). Correlation analysis was used to explore the relationship between the dependent variable of customer loyalty and the independent variables of service quality and customer satisfaction. The outcomes of the correlation analysis, as presented in Table 3, are statistically significant at the 0.01 level. Upon scrutinizing the correlation coefficient matrix among the study's variables, none of the coefficients exceed 0.90. The presence of a substantial positive correlation between the variables substantiates the discriminant validity of the study, as per Amick and Walberg (1975), and confirms the distinctiveness of each construct.

Table 3: Correlation of the study

Scales	1	2	3
Service quality	1		
Customer satisfaction	0.786**	1	
Customer loyalty	0.680**	0.753**	1

**Correlation is significant at the 0.01 level (2-tailed).

This indicates that, while the variables are related, they are not highly correlated enough to be indistinguishable. This is crucial for establishing the validity of the study's measures.

4.4 Regression analysis

The researchers conducted a regression analysis to test the study's hypotheses. This statistical method allowed them to examine the extent to which service quality and customer satisfaction predicted variations in customer loyalty. Multicollinearity is a problem that can occur when running regression tests. This is the degree to which a particular variable can be explained by the analysis's other factors. According to Zhang (2009), multicollinearity occurs when multiple independent variables exhibit "high" correlation. By examining the correlation matrix, the values and tolerances of the Variance Inflation Factor (VIF), and the correlation matrix itself, a multicollinearity test was carried out in the analysis. Standardized data is considered to have negatively impacted collinearity if the VIF is 10 or higher and the tolerance is less than 0.2 or 0.1 at the same time.

The Durbin-Watson statistic is utilized to assess the presence of residual autocorrelation in a regression model. It is a valuable tool for diagnosing issues related to independence of errors — a fundamental assumption in regression analysis. A Durbin-Watson value close to 2.0 typically indicates no significant autocorrelation in the residuals, while values significantly below or above 2.0 may suggest either positive or negative autocorrelation, respectively. This test is crucial for ensuring the robustness and reliability of the regression model's results. The value ranges from 0 to 4, with 2 as the scale's midpoint. For independent observation, it should be 1.5-2.5 (Zhang, 2009).

The regression analysis shown in Table 4 used customer loyalty as the dependent variable, with service quality and customer satisfaction as the independent variables. This analytical approach was essential for predicting the influences on customer loyalty. The regression coefficient indicated that service quality ($\beta = 0.993$) and customer satisfaction ($\beta = 0.500$) had a significant positive influence on customer loyalty. The effect of SQ on CL was

substantial and significant ($\beta = 0.993$, $p < 0.001$), as depicted in Table 4. Moreover, the VIF was below the threshold of 3, and the Durbin-Watson statistic was 1.415, implying that multicollinearity — a condition where predictor variables in multiple regression are highly correlated — was not a concern in this analysis. The R-squared (R^2) value of 0.482 indicates that 48.2% of the variance in customer loyalty is explained by the model, which includes service quality and customer satisfaction. The F-value of 64.629, coupled with a p-value of less than 0.001, indicates that the model is statistically significant, and that the relationship between the variables is not due to chance.

The regression analysis shown in Table 5 examined the influence of service quality on customer satisfaction. The regression coefficient indicated that service quality had a significant positive influence on customer satisfaction (0.8169). The effect of SQ on CS was substantial and significant ($\beta = 0.8169$, $p < 0.001$). The model explains 61.7% of the variance in customer satisfaction ($R^2 = 0.6174$). This indicates that higher service quality strongly increases customer satisfaction.

4.5 Mediation Analysis

The mediation analysis was conducted using PROCESS Macro Model 4 (Hayes, 2022) to examine whether customer satisfaction (CS) mediates the relationship between service quality (SQ) and customer loyalty (CL). Bootstrapping with

5,000 samples and 95% confidence intervals was employed to test the significance of the indirect effects. The study sample was comprised of 353 individuals.

Table 6 presents the use of a regression model to examine the influence of service quality and customer satisfaction on customer loyalty. The coefficient for customer satisfaction on customer loyalty was 0.624, while the service quality was 0.260, indicating a moderate effect. Both coefficients had a p-value of 0.000, confirming their statistical significance. This shows that service quality and customer satisfaction also had a significant direct effect on loyalty in this model. The model explained 58.8% of the variance in customer loyalty ($R^2 = 0.5877$), demonstrating that customer satisfaction is an important predictor of loyalty, even when controlling for service quality.

Upon further analysis, the study concluded that the direct effect of service quality on customer loyalty was 0.77 (Table 7). Before including the mediator, service quality had a substantial and significant total effect on customer loyalty ($\beta = 0.7700$, $p < 0.001$). This confirms that service quality is a strong driver of customer loyalty before accounting for customer satisfaction.

Customer satisfaction was found to have a direct impact on customer loyalty ($\beta = 0.2603$), while service quality had an indirect effect ($\beta = 0.5097$). The 95% bootstrap confidence interval for the indirect effect did not include zero (LLCI = 0.3878, ULCI = 0.6329), confirming significant mediation. This indicates that the influence of service quality on customer loyalty is not absolute but relative.

Table 4: Regression analysis

Dependent variable: customer loyalty						
Independent variables	β	t-value	p-value	Tolerance	VIF	Hypothesis
Service quality	0.993	14.516	0.000	0.452	2.212	H1 – Significant
Customer satisfaction	0.500	7.790	0.000	0.452	2.212	H2 – Significant

Notes: Durbin-Watson = 1.415, $R^2 = 0.482$, $F = 64.629$, $p \leq 0.001$

Table 5: Regression analysis

Dependent variable: customer satisfaction				
Independent variable	β	t-value	p-value	Hypothesis
Service Quality	0.8169	23.799	0.000	H3 – Significant

Notes: $R^2 = 0.6174$, $F = 566.419$, $p \leq 0.001$

Table 6: Regression Analysis

Dependent variable: customer loyalty			
Independent variables	β	t-value	p-value
Customer Satisfaction	0.624	10.323	0.000
Service Quality	0.260	4.141	0.000

Notes: $R^2 = 0.587$, $F = 249.494$, $p \leq 0.001$

The final coefficient suggests that there is limited evidence to support a mediating role for customer satisfaction between loyalty and service quality, implying that while customer satisfaction plays a part, it may not be the primary mediator in this context.

The results show that customer satisfaction mediates the relationship between service quality and customer loyalty (H_4). Specifically, a large portion of service quality's impact on loyalty occurs indirectly through customer satisfaction ($\beta = 0.5097$). The remaining direct effect ($\beta = 0.2603$) is still significant, but much smaller than the total effect ($\beta = 0.7700$). This indicates partial mediation, as service quality partly increases customer loyalty by improving customer satisfaction. However, service quality also directly influences loyalty independent of satisfaction. Although customer satisfaction significantly mediates the relationship between service quality and customer loyalty, the significant remaining direct effect shows that satisfaction is not the sole nor the dominant mediator. Service quality influences loyalty both directly and through satisfaction. Therefore, while customer satisfaction plays an important role, other factors may also contribute to how service quality translates into customer loyalty.

5 Discussion

This study examined the moderating role of customer satisfaction in the relationship between service quality and customer loyalty and evaluated how service quality

influences customers' levels of satisfaction and loyalty. The initial hypothesis, formulated in response to the first research inquiry, suggested a positive and significant relationship between service quality and customer satisfaction. The outcomes of this study were largely consistent with those of other analogous studies, substantiating the hypothesis that there is a positive correlation between customers' perceptions of service quality and their satisfaction levels. This corroborates findings from previous studies by Farooq et al. (2018), Garg and Kumar (2017), Minh et al. (2015), and Nguyen et al. (2018).

Banki et al. (2016) emphasized that enhanced service quality is a pivotal factor in determining customer satisfaction, especially in the fast-food industry in Inner Mongolia amid intense competition. This underscores the importance of service quality as a key differentiator that can significantly impact customer satisfaction in a competitive market. This means that guests are expected to be satisfied with KFC's services, which enhances their experience by exceeding expectations.

The study's second research goal was to determine the relationship between customer loyalty and satisfaction. In alignment with the research question, a hypothesis was thus formulated, positing that customer satisfaction is strongly and positively associated with loyalty. This hypothesis was designed to explore the extent to which satisfied customers are likely to exhibit loyalty towards a brand or business. Customer satisfaction was defined as meeting customers' needs with a joyous gastronomic experience (Oliver, 1999). On the other hand, repeat customers also

Table 7: Regression analysis

Dependent variable: customer loyalty			
Independent variable	β	t-value	p-value
Service Quality	0.7700	17.369	0.000

Notes: $R^2 = 0.4622$, $F = 301.6823$, $p \leq 0.001$

Table 8: Total, direct and indirect effects

Total effect of SQ on CL					
Effect	SE	t	p	LLCI	ULCI
0.7700	0.0443	17.3690	0.0000	0.6828	0.8572
Direct effect of SQ on CL					
Effect	SE	t	p	LLCI	ULCI
0.2603	0.0628	4.1415	0.0000	0.1367	0.3839
Indirect effect of SQ on CL					
Effect	Boot SE	BootLLCI	BootULCI		
CSall	0.5097	0.0626	0.3878	0.6329	

strongly believe in a specific product or service, implying constant use, access, and communication about it to others. As a result, the empirical results of this study on the relationship between consumer satisfaction and loyalty-triggering factors validate previous research (Garg & Kumar, 2017; Han et al., 2018; Lin et al., 2023; Yulisetiari & Mawarni, 2021). The existing market developments in the restaurant-business environment are driving changes in business strategies aimed at improving service quality. This empirical finding suggests that if restaurants have gone out of their way to meet the needs of their clientele's needs, guests may be pleased, implying a positive attitude on their part.

The research findings provide ample support for this study's third hypothesis, which posits that KFC service quality and customer loyalty exhibit a strong positive correlation, as observed in Inner Mongolia, China. Consistent with other research (Priyo et al., 2019; Lee et al., 2018; Priporas et al., 2017), the present study finds a strong positive relationship between customer loyalty and service quality. The results indicate that patrons' expectations regarding the service quality offered by KFC are met during their actual dining experience, and this alignment is potent enough to foster loyalty among customers.

The mediation analysis conducted using PROCESS Model 4 provides strong statistical support for Hypothesis 4. The results show that service quality (SQ) has a significant positive effect on customer satisfaction (CS), with a high coefficient ($\beta = 0.8169$, $p < .001$). In turn, customer satisfaction significantly predicts customer loyalty (CL) ($\beta = 0.6240$, $p < .001$). When both service quality and customer satisfaction are included in the model predicting customer loyalty, the direct effect of service quality on loyalty decreases substantially from the total effect of $\beta = 0.7700$ to the direct effect of $\beta = 0.2603$, though it remains significant. This reduction indicates partial mediation.

The indirect effect of service quality on loyalty through satisfaction is statistically significant (indirect effect = 0.5097, BootLLCI = 0.3878, BootULCI = 0.6329). Because the bootstrap confidence interval does not include zero, this confirms that the mediation effect is robust. These findings clearly demonstrate that customer satisfaction plays a substantial mediating role between service quality and customer loyalty. In other words, improvements in service quality enhance customer satisfaction, which then leads to stronger customer loyalty. This aligns with prior studies by Namin (2017), Priporas et al. (2017), and Su et al. (2016), which have similarly identified satisfaction as a key mechanism linking service quality to loyalty.

6 Conclusion

The empirical data from this work support the present study's valuable contribution to the literature, especially in the area of customer loyalty. In the context of KFC restaurants in Inner Mongolia, China, sufficient studies have been conducted on the cross-sectional relationship between customer satisfaction and the mediating role of service quality in customer loyalty. Hence, this study successfully attains all the objectives and hypotheses developed during the investigation. The study found that service quality influenced the extent of customer loyalty; that customer loyalty depended on customer satisfaction; and that customer satisfaction mediated the relationship between service quality and customer loyalty. The study also found that customer loyalty and satisfaction are positively correlated — as are service quality and customer satisfaction — and that an organization's service quality has a positive, direct link with customer loyalty. Moreover, a comprehensive analysis of the whole mediation project unequivocally demonstrates that service quality significantly influences the customer loyalty coefficient.

6.1 Practical implications

Given that restaurant businesses operate in highly competitive, rapidly evolving environments, sustained customer affinity for specific aspects of the dining experience is particularly significant and valuable to restaurant managers. This research revealed that loyalty is a relative concept that can be better fostered if restaurants pay attention to factors that improve service and client satisfaction. This work will likely inform management on how the restaurants can enhance the value they provide to consumers. Consequently, it provides practical insights into customer loyalty in restaurant organizational settings within its scope. Management should understand that service quality is a critical factor that ensures achievement and ultimately promotes an organization's survival. According to the survey results, service quality positively influences restaurant customers' satisfaction and loyalty, underscoring the importance of maintaining this standard. Given that the service is to be performed by the employees, they must maintain respect and professionalism for their guests. Naturally, they should familiarise themselves with all their offerings and always provide competent customer service.

There must also be a commitment to quality within the food and beverage production and service areas of the organizations in the market because of the intense competition in the fast-food restaurant business and the reputation

of fast-food restaurant services as a product. Hence, it becomes necessary for managers, particularly KFC fast-food managers, to segment restaurants from other market players. Once customers form a favourable perception of a restaurant's image, other factors, such as service quality and satisfaction, tend to be easier to manage, thereby improving customer retention and, consequently, customer loyalty.

6.2 Limitations

As with other studies related to this work, this study has limitations. First, this study's observations were conducted directly in Inner Mongolia, China; due to the region's diverse ethnic groups and cultures, as well as its varied food practices, they could even reflect the broader portrait of China. Nevertheless, there are gaps in understanding consumer behaviour and consumer-centred studies that could pose a challenge for researchers when citing Inner Mongolian consumer data. The present study focused solely on KFC restaurants in Inner Mongolia, and other fast-food restaurants were omitted. Additionally, this study was conducted in a restricted population. More time and budget could have led to a larger population, which could have equally affected the study outcomes. Finally, the research used a cross-sectional survey, which offers a much shorter time perspective, compared to a longitudinal design, which could have accommodated aspects such as loyalty or satisfaction over time and in response to economic or managerial changes.

6.3 Future research directions

The various limitations identified in this study provide direction for subsequent research endeavours. Future research could entail a cross-sectional survey of two or more fast-food establishments, such as KFC, McDonald's, and/or a local fast-food establishment. Further studies could focus on a census of China's service quality and customer satisfaction levels across a broader sample, and could employ a survey or other qualitative or mixed methods.

Bionotes

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Appendix 1

Service Quality

1. Services operate at a convenient time.
2. A variety of food and beverages meet guests' needs.
3. Equipment and facilities are generally clean.
4. The restaurant staff deals with guests in a caring fashion.
5. The staff are sympathetic and reassuring when the customers have problems.
6. The restaurant staff provides individual attention.
7. The employees have the knowledge to answer guests' questions.
8. The restaurant employees are polite and courteous.
9. The restaurant meets its promised timeframes for service.
10. The staff takes the correct order.
11. Employees are polite.
12. Employees can answer the customers' questions correctly.

Customer satisfaction

1. The food quality is consistently delicious.
2. KFC offers fresh food.
3. The food aroma is enticing.
4. The food presentation is visually appealing/attractive.
5. The food price is consistently cheaper.
6. The fried chicken is worth the price.

7. The food price influences my satisfaction.
8. The food combo at KFC is cheaper than at other fast-food restaurants.
9. The restaurant offers attractive interior design and decor.
10. The background music in KFC is pleasing.
11. The restaurant lighting is comfortable.
12. The restaurant has a pleasant environment for me to enjoy my food.

Customer loyalty

1. I prefer KFC because it has many varieties compared to other fast-food restaurants.
2. I prefer KFC because the price is more economical compared to other fast-food restaurants.
3. I prefer KFC because the food quality is outstanding.
4. I intend to continue purchasing KFC food in the future.
5. I always pay close attention to KFC products and promotions.
6. I will purchase my favourite dish at KFC whenever I crave fast food.
7. I intend to recommend KFC to my friends and family.
8. I seldom consider switching to another fast-food restaurant other than KFC.
9. I always use the KFC online ordering service to order fast food.
10. As long as the KFC online ordering service works, I will not change to another fast-food online order service.
11. I am a loyal customer of KFC.