



Service Quality and Gen Z Consumer Loyalty: The Mediating Role of Satisfaction

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ABSTRACT: This study aims to examine the mediating role of satisfaction in the relationship between service quality and consumer loyalty. The research subjects were Generation Z consumers living and working in Ho Chi Minh City. Structural equation modeling (SEM) analysis was employed to test the research model and hypotheses using SmartPLS software. The findings indicate that service quality positively influences both satisfaction and loyalty. In addition, satisfaction plays a mediating role in the relationship between service quality and loyalty. Based on the research results, the study proposes several managerial implications to enhance consumer loyalty in the food distribution sector.

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INTRODUCTION

With the rapid development of technology, the food delivery service industry in Vietnam in general and in Ho Chi Minh City in particular has experienced significant growth, creating a highly competitive environment among food delivery and distribution companies as well as online food businesses. To enhance consumer satisfaction and loyalty, food service businesses must pay attention to various factors. In general, consumers are highly concerned with the quality of service they receive throughout the process of purchasing and consuming a company's products and services.

From a theoretical perspective, the relationships among service quality, consumer satisfaction, and loyalty have been extensively examined across various sectors (Supriyanto et al., 2021; Diwayanti et al., 2026; Gunawan et al., 2026). Nevertheless, the findings regarding these relationships remain inconsistent. Some studies suggest that the relationship between service quality and loyalty has not yet been clearly established (Diwayanti et al., 2026), while others argue that service quality is a crucial predictor of loyalty (Ngo & Nguyen, 2016). Furthermore, these inconsistencies may be explained by the mediating mechanisms underlying the relationship between service quality and loyalty. One of the most important mediating factors is consumer satisfaction. Therefore, consumer satisfaction is considered a critical component in business models related to service-oriented industries.

In Vietnam, several studies have investigated satisfaction and loyalty in different sectors; however, research on food delivery services targeting Generation Z consumers remains limited and requires further development and refinement. Therefore, in order to contribute to the existing body of literature, this study continues to examine the effects of service quality and satisfaction on the loyalty of Generation Z consumers, with samples collected in Ho Chi Minh City. The structure of the study consists of the following sections: (1) Introduction, (2) Literature Review, (3) Research Methodology, (4) Research Findings, and (5) Conclusion.

THEORETICAL BACKGROUND

Service quality and Customer satisfaction

The relationship between service quality and satisfaction has been explained through various theoretical perspectives, among which the most prominent is the Expectation Confirmation Theory (ECT). According to ECT, consumer satisfaction after purchase and the intention to continue using a service are based on the comparison between customers' initial expectations and their actual experiences (Oliver, 2014; Esagala & Ntale, 2026). Accordingly, service quality and customer satisfaction reflect evaluations of actual performance relative to prior expectations. When the perceived service quality meets or exceeds expectations, consumers develop positive perceptions, which in turn foster consumer loyalty. Conversely, negative perceptions

arising from unmet expectations may weaken customer loyalty. Overall, ECT is considered a fundamental theoretical framework for establishing the relationships among service quality, satisfaction, and loyalty as the dependent variable (Albtoosh & Ngah, 2024; Esagala & Ntale, 2026).

Numerous studies have confirmed that when customers perceive a high level of service quality, they become more pleased and their level of trust increases, thereby enhancing their satisfaction (Bisimwa et al., 2019; Esagala & Ntale, 2026). In general, the positive impact of service quality on customer satisfaction has been validated across various studies in different sectors (Ngo & Nguyen, 2016; Supriyanto et al., 2021). Therefore, the study proposes the first hypothesis as follows:

Hypothesis H1: Service quality (Q) has a positive effect on customer satisfaction (S).

Service quality and Customer loyalty

The relationship between service quality and loyalty remains controversial in practice. Some previous studies have argued that service quality does not directly influence loyalty (Diwayanti et al., 2026). This can be explained by the fact that although service quality is an important factor, its effect on loyalty may occur indirectly through mediating mechanisms such as perceived value or customer satisfaction. In contrast, many studies have suggested that service quality is a crucial determinant in fostering customer loyalty. For instance, studies conducted by Ngo and Nguyen (2016), Supriyanto et al. (2021), and Esagala and Ntale (2026) all confirmed that service quality is an essential component in strengthening customer loyalty. Therefore, the study proposes the following hypothesis:

Hypothesis H2: Service quality (Q) has a positive effect on customer loyalty (L).

Customer satisfaction and Customer loyalty

Satisfaction and loyalty have been confirmed as having a positive relationship and have been validated in numerous previous studies, particularly within loyalty models (Oliver, 2014). This relationship suggests that once customers are satisfied, they are more likely to become loyal. Customer loyalty is understood as the ultimate outcome of the cumulative experiences that customers have with a business (Ngo & Nguyen, 2016). Previous studies have argued that customer satisfaction serves as a prerequisite for loyalty in service contexts. Supriyanto et al. (2021) also found that service quality significantly influences both satisfaction and loyalty. In addition, satisfaction is considered to play a mediating role in the relationship between service quality and customer loyalty (Surahman et al., 2020). Therefore, the study proposes the hypothesis:

Hypothesis H3: Satisfaction has a positive effect on customer loyalty.

Hypothesis H4: Satisfaction plays a mediating role in the relationship between service quality and loyalty.

The proposed research model is presented in Figure 1.

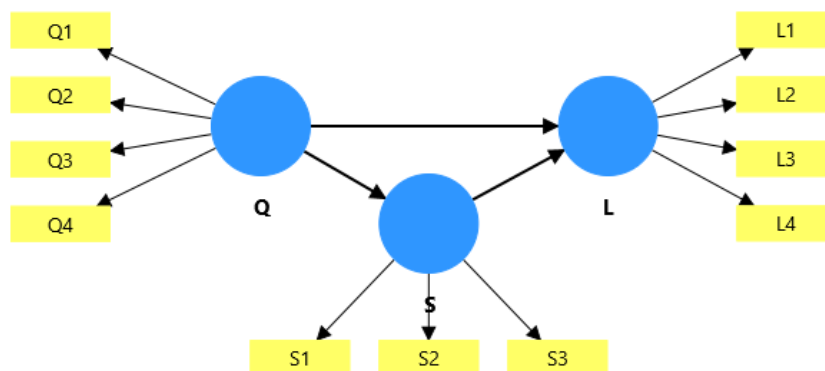


Figure 1: Proposed Research Model

METHODOLOGY

This study selected Generation Z consumers as the target respondents. The sample was collected using a convenience sampling method, and Ho Chi Minh City was chosen as the survey location because it is the largest economic hub in Vietnam, making it suitable for the context of the food distribution industry. The measurement scales used in this study, including “Service Quality (Q),” “Satisfaction (S),” and “Loyalty (L),” were adapted from previous studies by Ngo and Nguyen (2016), Supriyanto et al. (2021), and Elsiana and Maradona (2024). All constructs were measured using a five-point Likert scale, where 1 represented “strongly disagree” and 5 represented “strongly agree.”

After being refined linguistically, the scales were pilot tested to assess the clarity of the questionnaire items and the reliability of the measurement scales. Subsequently, the official survey was conducted, and the final sample size used for analysis consisted of 201 observations. After data cleaning, analyses of scale reliability, outer loadings, VIF, CR, and AVE were performed. Structural Equation Modeling (SEM) analysis using SmartPLS software was then employed to test the research hypotheses. The SEM evaluation criteria applied in this study were based on the recommendations proposed by Hair et al. (2014).

RESULTS AND DISCUSSION

The results of the sample analysis indicate that 46.8% of the respondents were male and 53.2% were female, all belonging to Generation Z (born between 1997 and 2012). In terms of educational background, the majority held undergraduate degrees (81.5%), while 18.5% had postgraduate qualifications. Regarding monthly income, 27.4% of respondents earned between VND 10 and 15 million, 20.3% earned between VND 15 and 20 million, 8.9% earned more than VND 20 million, while 43.3% earned less than VND 10 million per month. Overall, the sample distribution was considered relatively appropriate for the Generation Z population.

The reliability analysis showed that all three constructs, namely “Service Quality,” “Satisfaction,” and “Loyalty,” achieved acceptable levels of reliability. Specifically, the Cronbach’s alpha coefficient for the service quality scale was 0.843, while the satisfaction scale achieved a coefficient of 0.882, and the loyalty scale demonstrated a reliability coefficient of 0.907. Therefore, all of these indicators satisfied the recommended thresholds proposed by Hair et al. (2014). Further analysis of the outer loadings also indicated satisfactory results. In addition, the CR and AVE values of all constructs exceeded the minimum thresholds recommended by Hair et al. (2014). Table 1 presents the analytical results of the study.

Table 1: CR, AVE and Cronbach’s Alpha Analysis

Variables	Items	Outer loadings	CR	AVE	Cronbach’s Alpha
Service Quality (Q)	Q1	0.806	0.851	0.679	0.843
	Q2	0.852			
	Q3	0.839			
	Q4	0.798			
Customer Satisfaction (S)	S1	0.898	0.883	0.808	0.882
	S2	0.891			
	S3	0.908			
Customer Loyalty (L)	L1	0.854	0.909	0.783	0.907
	L2	0.857			
	L3	0.896			
	L4	0.929			

The results presented in Table 2 show the HTMT and Fornell–Larcker coefficients. In addition, the analysis indicated that all VIF values met the acceptable thresholds. The study also examined the issue of common method bias, and the findings revealed that common method bias did not pose any significant problem in this research.

Table 2. Fornell -Larcker Criterion

Variables	L	Q	S
L	0.885		
Q	0.347	0.824	
S	0.684	0.363	0.899

Hypothesis Testing

The hypothesis testing results indicate that Hypothesis H1 was supported, with a beta coefficient of 0.363 and $p < 0.001$. This finding demonstrates that “service quality” positively influences the “satisfaction” of Generation Z consumers. When Gen Z consumers perceive service quality to be high, they become more satisfied with the food delivery services provided by businesses. This result is consistent with findings from previous studies conducted in various sectors, such as those by Ngo and Nguyen (2016), Surahman et al. (2020), Supriyanto et al. (2021), and Esagala and Ntale (2026). Therefore, this finding is reaffirmed within the context of the food distribution industry in Vietnam and is also consistent with evidence from other industries.

Similarly, the research results reveal that “service quality” positively affects the “loyalty” of Generation Z consumers, with a beta coefficient of 0.113 and $p < 0.05$. Accordingly, Hypothesis H2 was also supported. This finding is consistent with several previous studies, such as Ngo and Nguyen (2016) and Surahman et al. (2020). However, it differs somewhat from the findings of Esagala and Ntale (2026). One possible explanation is that their study was conducted in a different industry context, whereas the food distribution sector strongly emphasizes service quality, which is considered a core factor influencing customers’ service experiences. Consequently, when service quality is perceived positively, customers become more attached and loyal to the brand they have experienced favorably. In addition, the magnitude of the effect of service quality on loyalty was relatively lower than its effect on satisfaction.

Hypothesis H3, which proposed a positive relationship between satisfaction and loyalty, was also supported, with a beta coefficient of 0.643 and $p < 0.001$. This result has been confirmed in numerous previous studies (Ngo & Nguyen, 2016; Surahman et al., 2020; Supriyanto et al., 2021). The finding further reinforces both the theoretical foundation and empirical evidence suggesting that satisfaction is always an important antecedent of customer loyalty. Generation Z consumers are no exception; once they are satisfied, they are more likely to repurchase or engage in positive word-of-mouth communication about the brand, which represents one of the most important outcomes for service providers.

The mediation analysis further demonstrated that Hypothesis H4 was supported, with a beta coefficient of 0.234 and $p < 0.001$. Overall, service quality was found not only to directly influence loyalty but also to indirectly affect loyalty through the mediating role of satisfaction. In other words, when the quality of food delivery services is highly evaluated by Generation Z consumers, they become more satisfied, which subsequently fosters positive attitudes toward the brand and leads to behavioral outcomes such as brand loyalty. This finding is consistent with previous studies conducted across various sectors, including Ngo and Nguyen (2016), Surahman et al. (2020), Supriyanto et al. (2021), and Elsiana and Maradona (2024). Table 3 presents the results of the direct and indirect path analyses.

In particular, the total effect of service quality (Q) on loyalty (L) was 0.347. The R-squared coefficient for satisfaction (S) was 12.8%, while the R-squared value for loyalty (L) was 47.4%.

Table 3: Results of Hypothesis Testing

Direct effect	β	P-value	Decision
Q ->S	0.363	0.000	Accepted (H1)
Q ->L	0.113	0.038	Accepted (H2)
S -> L	0.643	0.000	Accepted (H3)
Q ->S->L	0.234	0.000	Accepted (H4)

Figure 2 presents the results of the SEM structural model analysis using SmartPLS software.

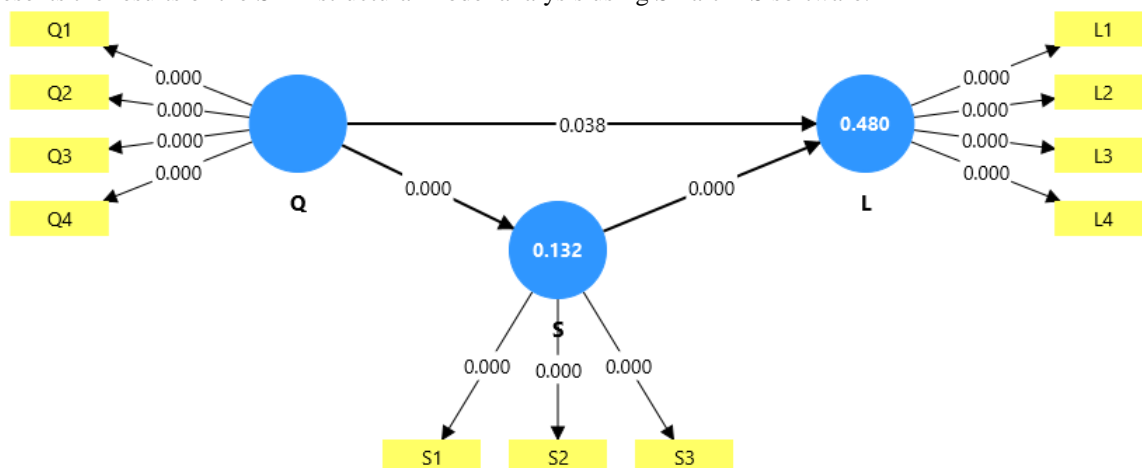


Figure 2: Results of Structural Equation Modeling

CONCLUSION

The objective of this study was to examine the effects of service quality on the satisfaction and loyalty of Generation Z consumers in Ho Chi Minh City, Vietnam. In particular, satisfaction was investigated as a mediating factor in the relationship between service quality and the loyalty of Generation Z consumers within the context of the food consumption industry. Structural Equation Modeling (SEM) analysis was employed to test the research model and hypotheses using a convenience sample of 201 consumers. The findings indicate that service quality directly influences both the satisfaction and loyalty of Generation Z consumers. In addition, satisfaction positively affects loyalty. More importantly, satisfaction was identified as a mediating factor between service quality and loyalty.

These findings provide several important theoretical and practical implications. From a theoretical perspective, the study strengthens existing evidence regarding the relationships among service quality, satisfaction, and loyalty. Furthermore, service quality remains a crucial factor in maintaining loyalty within the food service industry in the Vietnamese context. This finding contributes additional evidence supporting the positive impact of service quality on customer loyalty, a relationship that has previously produced inconsistent results. Whether service quality influences loyalty may depend on the specific research context or the characteristics of different consumer groups.

The findings also provide practical managerial implications for businesses operating in the food industry regarding the importance of service quality. In the food service context, service quality remains one of the most important factors that managers

should prioritize, as it contributes to enhancing consumer satisfaction and, consequently, increasing customer loyalty, particularly among Generation Z consumers. Therefore, strategies aimed at customer retention and loyalty development should primarily focus on improving service quality in order to generate customer satisfaction.

This study also has several limitations that should be addressed in future research. For instance, the sample was collected using a convenience sampling method, and the variables included in the model focused only on service quality and satisfaction, without considering other variables such as perceived value, brand image, or trust, which should be further examined to improve the model's generalizability. Therefore, future studies are recommended to address these limitations.

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