MEDIATING EFFECT OF CUSTOMER SATISFACTION IN ENHANCING CUSTOMER LOYALTY

Renil Septiano¹
Sarjon Defit²
Yulasmi³
Nandan Limakrisna⁴
Lusiana ⁵

ABSTRACT

Objective: The main aim of this study is to investigate the influence of brand image and perceived price on customer loyalty, with a focus on the role of customer satisfaction as a mediating variable.

Theoretical Framework: The provision of car maintenance services is a lucrative business potential in the automotive industry, as consumers have an urgent need to ensure proper care and maintenance of their vehicles. The automotive after-sales market covers a wide range of operations, including many aspects such as post-purchase vehicle maintenance and the last phase of vehicle life. It includes all activities related to spare parts and after-sales service.

Method: The demography being examined comprises the customer base of the Auto2000 West Sumatra workshop. The research study used a sample size of 254 people. The research used a purposive sampling methodology. The data analysis conducted in this study was performed using the SmartPLS software version 3.2.9. SmartPLS is a software application that facilitates researchers in analyzing data to investigate models.

Results and Discussion: The establishment of strong and reliable relationships between consumers and organizations is an important determinant of true client loyalty. Evaluating customer loyalty requires the use of measures centered on customers' propensity to provide recommendations or engage in favorable communications, along with their intention to make repeat purchases and pay higher prices.

Research Implications: Research has significant value for companies in increasing consumer loyalty. The suggested conceptual model aims to improve understanding of how customer loyalty can be improved by integrating the quality of service quality, price fairness, customer happiness, brand image, and trust.

Originality/Value: The management of company models requires a serious approach, as changes can have a significant impact on the way companies operate and generate revenue. To increase the revenue of various companies, research and recommendation systems emerged over the past decade and consist of valuable services.

Keywords: Brand Image, Customer Loyalty, Automotive, Customer Satisfaction.

¹ Sekolah Tinggi Ilmu Ekonomi KBP, Padang, Indonesia. E-mail: renil.lecturer@gmail.com
Orcid : https://orcid.org/0000-0001-7287-1639

² Universitas Putra Indonesia YPTK, Padang, Indonesia. E-mail : sarjon_defit@upiyptk.ac.id
Orcid : https://orcid.org/0000-0001-7538-9274

³ Universitas Putra Indonesia YPTK, Padang, Indonesia. E-mail : yulasmi@upiyptk.ac.id
Orcid : https://orcid.org/0000-0003-0381-474X

⁴ Universitas Persada Indonesia YAI, Jakarta, Indonesia. E-mail: correspondent.author@gmail.com
Orcid : https://orcid.org/0000-0002-7720-6117

⁵ Universitas Putra Indonesia YPTK, Padang, Indonesia. Email : lusiana@upiyptk.ac.id
Orcid : https://orcid.org/0000-0001-8875-5069
EFEITO MEDIADOR DA SATISFAÇÃO DO CLIENTE NO REFORÇO DA LEALDADE DO CLIENTE

RESUMO

Objetivo: O principal objetivo deste estudo é investigar a influência da imagem da marca e do preço percebido na lealdade do cliente, com foco no papel da satisfação do cliente como variável mediadora.

Estrutura Teórica: A prestação de serviços de manutenção automóvel constitui um potencial de negócio lucrativo na indústria automóvel, uma vez que os consumidores têm uma necessidade urgente de assegurar o cuidado e a manutenção adequados dos seus veículos. O mercado pós-venda automóvel abrange uma vasta gama de operações, incluindo muitos aspectos como a manutenção pós-compra de veículos e a última fase da vida do veículo. Inclui todas as atividades relacionadas com as peças sobressalentes e o serviço pós-venda.

Método: A demografia que está a ser examinada inclui a base de clientes da oficina Auto2000 West Sumatra. O estudo de investigação utilizou uma amostra de 254 pessoas. A investigação utilizou uma metodologia de amostragem intencional. A análise de dados efectuada neste estudo foi realizada utilizando o software SmartPLS versão 3.2.9. O SmartPLS é uma aplicação de software que facilita aos investigadores a análise de dados para investigar modelos.

Resultados e Discussão: O estabelecimento de relações fortes e fiáveis entre os consumidores e as organizações é um importante fator determinante da verdadeira lealdade do cliente. A avaliação da lealdade do cliente requer a utilização de medidas centradas na propensão dos clientes para fazerem recomendações ou se envolverem em comunicações favoráveis, juntamente com a sua intenção de fazer compras repetidas e pagar preços mais elevados.


Originalidade/valor: A gestão dos modelos de empresa exige uma abordagem séria, uma vez que as alterações podem ter um impacto significativo na forma como as empresas funcionam e geram receitas. Para aumentar as receitas de várias empresas, os sistemas de pesquisa e recomendação surgiram na última década e consistem em serviços valiosos.

Palavras-chave: Imagem de Marca, Lealdade do Cliente, Sector Automóvel, Satisfação do Cliente.

EFECTO MEDIADOR DE LA SATISFACCIÓN DEL CLIENTE EN EL AUMENTO DE SU FIDELIDAD

RESUMEN

Objetivo: El objetivo principal de este estudio es investigar la influencia de la imagen de marca y el precio percibido en la fidelidad del cliente, centrándose en el papel de la satisfacción del cliente como variable mediadora.

Marco Teórico: La prestación de servicios de mantenimiento del automóvil constituye un lucrativo potencial de negocio en la industria automovilística, ya que los consumidores tienen la imperiosa necesidad de garantizar el cuidado y mantenimiento adecuados de sus vehículos. El mercado de la posventa de automoción abarca una amplia gama de operaciones, que incluyen muchos aspectos, como el mantenimiento del vehículo después de su compra y la última fase de su vida útil. Incluye todas las actividades relacionadas con las piezas de recambio y el servicio posventa.

Método: La demografía examinada comprende la clientela del taller Auto2000 de Sumatra Occidental. El estudio de investigación utilizó una muestra de 254 personas. La investigación utilizó una metodología de muestreo intencional. El análisis de datos realizado en este estudio se llevó a cabo utilizando el software SmartPLS versión 3.2.9. SmartPLS es una aplicación informática que facilita a los investigadores el análisis de datos para investigar modelos.

Resultados y Discusión: El establecimiento de relaciones sólidas y fiables entre los consumidores y las organizaciones es un importante factor determinante de la verdadera fidelidad de los clientes. La evaluación de la
fidelidad de los clientes requiere el uso de medidas centradas en la propensión de los clientes a ofrecer recomendaciones o participar en comunicaciones favorables, junto con su intención de repetir las compras y pagar precios más altos.

**Implicaciones de la investigación:** La investigación tiene un valor significativo para las empresas a la hora de aumentar la fidelidad de los consumidores. El modelo conceptual sugerido pretende mejorar la comprensión de cómo puede mejorarse la fidelidad del cliente integrando la calidad del servicio, la equidad del precio, la felicidad del cliente, la imagen de marca y la confianza.

**Originalidad/Valor:** La gestión de los modelos de empresa requiere un planteamiento serio, ya que los cambios pueden tener un impacto significativo en la forma en que las empresas funcionan y generan ingresos. Para aumentar los ingresos de diversas empresas, en la última década surgieron sistemas de investigación y recomendación que consisten en valiosos servicios.

**Palabras clave:** Imagen de Marca, Fidelidad Del Cliente, Automoción, Satisfacción Del Cliente.

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**1 INTRODUCTION**

Automobiles have evolved into an indispensable requirement within contemporary civilization. The utilization of private automobiles as the predominant or exclusive means of transportation in rural regions is linked to social and cultural concerns (Carroll et al., 2021). Significant disparities in travel patterns and car ownership choices exist between genders, indicating the necessity for additional scholarly investigation and governmental initiatives aimed at addressing the mobility requirements specific to older women (Ahmad et al., 2019). Not all communities have the economic or socio-cultural capital needed to encourage the transfer of modes from private motor vehicles to active modes (Biehl et al., 2019). Land transportation, encompassing individual and commercial automobiles, the predominant mode of transportation, particularly in urban areas undergoing development (Salama & Jabbar, 2022). The platform possesses the capability to efficiently handle multiple time-sensitive demands and offers a diverse range of transportation alternatives, such as utilizing automobiles for passenger transportation (Périvier et al., 2021).

Taking care of the car is important for longer durability. The level of vehicle maintenance required is contingent upon the cumulative distance driven by the vehicle within a recurring time frame, such as days, months, or years (Caban et al., 2019). Damage to vehicle parts can lead to high maintenance costs (Khairallah et al., 2019). Car maintenance deals with fuel consumption and EMI, emissions of pollutants, and international combustion that also impact the environment (Mrozik & Merkisz-Guranowska, 2021). Moreover, the importance of
automobiles in supporting family groups is a prominent issue that should be taken into account (Blumenberg et al., 2022). Car maintenance recording can be done with digital management software (Thacker et al., 2022).

The provision of automobile maintenance services is a lucrative business potential within the automotive industry, as consumers have a pressing need to ensure the proper care and upkeep of their vehicles. The automotive aftermarket encompasses a broad range of operations, including many aspects such as post-purchase vehicle maintenance and the last phase of the vehicle's lifespan. This includes all activities related to spare parts and after-sales services (Hsieh & Zhang, 2022). Manufacturers are inclined to participate in third-party platforms when their operation and maintenance expenses are minimal. However, the rise in share price subsequently results in a subsequent increase in operation and maintenance expenses. On the contrary, the act of selling results in a reduction of operation and maintenance expenses (Mao et al., 2021). When considering the advantages of motorcycles over automobiles, one might highlight the enhanced driving experience, improved parking convenience, and reduced maintenance costs (Will et al., 2021).

The establishment of customer loyalty is crucial in ensuring the sustained operation of a firm after the completion of sales transactions. To improve operational efficiency, organizations in the vehicle after-sales industry must focus on enhancing the precision of demand forecasts, minimizing the lead times associated with supply chains, and the optimization of stock availability (Hsieh & Zhang, 2022). The comfort of vehicle sales, the economic Fit, and the perceived fairness of each significantly affect the resale value (Nasrul & Hamid, 2021). After-sales business activities are very diverse, among others. Exemplary instances of practices include enhancements made to junctions, parks, and pavement initiatives, transforming them into plazas, playgrounds, ciclovia's, and open roadways. The research examined demonstrates the favorable effects on physical activity, active transportation, safety, social contact, capital, and a wider range of benefits. The prevalence of motor vehicle workshops has been steadily rising on an annual basis (Nasrul & Hamid, 2021).

From 2019 to 2021, customer loyalty to the West Sumatra Auto 2000 workshop decreased. The primary objective of business operations is to cultivate and sustain customer loyalty (Iglesias et al., 2018). A favorable reaction engenders a favorable consumer reaction, which therefore promotes customer loyalty. (Islam et al., 2021). Customer loyalty is a vital factor within the realm of marketing science. The establishment of a robust and dependable relationship between the consumer and the organization is a crucial determinant of genuine client loyalty. Evaluating customer loyalty requires the use of measures centered on customers'
propensity to provide recommendations or engage in favorable communications, along with their intention to make repeat purchases and pay higher prices (Mclean, 2020).

Auto 2000 has been unable to ascertain the variables affecting customer loyalty. Customer loyalty is a function of perceived fairness during service failure recovery (Mclean, 2020). Companies must manage the marketing mix well to customers and create customer loyalty. Loyalty circles are so named to emphasize that customer loyalty is built whenever a service meets customer expectations (Sudari et al., 2019). In the pursuit of client loyalty, firms endeavor to identify the optimal components that might effectively foster customer retention (Sudari et al., 2019). Customer loyalty is closely associated with reduced marketing operational costs and enhanced company profitability, which directly affects the results a company achieves. (Raza et al., n.d.).

Identifying the determinants influencing client loyalty is crucial. Previous research has revealed multiple characteristics that play a role in fostering client loyalty, such as customer satisfaction, engagement, and service quality (Abror et al., 2019). Customer loyalty refers to the overt inclination towards a certain firm, characterized by the aim to sustain future purchases from such company and the inclination to expand commercial interactions with it (Bill et al., 2020). The association between a brand or organization and cognitive happiness is known to contribute to the development of client loyalty (Prentice & Nguyen, 2020). The establishment of a favorable price structure has the potential to generate client happiness and foster long-term loyalty (Hult et al., 2019).

Research has significant value for company in enhancing consumer loyalty. A suggested conceptual model aims to enhance the understanding of how customer loyalty may be improved by integrating the qualities of service quality, pricing justice, customer happiness, brand image, and trust (Singh et al., 2021). Customer behavior in buying one-brand products is considered a condition of loyalty based entirely on satisfaction (Othman et al., 2019). Client loyalty to the company, its services and its goods motivates them to demonstrate consistent buying behavior despite the strenuous efforts of competitors to persuade clients to change their buying behavior (Rjoub, 2020). The conduct of regular customers has the potential to shape their requirements for contact and engagement, which subsequently impacts the correlation between value development activities and consumer loyalty (Lee et al., 2018). The attributes that contribute to consumer loyalty towards sellers or services include customers' favorable feedback about logistics service providers that are recognized as the top performers in delivering exceptional service to clients (Lee et al., 2018).
Company revenue can increase through after-sales business. Investors value revenue growth and added value provided by a company's products or services as more important than the track record of the management team (Lee et al., 2018). The management of a company model necessitates a serious approach, as changes may significantly impact how a company operates and generates revenue. To increase the income of different companies, research recommendation systems appeared over the last decade and consisted of valuable services (Niemimaa et al., 2019). Monetary rewards, enterprise scale, enterprise industry, and demographics (year of birth) are the most important features for income classification (Choi et al., 2021).

2 LITERATUR REVIEW

2.1 MARKETING

Marketing is founded around the theory and ideology of the marketing concept, whereby the seller tries to discern and address the wants and aspirations of the target market more effectively than rivals (He & Harris, 2020). The principal aim of marketing is to enhance the quantity and quality of digital business contacts, while concurrently mitigating transaction costs for users and production expenses (Rangaswamy et al., 2020). The utilization of traditional marketing methods in online communities has the potential to enhance the frequency of usage on a weekly basis and entice fresh participants. However, it mostly stimulates consumers' inner motivation to interact with a certain brand (Xi & Hamari, 2020). Marketing, as an academic subject, has shown a commendable history of effectively coordinating and integrating several fields of knowledge in order to propel future objectives (Lim et al., 2021). A well-executed marketing strategy has the potential to generate interest among prospective clients. The fundamental principles of modern marketing revolve around the processes of sales and meeting client demands. The successful understanding of consumer demands, effective consumer engagement, the creation of products that provide better value to customers, and the provision of appropriate pricing, distribution, and advertising strategies are crucial factors that contribute to the increased ease of product sales in the market. (Utami & Supriadi, 2023).

Currently, the field of marketing is seeing a significant transformation due to environmental disturbances and advancements in marketing technology. The aforementioned transformation has significant ramifications for the process of making marketing decisions. Nevertheless, there is a need to do more study about the strategies used by marketing managers.
in effectively navigating the complex, unpredictable, and information-rich contemporary marketing landscape (Nordin & Ravald, 2023). Marketing, as a discipline, is not only a concept but also influenced by prevailing patterns and contemporary strategies for promoting items through the Internet and social media platforms. The utilization of technology and artificial intelligence is employed to facilitate the development of market mastering procedures. The prevailing trajectory of contemporary digital marketing is progressively shifting towards a customer-centric approach, which may be accomplished via various methods and using diverse instruments (Zintso et al., 2023).

In order to drive sales, sellers are required to employ strategically integrated marketing tools and implement distinct marketing strategies tailored to the specific characteristics of different product kinds (Li et al., 2023). In practical application, it is seen that the transition from offline to online platforms is not only limited to the availability of scarce items, but also encompasses the transformation of marketing strategies. Businesses in rural areas often choose online platforms as their preferred means of communication and engagement (Widiastini et al., 2023).

2.2 CUSTOMER LOYALTY (CL)

The concept of consumer loyalty refers to the tendency of customers to consistently engage in repeat purchases or exhibit a strong preference for a particular brand refers to the extent to which customers engage in repeated purchasing actions, possess a positive disposition towards service providers, and demonstrate a preference for these suppliers while seeking services (Sen et al., 2023). Customer loyalty can be conceptualized as the unwavering dedication of a consumer to regularly purchase or subscribe to a favored product or service in consecutive instances, even when faced with situational influences and marketing strategies that may tempt them to switch to alternative possibilities (Suyanto & Femi, 2023). Customer loyalty is comprised of two distinct components, specifically behavioral loyalty and attitude. Loyalty behavior pertains to the recurring patronage exhibited by customers who consistently engage in the purchase of a particular product or service. On the other hand, loyalty attitude encompasses the inclination to maintain ongoing communication and connection with a firm (Ho & Wong, 2023).
2.3 CUSTOMER SATISFACTION (CS)

The research conducted revealed the presence of a statistically significant correlation with a positive path direction the relationship between consumer satisfaction and client loyalty. This indicates that when there is a rise in consumer satisfaction, there is a corresponding rise in customer retention. (Hidayat & Idrus, 2023). Customer satisfaction is the subjective assessment or feeling expressed by an individual regarding the quality of a service or product they have gotten, according to their initial expectations. The primary focus lies on ensuring client happiness, hence cultivating their ongoing loyalty towards the organization. Consequently, this facilitates the ability of organizations to improve their financial performance and establish enduring viability within their specific sectors (Balinado et al., 2021). Customer satisfaction is a term used to describe the discernible actions and conduct exhibited by individuals following their acquisition of a certain product or utilization of a particular service. These actions and conduct serve as indicators of their general emotion and level of contentment. This phenomena exemplifies the comprehensive assessment conducted by consumers about the utilization of various items or services (Asheq, 2020).

2.4 BRAND IMAGE (BI)

The brand image encompasses the perspectives, interpretations, and sentiments held by customers in relation to a brand. Hence, it is essential for organizations to prioritize the establishment and maintenance of their corporate image. When customers exhibit brand loyalty, they actively stay informed about the brand’s progress and actively avoid engaging with rivals, so contributing to the overall success of the firm (Moslehpour et al., 2022). Brand image, sometimes referred to as brand association, encompasses all the cognitive associations stored in memory that are connected to a particular brand (Martínez & Nishiyama, 2019). The perception of a brand held by customers has both symbolic meaning and functional aspects. Symbolic meaning refers to the intangible qualities associated with a specific feature of a product or service, while function pertains to the physical or practical aspects. Hence, the brand’s perceived quality and client attitudes and affections towards the brand can potentially be impacted by its brand image (Kim & Chao, 2019).
2.5 THE IMPACT OF BRAND IMAGE ON CUSTOMER LOYALTY, WITH CUSTOMER SATISFACTION AS A MEDIATING FACTOR

The impact of brand image on customer loyalty is substantial, with customer happiness as an intermediary factor (Arif & Syahputri, 2021). Consumer satisfaction plays a crucial role in shaping the brand image, ultimately influencing consumer loyalty in a good and substantial manner (Junaedi et al., 2022). In order to foster client satisfaction and subsequently cultivate customer loyalty, it is imperative for the organization to retain a favorable corporate image (Yazid, 2020).

2.6 HYPOTHESIS

Brand Image significantly affects customer loyalty with customer satisfaction as mediation.

2.7 RESEARCH MODEL

The research model is as follows, based on the study mentioned above:

Figure 1

*Structural Model*

Source: SmartPLS data processing outcomes
3 METHOD

3.1 OPERATION DEFINITION

Customer loyalty can be defined as a commitment that strongly involves consistently repurchasing or resubscribing goods from the same service provider or the same service provider in the future. This can lead to repeated purchases from the same brand or purchases specified by the brand (Cheng et al., 2019). Customer satisfaction is a crucial determinant that significantly affects customer retention, trust, and creates barriers to customers switching to other products or companies. From a consumer perspective, the assessment of color satisfaction serves as a valuable tool in conveying more transparent insights on the levels of happiness or dissatisfaction experienced by fellow customers towards a certain product or service. The acquisition of high-quality information is anticipated to enable consumers to enhance their ability to make well-informed purchasing selections and minimize unfavorable interactions with fellow customers (Hidayat & Idrus, 2023). The concept of brand image refers to the symbolic representation or communication of the intended significance associated with a brand. The concept of brand image often pertains to the perception that customers have towards the product or service offered by a certain brand. The brand image also signifies the enduring impression that a buyer forms in their concern for a particular brand. A brand that has a favorable image tends to be favored and accrue more benefits within the market, including the reinforcement of its position and performance, as well as safeguarding the brand from competitive forces (Kusumawardani & Yolanda, 2021).

Table 1

<table>
<thead>
<tr>
<th>Variable</th>
<th>Variable Concept</th>
<th>Indicator</th>
</tr>
</thead>
</table>
| Brand Image (X)         | A set of brand associations that are formed and embedded in the minds of consumers. This can be created based on personal experience or hearing its reputation from others or the media. | 1. Brand identity  
                          |                                                                                   | 2. Brand Personality  
                          |                                                                                   | 3. Brand association  
                          |                                                                                   | 4. Brand attitude and behavior  
                          |                                                                                   | 5. Brand benefit and competence |
| Customer Satisfaction (Y1) | Individuals’ perceptions or feelings toward the type of service or product they receive to their expectations | 1. Quality image  
                          |                                                                                   | 2. Relational outcomes  
                          |                                                                                   | 3. Order fulfillment  
                          |                                                                                   | 4. Inside customer service support  
                          |                                                                                   | 5. Delivery service  
                          |                                                                                   | 6. Reporting and billing  
                          |                                                                                   | 7. Outside salesperson support  
                          |                                                                                   | 8. Recommendation |
Customer Loyalty (Y2) | A result obtained from customer satisfaction with a product or service, this loyalty has a positive impact on the company, such as loyal customers making repeated purchases of the company's products | 1. Referring to others 2. Demonstrate immunity to pull from competitors 3. Perform regular repurchase (service) 4. Buying across product and service lines | 

Source: Journal

3.2 POPULATION AND SAMPLE

The demography being examined comprises the customer base of the Auto2000 West Sumatra workshop. The research study used a sample size of 254 people. The model under consideration pertains to the customer base of the Auto2000 West Sumatra workshop, which offers services for automobiles built between 2019 and 2021, with a particular focus on the cooperative automotive models made by Toyota and Daihatsu. The research used a purposive sampling methodology. The data analysis conducted in this study was performed using the SmartPLS software version 3.2.9. SmartPLS is a software application that facilitates researchers in analyzing data to investigate models.

3.3 METHODS OF DATA COLLECTION

Researchers that use primary data collecting techniques get information from individuals by administering questionnaires that include measurement tools such as Likert scales. Five options were used for the criteria as follows:

Table 2

<p>| Skala Likert |</p>
<table>
<thead>
<tr>
<th>Number</th>
<th>Answer</th>
<th>Code</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sangat Setuju (Strongly Agree)</td>
<td>SS</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Setuju (Agree)</td>
<td>SS</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>Neutral (Neutral)</td>
<td>N</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Tidak Setuju (Disagree)</td>
<td>TS</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>Sangat Tidak Setuju (Strongly Disagree)</td>
<td>STS</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Journal
4 RESULTS AND DISCUSSION

The research findings report comprises a part on research results and discussion.

4.1 TEST OF THE MEASUREMENT MODEL

The figure below illustrates the measurement model for conducting validity and reliability tests. It also displays the coefficients and coefficient of determination for the overall model, as well as the path coefficients for the equation model:

4.2 CONVERGENT VALIDITY

Following are the results of convergent validity calculations conducted with the software SmartPLS 3.2.9:

Table 3

<table>
<thead>
<tr>
<th>Var</th>
<th>Brand Image</th>
<th>Var</th>
<th>Customer Loyalty</th>
<th>Var</th>
<th>Customer Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>BI 2</td>
<td>0.832</td>
<td>CL 2</td>
<td>0.757</td>
<td>CS 2</td>
<td>0.816</td>
</tr>
<tr>
<td>BI 3</td>
<td>0.856</td>
<td>CL 3</td>
<td>0.837</td>
<td>CS 3</td>
<td>0.791</td>
</tr>
<tr>
<td>BI 4</td>
<td>0.745</td>
<td>CL 4</td>
<td>0.792</td>
<td>CS 4</td>
<td>0.816</td>
</tr>
<tr>
<td>BI 5</td>
<td>0.844</td>
<td>CL 5</td>
<td>0.802</td>
<td>CS 5</td>
<td>0.841</td>
</tr>
<tr>
<td>BI 6</td>
<td>0.759</td>
<td>CL 6</td>
<td>0.839</td>
<td>CS 6</td>
<td>0.856</td>
</tr>
<tr>
<td>BI 7</td>
<td>0.875</td>
<td>CL 7</td>
<td>0.831</td>
<td>CS 7</td>
<td>0.777</td>
</tr>
<tr>
<td>BI 8</td>
<td>0.852</td>
<td>CL 8</td>
<td>0.756</td>
<td>CS 8</td>
<td>0.736</td>
</tr>
<tr>
<td>BI 9</td>
<td>0.827</td>
<td></td>
<td></td>
<td>CS 9</td>
<td>0.722</td>
</tr>
<tr>
<td>BI 10</td>
<td>0.829</td>
<td></td>
<td></td>
<td>CS 11</td>
<td>0.776</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>CS 16</td>
<td>0.805</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>CS 17</td>
<td>0.753</td>
</tr>
</tbody>
</table>

Source: SmartPLS data processing outcomes

The study used a threshold of 0.7 (> 0.7) for the outer loading value, which serves as a measure for evaluating Convergent Validity. When an indicator surpasses this threshold, it is determined to satisfy the criterion for Convergent Validity. During the first calculation procedure at SmartPLS, it was seen that eight indicators exhibited values below the threshold of 0.7. These indicators include BI indicators 1, CS 1, CS 10, CS 12, CS 13, CS 14, CS 15, and CL 1. All indicators that do not meet the criteria after the calculation process in SmartPLS are removed, then the indicators that meet the requirements are shown in Table 3. According to the findings presented in Table 3, it is evident that all indicators satisfy the established criterion for
Convergent Validity, as evidenced by their Outer Loading values exceeding the threshold of 0.7.

4.3 DISCRIMINANT VALIDITY

Table 4
Average Variance Extracted (AVE)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Average Variance Extracted (AVE)</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Image</td>
<td>0.681</td>
<td>Valid</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>0.644</td>
<td>Valid</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>0.626</td>
<td>Valid</td>
</tr>
</tbody>
</table>

Source: SmartPLS data processing outcomes

Validity testing is a procedure used to determine the validity of data. In this context, data is considered legitimate if the Average Variance Extracted (AVE) above a threshold of 0.5. Conversely, if the AVE falls below 0.5, the data is deemed invalid (Hasan & Elviana, 2023).

4.4 COMPOSITE RELIABILITY

Table 5
Composite Reliability

<table>
<thead>
<tr>
<th>Variable</th>
<th>Composite Reliability</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Image</td>
<td>0.950</td>
<td>Acceptable</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>0.927</td>
<td>Acceptable</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>0.948</td>
<td>Acceptable</td>
</tr>
</tbody>
</table>

Source: SmartPLS data processing outcomes

In confirmatory research, it is necessary for variable values in Composite Reliability testing to exceed 0.7, although a range of 0.6-0.7 is deemed acceptable for exploratory analysis. The variables X and Y exhibit Composite dependability values that above the threshold of 0.7, indicating a satisfactory level of dependability for all variables, as seen in the aforementioned table.
4.5 CRONBACH'S ALPHA

Table 6

*Cronbach's Alpha*

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach's Alpha</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Image</td>
<td>0.941</td>
<td>Reliable</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>0.908</td>
<td>Reliable</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>0.940</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Source: SmartPLS data processing outcomes

Cronbach's Alpha, employed as a measure of reliability, serves as a supplementary evaluation to the composite reliability results. A variable is deemed dependable when its Cronbach's Alpha value surpasses the threshold of 0.7. The obtained Cronbach's Alpha coefficients for variables X and Y above the threshold of 0.7, indicating a high level of reliability for both measures employed in the study. The evaluation of the outer model provides insights into the quality and reliability of the data.

4.6 MODEL FIT

Model fit tests are used in statistical analysis to evaluate how much the proposed model matches the observed data. The model is suitable if the SRMR value < 0.1.

Table 7

*SRMR Value*

<table>
<thead>
<tr>
<th>SRMR Value</th>
<th>Saturated Model</th>
<th>Estimated Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.070</td>
<td>0.073</td>
<td></td>
</tr>
</tbody>
</table>

Source: SmartPLS data processing outcomes

The SRMR values in the table above are 0.069 and 0.073, which indicates that the model is Fit.

4.7 VARIANCE INFLATION FACTOR (VIF)

The Variance Inflation Factor (VIF) value is used to evaluate construct multicollinearity.
Table 8

Variance Inflation Factor (VIF)

<table>
<thead>
<tr>
<th>Variable</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>BI 10</td>
<td>2.766</td>
</tr>
<tr>
<td>BI 2</td>
<td>3.201</td>
</tr>
<tr>
<td>BI 3</td>
<td>3.540</td>
</tr>
<tr>
<td>BI 4</td>
<td>2.609</td>
</tr>
<tr>
<td>BI 5</td>
<td>3.398</td>
</tr>
<tr>
<td>BI 6</td>
<td>2.340</td>
</tr>
<tr>
<td>BI 7</td>
<td>4.164</td>
</tr>
<tr>
<td>BI 8</td>
<td>2.982</td>
</tr>
<tr>
<td>BI 9</td>
<td>3.118</td>
</tr>
<tr>
<td>CL 2</td>
<td>1.802</td>
</tr>
<tr>
<td>CL 3</td>
<td>3.172</td>
</tr>
<tr>
<td>CL 4</td>
<td>2.313</td>
</tr>
<tr>
<td>CL 5</td>
<td>2.425</td>
</tr>
<tr>
<td>CL 6</td>
<td>2.786</td>
</tr>
<tr>
<td>CL 7</td>
<td>2.568</td>
</tr>
<tr>
<td>CL 8</td>
<td>2.594</td>
</tr>
<tr>
<td>CL 9</td>
<td>2.824</td>
</tr>
<tr>
<td>CS 11</td>
<td>2.540</td>
</tr>
<tr>
<td>CS 16</td>
<td>2.693</td>
</tr>
<tr>
<td>CS 17</td>
<td>2.087</td>
</tr>
<tr>
<td>CS 18</td>
<td>3.231</td>
</tr>
<tr>
<td>CS 3</td>
<td>2.779</td>
</tr>
<tr>
<td>CS 4</td>
<td>2.970</td>
</tr>
<tr>
<td>CS 5</td>
<td>3.837</td>
</tr>
<tr>
<td>CS 6</td>
<td>3.491</td>
</tr>
<tr>
<td>CS 7</td>
<td>2.602</td>
</tr>
<tr>
<td>CS 8</td>
<td>3.459</td>
</tr>
<tr>
<td>CS 9</td>
<td>2.824</td>
</tr>
</tbody>
</table>

Source: SmartPLS data processing outcomes

From the data in Table 8 above, all VIF values < 5, which implies that there is no overlap between constructs.

4.8 HYPOTHESIS TEST

Table 8

Variance Inflation Factor (VIF)

<table>
<thead>
<tr>
<th>Original Sample (O)</th>
<th>Sample Mean (M)</th>
<th>Standard Deviation (STDEV)</th>
<th>T Statistics (O/STDEV)</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>BI -&gt; CS -&gt; CL</td>
<td>0.694</td>
<td>0.696</td>
<td>0.039</td>
<td>17.698</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: SmartPLS data processing outcomes

The results shown in Table 8 demonstrate that the T Statistic value of 17.698 exceeds the crucial threshold of 1.96, indicating statistical significance. Furthermore, the obtained P value of 0.000 is found to be lower than the predetermined significance level of 0.05, hence providing additional evidence in favor of the conclusion of statistical significance. The results suggest that the hypothesis is validated, suggesting that Customer Satisfaction (CS) may operate as a mediator in the relationship between the Brand Image (BI) variable and the Customer Loyalty (CL) variable. The initial value of the sample is 0.694. This value signifies a positively oriented association between Brand Image (BI) and Customer Loyalty (CL), which is influenced by Customer Satisfaction (CS).
5 CONCLUSION

Auto 2000, a company focusing on the after-sales business, realized they needed to encourage customer loyalty at their workshops to increase revenue. This customer loyalty is key to maintaining and increasing long-term revenue. Hence, it is imperative for organizations to prioritize customer happiness as a critical factor that significantly impacts customer loyalty. Previous studies have established that customer satisfaction serves as a significant mediator in the association between brand image and customer loyalty. Numerous studies have demonstrated a direct correlation between levels of customer satisfaction and the influence of brand image on consumer loyalty. Therefore, it is crucial to link endeavors aimed at cultivating a favorable brand image with the objective of enhancing customer pleasure in order to strengthen consumer loyalty.

The results of this study also offer significant insights for organizations and future scholars to delve deeper into additional attributes that could potentially influence consumer loyalty. In tandem with the dimension of customer satisfaction, it is imperative to examine additional factors that may exert a significant impact on customer loyalty, hence warranting further inquiry. The results obtained from this study is anticipated to be a significant contribution to the field valuable benchmark for Auto 2000 and comparable businesses, assisting them in developing strategies to improve customer loyalty. The firm is expected to have a long-term benefit in terms of increased income as a result of improved client loyalty.
REFERENCES


Balakrishnan, Ravishankar., Christopher, Prabu B. Examining the Role of Customer Satisfaction and Brand Image as Mediators Between Service Quality and Repurchase Intent with Reference to India’s International Airlines. evista De Gestão Social E Ambiental. Vol. 18, No. 1 (2024). https://doi.org/10.24857/rgsa.v18n1-010


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