

CUSTOMER LOYALTY MODEL: THE MEDIATION ROLE OF SATISFACTION AND WORD OF MOUTH ON OPERATIONAL EXCELLENCE AND CUSTOMER EXPERIENCE

Abstract:

This study aims to analyze the influence of Operational Excellence and Customer Experience on Customer Loyalty with Satisfaction and Word of Mouth as mediating variables in House of Metamorfit members. This study is motivated by the increasing competition in the fitness services industry, so companies need to understand the factors that can build customer loyalty sustainably. Customer loyalty is not only influenced by the quality of operational services, but also by customer experience and positive communication between customers formed during the process of using the service. This study uses a quantitative approach. Data were collected by distributing questionnaires to House of Metamorfit members who met the research criteria. The number of respondents analyzed in this study was 396 respondents with a sampling technique using purposive sampling. The data analysis method used is Structural Equation Modeling (SEM) based on Partial Least Squares (PLS) with the help of the SmartPLS application. The results of the study indicate that Operational Excellence and Customer Experience have a positive and significant effect on Satisfaction and Word of Mouth. However, Operational Excellence and Customer Experience do not have a significant direct effect on Customer Loyalty. Satisfaction and Word of Mouth are proven to have a positive and significant effect on Customer Loyalty. Furthermore, satisfaction fully mediates the relationship between Operational Excellence and Loyalty, as well as between Customer Experience and Loyalty. Word of Mouth also acts as a mediator in the relationship between Operational Excellence and Customer Experience on Loyalty. The findings of this study indicate that customer loyalty is formed primarily through customer satisfaction and word of mouth communication, which emerges from the customer's service experience. Therefore, companies need to strengthen the quality of the customer experience, maintain consistent operational quality, and encourage positive word of mouth to increase customer loyalty.

Keywords:

Operational Excellence, Customer Experience, Satisfaction, Word of Mouth, Customer Loyalty, PLS-SEM

Introduction:-

The fitness center industry in Indonesia has experienced significant growth as public awareness of healthy lifestyles increases, particularly among millennials and Gen Z . However, national sports development achievements remain relatively low, with a Sports Development Index (SDI) score of 0.334, indicating disparities in access and quality of fitness services across regions. In the fitness services industry, various studies have shown that service quality, store atmosphere, and customer experience significantly influence customer satisfaction and loyalty (Khairiyadi et al., 2024; Jovabzah et al., 2025). Furthermore, word of mouth (WOM) and digital promotions also play a crucial role in influencing customer decisions, particularly among the younger generation (Alfarisi et al., 2025; Pratama, 2025). Technological advancements and increasing competition are driving companies to focus not only on providing facilities but also on the overall quality of the customer experience. In this regard, Operational Excellence is a strategic approach that emphasizes efficiency, service consistency, and continuous improvement through standardization and digital integration (Patil et al., 2025); (Manori et al., 2022)). On the other hand, Customer Experience reflects the overall customer interaction with the service provider that shapes customer perceptions, emotions, and responses to the service (Nyagadza et al., 2025). Theoretically, customer satisfaction is a key factor in shaping loyalty, as explained in the Expectancy-Disconfirmation theory (Oliver, 1999). Satisfied customers tend to make repeat purchases and provide positive recommendations. In this context, WOM acts as a social mechanism that strengthens the relationship between customer satisfaction and loyalty (Abidin et al., 2025); (Sutriani et al., 2024).

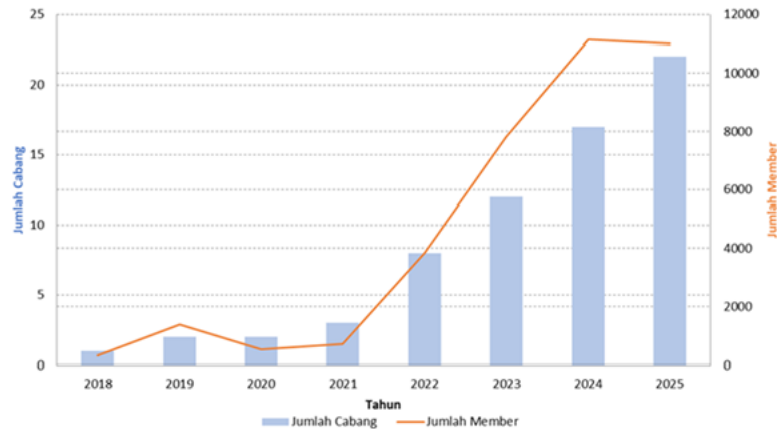


Figure Organization number of branches and members (2018-2025)

Empirical data from PT Metamorfit Raga Sukses (HOM) indicates that significant branch expansion from 2018 to 2025 was followed by an increase in the number of members, reaching over 11,000 in 2024. However, by 2025, there were signs of stagnation or even a decline in the number of members, leading to potential market saturation. Furthermore, the increase in customer numbers was also accompanied by an increase in complaints, particularly regarding instructor quality, facility comfort, and service consistency. This situation indicates a gap between the image of premium service and actual customer experience.

Previous research has shown that service quality and operational performance have a more significant influence on satisfaction and loyalty than brand image alone (Hidayat et al., 2022). This underscores the importance of operational consistency and customer experience in maintaining loyalty, particularly in subscription-based service industries like fitness centers.

However, research that simultaneously integrates Operational Excellence and Customer Experience, particularly considering the mediating role of customer satisfaction and Word of Mouth (WOM) in the Indonesian fitness industry, is still limited. This situation indicates a relevant research gap requiring further investigation.

Based on this description, this study focuses on answering the influence of Operational Excellence and Customer Experience on customer loyalty, both directly and indirectly through customer satisfaction and Word of Mouth (WOM) as mediating variables. Therefore, this study aims to comprehensively analyze the relationship between these variables to provide theoretical contributions to the development of service marketing literature and practical implications for fitness center management in increasing customer satisfaction and loyalty.

2.THEORETICALFRAMEWORK&HYPOTHESES

Customer loyalty is a strategic goal for service companies, including fitness centers, because it contributes to repeat purchases, positive recommendations, member retention, and long-term profitability. Recent research confirms that loyalty does not emerge instantly, but rather is a consequence of the quality of the experience, service performance, operational efficiency, and customer satisfaction (Rane et al., 2023); (A. R. Abidin et al., 2025).

Operational Excellence (OE) reflects an organization's ability to create consistent, efficient, and high-quality service processes. (Okoth et al., 2024c) show that operational efficiency has a positive influence on customer satisfaction and increases service reliability. These findings are supported by (Nur Jalilah et al., 2025), who state that effective and innovative operational processes can increase satisfaction and impact loyalty. Thus, OE plays a role in improving the quality, accuracy of service, and perceived value of service.

Meanwhile, Customer Experience (CX) describes the overall interaction customers experience when receiving service. (Huddin et al., 2024b) and (Saputra et al., 2023) demonstrate that a positive customer experience has a direct influence on satisfaction and loyalty, particularly through perceptions of service, facilities, and digital interactions. In fitness services, factors such as facility comfort, instructor quality, workout atmosphere, and ease of digital services like class booking and payment are crucial elements in increasing member loyalty.

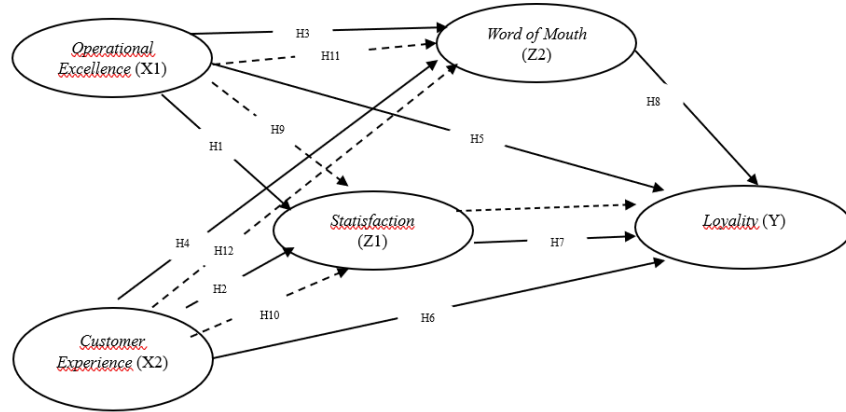
Customer satisfaction is positioned as a key mediator in this study. (Sutriani et al., 2024a) and (Safitri&Widyastuti, 2023a) emphasize that satisfaction is the link between customer experience and loyalty. Customer evaluations of service benefits play a role in driving repeat usage intentions and fostering long-term loyalty. Therefore, OE and CX not only directly influence loyalty but also indirectly through customer satisfaction.

(Kotler & Keller, 2022) also emphasize that satisfaction is a crucial step before forming loyalty. Therefore, both OE and CX not only directly influence loyalty but also indirectly through customer satisfaction.

In addition to satisfaction, this study also included Word of Mouth (WOM) as a second mediator. (Ngoma & Ntale,

2019) showed that WOM mediates the relationship between relationship marketing and customer loyalty through positive recommendations. This finding is supported by (Tjahjaningsih et al., 2022) who proved that WOM mediates the effect of service quality on customer loyalty. Based on this description, the conceptual framework of this study aligns with the title, emphasizing the role of Operational Excellence and Customer Experience on Customer Loyalty, with Customer Satisfaction as a mediator.

HYPOTHESES



FigureHypotheses

Based on the literature, the following hypotheses are proposed:

- H1 : Operational Excellence has a positive effect on customer satisfaction.
- H2 : Customer Experience has a positive effect on customer satisfaction.
- H3 : Operational Excellence has a positive effect on Word of Mouth (WOM).
- H4 : Customer Experience has a positive effect on Word of Mouth (WOM).
- H5 : Operational Excellence has a positive effect on customer loyalty.
- H6 : Customer Experience has a positive effect on customer loyalty.
- H7 : Customer satisfaction has a positive effect on customer loyalty.
- H8 : Word of Mouth (WOM) has a positive effect on customer loyalty.
- H9 : Customer satisfaction mediates the effect of Operational Excellence on customer loyalty.
- H10: Customer satisfaction mediates the effect of Customer Experience on customer loyalty.
- H11: Word of Mouth (WOM) mediates the effect of Operational Excellence on customer loyalty.
- H12: Word of Mouth (WOM) mediates the effect of Customer Experience on customer loyalty.

Methods:-

This study uses a quantitative approach with an associative design to examine the causal relationship between Operational Excellence (OE), Customer Experience (CX), customer satisfaction, Word of Mouth (WOM), and customer loyalty (Sugiyono, 2022). The unit of analysis is active members of House of Metamorfit (HOM) in the Greater Jakarta and Bandung areas. Respondents were selected using a purposive sampling technique with the following criteria: (1) active members for at least 3 months, (2) training frequency of at least 4 times per month, and (3) age ≥ 17 years. The study population was 36,394 members, and the sample size was determined using the Slovin formula (5% error), resulting in 396 respondents. The data used consisted of primary data through a Likert-based questionnaire (1–5) and secondary data from scientific literature. Data collection was carried out online using Google Forms distributed through digital media. Variable measurements refer to indicators that have been validated in previous studies, including: OE (QCDS), CX (sense, feel, think, act, relate), customer satisfaction, WOM, and customer loyalty. Data analysis used the Partial Least Squares – Structural Equation Modeling (PLS-SEM) method with the help of SmartPLS 3 (Hair et al., 2021). The analysis stages include: (1) evaluation of the outer model through validity and reliability tests, (2) evaluation of the inner model through R^2 , and (3) hypothesis testing using a p-value < 0.05 as the significance criterion.

ResultsandDiscussion:-

This research shows that Operational Excellence (OE) and Customer Experience (CX) act as initial factors that increase customer satisfaction and significantly drive positive word of mouth (WOM). Customer satisfaction is formed through the match between service performance and expectations (Oliver, 1980), while a holistic customer

experience strengthens positive evaluations of the service (Lemon & Verhoef, 2016; Saputra et al., 2023). However, OE and CX do not directly influence customer loyalty. Loyalty has been shown to form through a mediating process, with customer satisfaction and WOM being key variables linking operational and experiential quality to loyalty. Satisfaction serves as an evaluative pathway, while WOM serves as a social pathway in strengthening customer relationships with the company (Kotler & Keller, 2022; Hair et al., 2021). Thus, customer loyalty does not emerge instantly from service quality or experience, but rather through a gradual mechanism involving customer satisfaction and positive communication as full mediators.

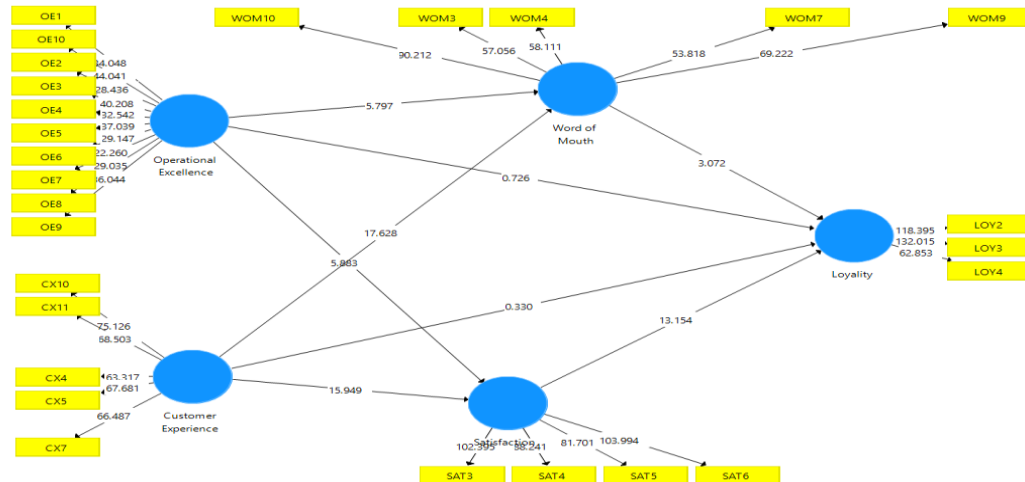


Figure Inner Model Source: SmartPLS3(2026)

TableDirectPathTest

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Customer Experience ->Loyalty	-0,020	-0,018	0,061	0,330	0,742
Customer Experience -> Satisfaction	0,658	0,658	0,041	15,949	0,000
Customer Experience -> Word of Mouth	0,686	0,685	0,039	17,628	0,000
Operational Excellence ->Loyalty	0,029	0,029	0,040	0,726	0,468
Operational Excellence -> Satisfaction	0,262	0,262	0,044	5,883	0,000
Operational Excellence -> Word of Mouth	0,244	0,246	0,042	5,797	0,000
Satisfaction ->Loyalty	0,703	0,702	0,053	13,154	0,000
Word of Mouth ->Loyalty	0,219	0,218	0,071	3,072	0,002

TableIndirectPathTest

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Customer Experience -> Satisfaction ->Loyalty	0,463	0,462	0,044	10,425	0,000
Operational Excellence -> Satisfaction ->Loyalty	0,184	0,184	0,034	5,461	0,000
Customer Experience -> Word of Mouth ->Loyalty	0,151	0,149	0,050	3,011	0,003
Operational Excellence -> Word of Mouth ->Loyalty	0,053	0,054	0,020	2,700	0,007

Source:SmartPLS3(2026)

The test results show that not all relationships meet the significance criteria, where there are relationships with t-statistic values <1.96 and p-values >0.05 , namely on the influence of Customer Experience $\rightarrow$ Loyalty ($T = 0.330$; $P = 0.742$) and Operational Excellence $\rightarrow$ Loyalty ($T = 0.726$; $P = 0.468$) which are declared insignificant; meanwhile, other relationships have t-statistics >1.96 and p-values <0.05 , so they are declared significant, both on direct influences such as Customer Experience and Operational Excellence on Satisfaction and Word of Mouth, as well as the influence of Satisfaction and Word of Mouth on Loyalty, as well as on all indirect influences through mediating variables; thus, these findings indicate that Customer Experience and Operational Excellence have a significant influence on Loyalty, especially through the mediating mechanism of Satisfaction and Word of Mouth, not through a direct path.

Conclusions and Suggestions:-

Summary

This study shows that Operational Excellence (OE) and Customer Experience (CX) have a positive and significant effect on customer satisfaction and Word of Mouth (WOM), indicating that consistent operational quality and positive service experiences can improve customer evaluations while encouraging positive communication between customers. However, OE and CX are not proven to have a direct effect on customer loyalty, so loyalty is not formed directly from service quality or experience, but through an evaluative process. In this case, customer satisfaction and WOM are proven to have a significant effect on loyalty and act as full mediators in the relationship between OE and CX on loyalty. This finding notes that customer loyalty in the fitness services industry is formed through two main mechanisms, namely the evaluative pathway (customer satisfaction) and the social pathway (Word of Mouth).

Suggestions

Based on these findings, companies need to prioritize strategies focused on improving customer satisfaction through

comprehensive service experience management, such as improving the quality of interactions between members, coaches, and staff, creating a comfortable training environment, and ensuring consistent service experiences. Furthermore, strengthening Operational Excellence remains necessary through improving facility cleanliness, equipment readiness and safety, scheduling accuracy, and responding to customer complaints to maintain the perception of service quality. Optimizing Word of Mouth also needs to be done both in person and digitally through referral programs, utilizing customer testimonials, and strengthening social media activities. Academically, further research is recommended to develop the model by adding variables such as trust, perceived value, and emotional attachment, as well as expanding the research object to other service sectors to increase the generalizability of the research results.

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