

## **ABSTRACT**

*The increasingly fierce competition in the banking industry and changes in customer behavior due to the acceleration of digitalization make service quality and product excellence important factors in maintaining customer satisfaction and loyalty. Bank Mandiri Semarang Pemuda Area, as one of the service areas with high transaction activity and customer diversity, needs to ensure that the services and products offered are able to meet customer needs and expectations consistently. This study aims to examine the impact of Service Quality and Product Excellence on Customer Loyalty, mediated by customer satisfaction, in Bank Mandiri Semarang Pemuda Area. This research employs a quantitative methodology utilizing an explanatory approach. The sample comprised 210 active consumers chosen by purposive sampling. The data analysis method employed was SEM-AMOS 25.*

*The study's findings demonstrate that Service Quality significantly enhances Customer Satisfaction (estimate = 0.560;  $p < 0.001$ ). Product Excellence significantly enhances Customer Satisfaction (estimate = 0.246;  $p = 0.029$ ). Service Quality does not significantly influence Customer Loyalty (estimate = 0.034;  $p = 0.802$ ). Conversely, Product Excellence exerts a substantial positive influence on Customer Loyalty (estimate = 0.269;  $p = 0.010$ ). Customer Satisfaction is the strongest variable in shaping Customer Loyalty (estimate = 0.659;  $p < 0.001$ ). The  $R^2$  value shows that Customer Satisfaction can be explained by the model by 60.9%, while Customer Loyalty is by 65.8%.*

**Keywords:** *Service Quality, Product Excellence, Customer Satisfaction, Customer Loyalty.*

