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KING-KU: Driving Customer Loyalty through Customer Satisfaction on KingGarage Kudus

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Abstract

Competition in the automotive service industry has intensified, marked by the growing number of highly rated repair shops in Kudus Regency. As a newly established workshop in 2022, KingGarage Kudus faces challenges in building customer loyalty, as preliminary findings indicate low levels of repeat purchases and customer referrals. This study aims to examine the effects of service quality and brand image on customer loyalty, with customer satisfaction serving as a mediating variable that strengthens relational outcomes. A quantitative research approach was employed, with data collected through a closed-ended questionnaire using a Likert scale to capture customer perceptions accurately. The sample consisted of KingGarage Kudus customers selected through purposive sampling based on predefined criteria related to service experience. Data were analyzed using SmartPLS 4, including outer model evaluation, inner model assessment, coefficient of determination (R^2), and hypothesis testing to ensure robust statistical validation. The findings reveal that service quality and brand image have a positive and significant effect on customer loyalty. Furthermore, customer satisfaction significantly mediates the relationship between service quality, brand image, and customer loyalty, indicating its central role in loyalty formation. These results highlight the strategic importance of enhancing service quality and strengthening brand image to foster customer satisfaction and reinforce customer loyalty, thereby enabling automotive service providers to sustain their competitive advantage in a highly dynamic and competitive industry environment.

Keywords: Service Quality, Brand Image, Customer Satisfaction, Customer Loyalty, Automotive Service Industry.

1. Introduction

Competition in the automotive service industry has become increasingly dynamic, driven by the rapid growth in private vehicle ownership and rising consumer demand for maintenance, repair, and vehicle modification services. Automotive workshops are no longer required to excel solely in technical expertise but must also develop long-term relationships with customers to sustain competitiveness [1]. Changes in consumer behavior, characterized by heightened selectivity toward service quality and overall service experience, pose significant challenges for retaining existing customers while simultaneously attracting new ones [2]. Customers' decisions to remain loyal to a particular workshop are often shaped by prior service experiences and their perceptions of the service provider. The frequent switching behavior observed among customers indicates unmet expectations or dissatisfaction, particularly when non-technical aspects such as service delivery and business reputation are neglected [3].

These conditions highlight the importance of understanding the determinants of customer loyalty in highly competitive service industries, including the automotive sector [4]. Without an effective strategy, service providers risk losing valuable long-term customer loyalty that contributes significantly to sustainable revenue and business stability. In Kudus Regency, competition among automotive workshops is intense, as reflected by the presence of numerous highly rated service providers. KingGarage Kudus, established in 2022, operates in an environment where several competitors hold customer ratings above 4.9, indicating strong service performance and high customer expectations. This competitive landscape presents a considerable challenge for newly established workshops in maintaining performance and increasing revenue amid dominant, well-rated competitors.

Preliminary observations motivated this study to further explore the factors influencing customer loyalty at KingGarage Kudus.

A pre-survey involving 13 active customers revealed that customer loyalty had not yet been optimally established. Only 53.85% of respondents reported making regular repeat purchases, while 61.54% had not purchased other service variants. Customer willingness to recommend the workshop to others was also relatively low, with 53.85% indicating reluctance to provide referrals. Additionally, perceptions of brand uniqueness were weak, as only 30.77% of respondents agreed that KingGarage possessed distinctive brand characteristics. From a service quality perspective, although physical facilities were perceived positively, aspects related to staff responsiveness and personalized attention remained limited. Customer satisfaction was also not fully achieved, as reflected in perceptions of pricing fairness and the low number of positive customer reviews.

Customer loyalty represents a long-term commitment to a product or service provider and reflects the outcome of interactions between customer expectations and perceived performance [4]. Satisfied customers are more likely to engage in repeat purchases, develop emotional attachment, and provide positive word-of-mouth recommendations [6]. Loyalty is particularly valuable for service firms, as it contributes to revenue stability and reduces marketing costs [7]. Consequently, identifying the factors that shape customer loyalty is essential for designing effective, data-driven service strategies. Service quality has consistently been recognized as a critical determinant of customer loyalty in service-based industries [8]. Key dimensions such as reliability, responsiveness, communication effectiveness, and empathy play an important role in shaping customer perceptions and post-service evaluations [9]. Customers who receive professional and satisfactory service experiences are more inclined to maintain long-term relationships with service providers [10]. In addition to service quality, brand image contributes significantly to forming long-term customer perceptions. A positive brand image enhances recognition, trust, and perceived professionalism, which can influence repurchase decisions even prior to direct service evaluation [11].

However, prior empirical studies have reported inconsistent findings regarding the relationships between service quality, brand image, customer satisfaction, and customer loyalty. Several studies report significant positive effects of service quality and brand image on customer loyalty [12], while others find no significant influence [13]. These inconsistencies suggest the presence of a research gap that warrants further investigation. One potential explanation lies in the role of customer satisfaction as a mediating variable that clarifies how service quality and brand image translate into loyalty outcomes. Customer satisfaction reflects the degree to which service performance meets or exceeds customer expectations and serves as a key psychological mechanism linking service evaluation to behavioral outcomes [14]. Satisfied customers tend to develop stronger trust, emotional bonds, and long-term commitment to service providers. Therefore, examining customer satisfaction as a mediating variable is expected to provide deeper insights into the process through which service quality and brand image influence customer loyalty. Based on these considerations, this study aims to analyze the effect of service quality and brand image on customer loyalty, with customer satisfaction serving as a mediating variable, within the context of the automotive service industry. The findings are expected to contribute both theoretically, by clarifying inconsistent empirical results, and practically, by offering strategic insights for automotive service providers seeking to strengthen customer loyalty in increasingly competitive markets.

1.1. Expectation Disconfirmation Theory (EDT)

Expectation Disconfirmation Theory (EDT), proposed by [15], explains that customer satisfaction is formed through an evaluative process comparing pre-consumption expectations with perceived performance after using a product or service. Satisfaction arises when perceived performance meets or exceeds expectations, whereas dissatisfaction occurs when actual performance falls below expected standards. This theory emphasizes customer experience as a central determinant of perceived value, as the comparison between expectations and actual outcomes directly shapes satisfaction judgments. Customer expectations are influenced by prior experiences, marketing communications, brand reputation, and social factors that shape perceptions of a service provider. Within this framework, service quality and brand image play a crucial role in shaping initial expectations, while actual service encounters determine the extent of expectation fulfillment. When service experiences deliver positive value consistent with expectations, customer satisfaction is established and may subsequently lead to loyal behaviors such as repeat purchases and positive word-of-mouth recommendations. The interrelationship among expectations, perceived performance, satisfaction, and loyalty constitutes the core of EDT, making it a relevant theoretical foundation for explaining psychological and behavioral processes in service marketing.

1.2. Service Quality

Service quality refers to customers' perceptions of the overall excellence of a service relative to their expectations, requiring firms to consistently deliver superior performance to meet customer needs in a sustainable manner [16]. In service industries, service quality is commonly assessed through five core dimensions: tangibles, reliability, responsiveness, assurance, and empathy, which collectively serve as key indicators for generating customer satisfaction and fostering customer loyalty [17]. High-quality service enhances perceived value, strengthens trust, and motivates customers to maintain long-term relationships with service providers.

1.3. Brand Image

Brand image represents consumers' overall perceptions formed through experiences, expectations, and associations with a brand, encompassing functional, symbolic, and emotional attributes that influence consumer attitudes and behavioral intentions [18]. A strong brand image creates psychological value by enhancing trust, preference, and emotional attachment, thereby differentiating the brand from competitors and encouraging customer loyalty. In this study, brand image is measured using three dimensions proposed by [19] brand association strength, brand association favorability, and brand association uniqueness, which collectively shape positive perceptions and emotional bonds with the brand.

1.4. Customer Satisfaction

Customer satisfaction is an emotional evaluation resulting from the comparison between initial expectations and perceived performance following the consumption of a product or service. When performance meets or exceeds expectations, customers experience satisfaction, which reinforces trust and strengthens loyalty toward the service provider [20]. In this study, customer satisfaction is measured using indicators adapted from [21], including perceived value creation, price affordability, positive reviews, preference as the primary choice, and strategic location. These indicators reflect the extent to which customer needs and comfort are fulfilled.

1.5. Customer Loyalty

Customer loyalty refers to a consumer's commitment to repeatedly use a product or service accompanied by a positive attitude toward the brand, demonstrated through consistent repurchase behavior, strong preference, and resistance to switching despite attractive alternatives from competitors [22]. Satisfaction, perceived value, and emotional attachment developed through service experiences are key drivers of loyalty. In this study, customer loyalty is measured using four indicators proposed by [14] regular repeat purchases, purchasing other service variants from the same provider, willingness to recommend the service to others, and resistance to competitive offers.

1.6. Hypotheses Development

1.6.1. Service Quality and Customer Loyalty

Service quality plays a critical role in shaping customer loyalty, as reliable, responsive, empathetic, and secure services generate positive experiences that encourage customers to remain loyal and recommend the service provider to others. Service performance that meets or exceeds customer expectations strengthens long-term relationships through consistent repurchase behavior. Prior studies by [12] and [13] confirm that service quality has a positive and significant effect on customer loyalty.

H1: Service quality has a positive and significant effect on customer loyalty.

1.6.2. Brand Image and Customer Loyalty

A strong brand image fosters positive perceptions among consumers, encouraging loyalty by reinforcing trust, perceived quality, and brand prestige. Emotional attachment developed through favorable brand perceptions reduces customers' tendency to switch to competitors despite the availability of alternatives. Empirical evidence from [3] and [19] demonstrates a positive and significant relationship between brand image and customer loyalty.

H2: Brand image has a positive and significant effect on customer loyalty.

1.6.3. Service Quality and Customer Satisfaction

Service quality is a fundamental determinant of customer satisfaction, as timely, accurate, and courteous service creates a sense of appreciation and delivers positive experiences. Clear communication, comfortable facilities, and professional staff performance increase the likelihood that perceived service performance meets or exceeds expectations. [14] and [17] confirm that service quality significantly influences customer satisfaction in automotive service contexts.

H3: Service quality has a positive and significant effect on customer satisfaction.

1.6.4. Brand Image and Customer Satisfaction

Brand image reflects customers' holistic perceptions formed through experiences, communication, and emotional associations. A positive brand image enhances confidence and reassurance in purchase decisions, leading to higher levels of satisfaction. Studies by [8] and [16] indicate that favorable brand associations significantly improve customer satisfaction.

H4: Brand image has a positive and significant effect on customer satisfaction.

1.6.5. Customer Satisfaction and Customer Loyalty

Customer satisfaction is a key driver of loyalty, as service experiences that meet or exceed expectations foster trust and emotional attachment, motivating repeat purchases and long-term commitment. High satisfaction reinforces customers' confidence in their service choices and reduces the likelihood of switching to competitors. Empirical evidence from [23] and [24] supports this relationship.

H5: Customer satisfaction has a positive and significant effect on customer loyalty.

1.6.6. Mediating Role of Customer Satisfaction

High service quality creates positive experiences that enhance customer satisfaction, which subsequently develops into emotional attachment and long-term loyalty. Previous studies confirm that customer satisfaction mediates the relationship between service quality and customer loyalty [25].

H6: Customer satisfaction mediates the effect of service quality on customer loyalty.

Similarly, a strong brand image shapes positive expectations that, when confirmed through service experience, generate satisfaction and strengthen customer loyalty. Empirical findings suggest that brand image influences loyalty more effectively when customer satisfaction acts as an intervening mechanism [4].

H7: Customer satisfaction mediates the effect of brand image on customer loyalty.

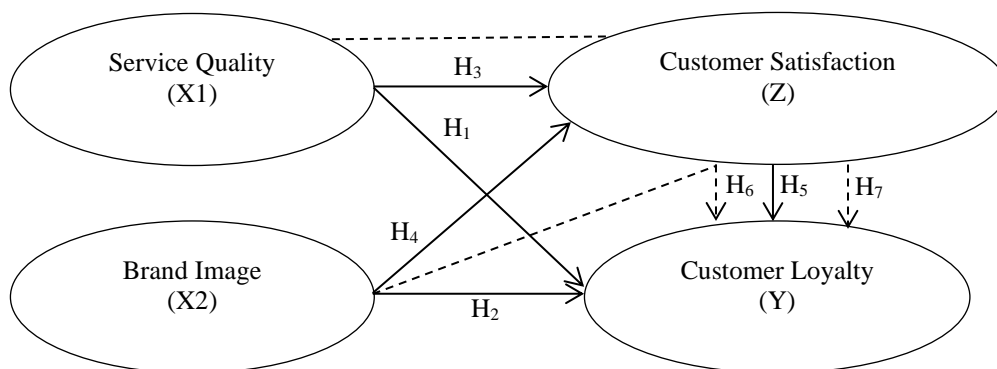


Figure 1. Conceptual Framework

2. Research Methods

2.1. Research Design

This study employs a quantitative explanatory research design aimed at examining the causal relationships between service quality and brand image as independent variables, customer loyalty as the dependent variable, and customer satisfaction as a mediating variable. A quantitative approach was selected because it enables objective hypothesis testing through statistical analysis based on numerical data obtained from respondents. This design is appropriate for testing theoretical relationships derived from Expectation Disconfirmation Theory within the context of the automotive service industry.

2.2. Population

The population refers to the entire group of subjects that share specific characteristics relevant to the research objectives and serve as the basis for drawing conclusions [26]. The population in this study consists of all customers who have used vehicle modification or repair services at KingGarage Kudus.

2.3. Table Sample and Sampling Technique

The sample represents a subset of the population selected using specific techniques and is assumed to adequately represent the population characteristics [26]. The sample size was determined following the recommendation of [27], which suggests a minimum sample size of five to ten times the number of indicators used in Partial Least Squares Structural Equation Modeling (PLS-SEM). This study employed 17 measurement indicators, therefore, the minimum required sample size was calculated as follows:

$$n = \text{Number of indicators} \times 6 = 17 \times 6 = 102$$

Thus, a total of 102 valid responses were collected and analyzed. The sampling technique applied was non-probability sampling using a purposive sampling approach. This method was chosen to ensure that respondents possessed relevant experience and met predefined research criteria. The inclusion criteria were as follows:

1. Respondents had completed at least two service transactions at KingGarage Kudus within the last six months.
2. Respondents were at least 17 years old and owned a personal vehicle that had been serviced or modified at KingGarage Kudus.
3. Respondents were able to understand and independently complete the questionnaire based on their service experience.
4. Respondents resided in Kudus Regency and surrounding areas, representing the primary market segment of KingGarage Kudus.

2.4. Data Sources and Data Collection Methods

This study utilized both primary and secondary data sources. Primary data were collected directly from respondents using a structured, closed-ended questionnaire developed based on the measurement indicators of service quality, brand image, customer satisfaction, and customer loyalty. Responses were measured using a five-point Likert scale to capture the degree of respondents' perceptions. Secondary data were obtained from academic journals, reference books, company reports, and relevant online sources to support theoretical development and contextual understanding.

2.5. Questionnaire Distribution

The questionnaire was distributed online using Google Forms to facilitate wider respondent reach and efficient data collection. The survey link was shared with active KingGarage Kudus customers via WhatsApp and the workshop's official social media channels, with prior approval from the business owner. Respondents completed the questionnaire independently using mobile devices or computers, and each participant was permitted to submit only one response to ensure data authenticity. Collected data were automatically recorded in spreadsheet format and verified before being analyzed using SmartPLS version 4.

2.6. Data Analysis Method

Data analysis was conducted using a descriptive statistical approach supported by Partial Least Squares Structural Equation Modeling (PLS-SEM) through SmartPLS version 4. This method was selected due to its suitability for analyzing complex relationships among latent variables and its robustness in handling relatively small sample sizes. The analysis consisted of outer model evaluation, inner model assessment, coefficient of determination (R^2), and hypothesis testing.

2.7. Outer Model Analysis (Measurement Model)

The outer model analysis was performed to evaluate the reliability and validity of the indicators used to measure latent constructs. This step ensures that each indicator accurately represents its corresponding variable. The following criteria were applied:

2.7.1. Convergent Validity

Convergent validity assesses the degree to which indicators of the same construct correlate with each other. Indicators are considered valid when outer loading values exceed 0.70. Indicators with loadings below this threshold were considered for removal.

2.7.2. Discriminant Validity

Discriminant validity evaluates the extent to which a construct is distinct from other constructs. This was assessed using cross-loading analysis, where each indicator should load highest on its intended construct. Discriminant validity was further supported by the Average Variance Extracted (AVE), with acceptable values exceeding 0.50.

2.7.3. Composite Reliability

Composite reliability measures the internal consistency of indicators within a construct. A construct is deemed reliable when the composite reliability value exceeds 0.70, which is considered more accurate than Cronbach's alpha in PLS-SEM.

2.7.4. Average Variance Extracted (AVE)

AVE indicates the proportion of variance in indicators explained by the latent construct. An AVE value above 0.50 signifies that more than 50% of indicator variance is captured by the construct.

2.7.5. Cronbach's Alpha

Cronbach's alpha was used as a preliminary reliability indicator, with values above 0.70 indicating acceptable internal consistency.

2.7.6. Inner Model Analysis (Structural Model)

The inner model analysis was conducted to examine the relationships among latent constructs and to assess the explanatory power of the proposed model. Model evaluation was based on the coefficient of determination (R^2), which reflects the proportion of variance in the endogenous variables explained by the exogenous variables. R^2 values of 0.67, 0.33, and 0.19 were interpreted as substantial, moderate, and weak, respectively.

2.7.7. Hypothesis Testing

Hypothesis testing was performed using the bootstrapping procedure in SmartPLS version 4 to evaluate the statistical significance of the path coefficients. Hypotheses were considered supported when the following criteria were met:

- The t-statistic value exceeded 1.96 at a 5% significance level.
- The p-value was less than 0.05

3. Results and Discussions

3.1. Respondent Characteristics

Based on the respondents' demographic data, the majority of participants were male, accounting for 70.6%, while female respondents comprised 29.4% of the sample. This distribution indicates that automotive service utilization at KingGarage Kudus is predominantly dominated by male customers, which is consistent with the general characteristics of the automotive service market. The dominance of male respondents suggests that the findings of this study appropriately reflect the primary customer segment of KingGarage Kudus.

3.2. Measurement Model Evaluation (Outer Model)

The evaluation of the measurement model was conducted to ensure that all indicators used in this study met the requirements of validity and reliability before proceeding to structural model testing. The assessment included convergent validity, discriminant validity, and internal consistency reliability.

3.3. Convergent Validity

Convergent validity was assessed by examining the outer loading values of each indicator and the Average Variance Extracted (AVE) for each construct. The results show that all indicator loadings exceeded the recommended threshold of 0.70, indicating that each indicator adequately represents its corresponding latent construct. Furthermore, the AVE values for service quality, brand image, customer satisfaction, and customer loyalty were all above 0.50, confirming that more than 50% of the variance in the indicators is explained by their respective constructs. These findings confirm that the measurement instruments used in this study demonstrate satisfactory convergent validity and are suitable for further analysis.

Table 1. Convergent Validity Test

Variable	Indicators	Outer Loading	AVE
Service Quality (X1)	KP1	0.709	0.595
	KP2	0.789	
	KP3	0.830	
	KP5	0.753	
Brand Image (X2)	BI1	0.735	0.641
	BI2	0.812	
	BI3	0.851	
Consumer Trust (Z)	KK1	0.752	0.611
	KK2	0.766	
	KK3	0.845	
	KK4	0.786	
	KK5	0.755	
Customer Loyalty (Y)	LP1	0.751	0.570
	LP2	0.739	
	LP3	0.708	
	LP4	0.819	

Source: Data Processed, 2025.

3.4. Reliability Testing

Reliability testing was conducted using Cronbach's Alpha and Composite Reliability. The results indicate that all constructs achieved Cronbach's Alpha and Composite Reliability values greater than 0.70, demonstrating strong internal consistency among indicators. This confirms that the measurement model is reliable and capable of consistently capturing the underlying constructs. Overall, the outer model evaluation confirms that the research instruments are both valid and reliable, allowing for robust testing of the structural relationships among variables.

Table 2. Reliability Test

Variable	Cronbach's Alpha	Composite Reliability (rho_a)
Service Quality (X1)	0.773	0.780
Brand Image (X2)	0.725	0.761
Customer Loyalty (Y)	0.750	0.766
Consumer Trust (Z)	0.840	0.844

Source: Data Processed, 2025.

3.5. Structural Model Evaluation (Inner Model)

The structural model evaluation aimed to assess the explanatory power of the model and examine the relationships among latent variables.

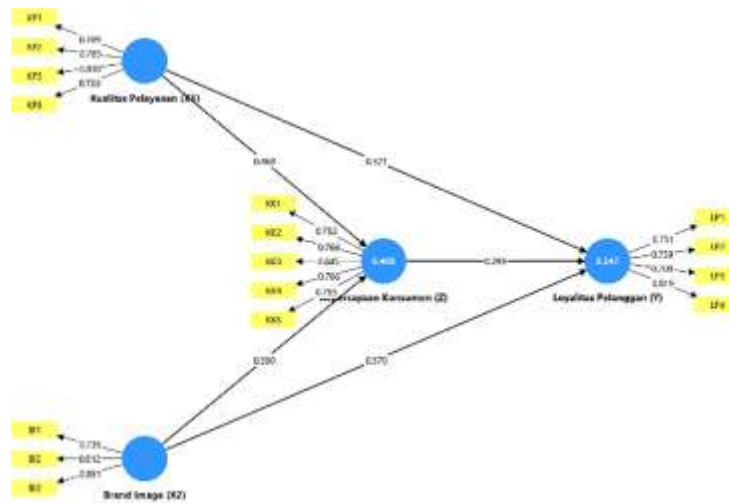


Figure 2. Outer Model Result

3.6. Coefficient of Determination (R²)

The R-square values indicate the extent to which the independent variables explain the variance of the dependent variables. The results show that customer satisfaction has an R² value of 0.408, indicating that service quality and brand image explain 40.8% of the variance in customer satisfaction, which is categorized as a moderate explanatory power. Meanwhile, customer loyalty has an R² value of 0.547, meaning that 54.7% of the variance in customer loyalty is explained by service quality, brand image, and customer satisfaction. These results suggest that the proposed model has a moderate to strong explanatory capability, while the remaining variance may be influenced by other factors not included in this study, such as price perception, relationship marketing, or switching costs.

3.7. Hypothesis Testing Results

3.7.1. Direct Effects

Table 3. Direct Effects Result

Relationship	Original Sample (O)	T-Statistics (O/STDEV)	P-Values
Service Quality => Customer Loyalty	0,461	7,787	0.000
Brand Image => Customer Loyalty	0,487	6,582	0.000
Service Quality => Customer Satisfaction	0,468	7,041	0.000
Brand Image => Customer Satisfaction	0,390	5,629	0.000
Customer Satisfaction => Customer Loyalty	0,299	3,374	0.001

Source: Data Processed, 2025.

The results indicate that service quality has a positive and significant effect on customer loyalty. This finding implies that customers who perceive high-quality service—characterized by reliability, responsiveness, assurance, and empathy—are more likely to remain loyal to KingGarage Kudus. High service quality enhances customer confidence and reduces perceived risk, leading to repeat usage and positive word-of-mouth behavior. Similarly, brand image was found to have a positive and significant effect on customer loyalty. This result highlights the importance of brand perception in influencing customer behavior. A strong and positive brand image fosters emotional attachment, trust, and a sense of credibility, which collectively strengthen customer loyalty even in a highly competitive automotive service market. In addition, the findings reveal that service quality positively and significantly influences customer satisfaction. Customers tend to feel satisfied when the services they receive meet or exceed their expectations, particularly in terms of technical competence, timeliness, and interpersonal interaction. This confirms that service quality plays a critical role in shaping customers' post-service evaluations.

Furthermore, brand image also has a significant positive effect on customer satisfaction. A favorable brand image shapes customers' expectations before service consumption and influences how they interpret their actual service experience. When service performance aligns with the brand's perceived reputation, customers experience higher satisfaction levels. Finally, the analysis confirms that customer satisfaction significantly affects customer loyalty. Satisfied customers are more likely to engage in repeat purchases, maintain long-term relationships, and recommend the service provider to others. This finding supports the satisfaction–loyalty paradigm, which posits satisfaction as a key antecedent of loyalty behavior.

3.7.2. Mediation Effects

Table 4. Indirect Effects Result

Relationship	Original Sample (O)	T-Statistics (O/STDEV)	P-Values
Service Quality => Customer Satisfaction => Customer Loyalty	0,461	7,787	0.003
Brand Image => Customer Satisfaction => Customer Loyalty	0,487	6,582	0.005

Source: Data Processed, 2025.

The results indicate that customer satisfaction significantly mediates the relationship between service quality and customer loyalty. This finding suggests that service quality not only directly influences loyalty but also indirectly enhances loyalty by first increasing customer satisfaction. High-quality service creates positive service experiences, which generate satisfaction and subsequently strengthen customer commitment to the service provider. Similarly, customer satisfaction was found to mediate the relationship between brand image and customer loyalty. A strong brand image creates positive expectations and favorable perceptions, which, when confirmed by actual service performance, result in customer satisfaction. This satisfaction then translates into stronger loyalty. The mediation effect indicates that brand image exerts its influence on loyalty more effectively when customers experience satisfaction. In both cases, customer satisfaction acts as a partial mediator, meaning that service quality and brand image influence customer loyalty both directly and indirectly through satisfaction.

3.8. Discussion

This study provides a deeper understanding of customer loyalty formation in the automotive service industry by empirically examining the roles of service quality and brand image, with customer satisfaction acting as a mediating mechanism. Grounded in Expectation Disconfirmation Theory (EDT), the findings demonstrate how customers evaluate service experiences by comparing prior expectations with actual performance, ultimately shaping satisfaction and loyalty outcomes.

3.8.1. The Effect of Service Quality on Customer Loyalty

The results confirm that service quality exerts a significant and positive influence on customer loyalty. This finding reinforces the argument that in high-involvement services such as automotive repair and modification, customers place substantial importance on both technical reliability and interpersonal service quality. Consistent with [9] and [12], this study shows that reliability, responsiveness, assurance, and empathy are critical in encouraging repeat patronage and positive word-of-mouth behavior. From a theoretical perspective, this result aligns with EDT, which posits that when service performance meets or exceeds customer expectations, positive disconfirmation occurs, leading to favorable behavioral intentions. In the context of KingGarage Kudus, customers who perceive accurate workmanship, timely service, and attentive staff are more likely to maintain long-term relationships, even in a highly competitive environment. This supports earlier findings by [17], who emphasized the importance of experiential service attributes in building loyalty within service-dominant industries.

3.8.2. The Effect of Brand Image as a Driver of Satisfaction and Loyalty

The study also reveals that brand image significantly influences both customer satisfaction and customer loyalty. This finding supports prior research by [3] and [8], which demonstrated that a strong brand image enhances perceived credibility and emotional attachment. In service industries, brand image functions as a signal of expected quality, particularly when service outcomes are difficult to evaluate prior to consumption. In line with EDT, a positive brand image shapes customers' initial expectations before service delivery. When the actual service experience is consistent with the brand's reputation, customers experience confirmation or positive

disconfirmation, leading to higher satisfaction levels. This explains why brand image does not merely act as a symbolic asset but also plays a substantive role in influencing post-consumption evaluations and loyalty formation. The findings extend previous studies by showing that brand image remains a powerful determinant of loyalty even in small-scale, local automotive service businesses, not only in large corporate or retail settings.

3.8.3. The Effect of Customer Satisfaction as a Central Psychological Mechanism

Customer satisfaction emerges as a pivotal construct in this study, significantly affecting customer loyalty and mediating the effects of service quality and brand image. This finding is consistent with the satisfaction–loyalty paradigm proposed by [23] and [24], which suggests that satisfaction represents a cumulative evaluation of service experiences over time. From an EDT perspective, satisfaction reflects the outcome of customers’ cognitive and emotional evaluations after service consumption. When customers perceive that the service quality and brand promise align with or surpass their expectations, satisfaction is formed, which subsequently strengthens trust, emotional attachment, and loyalty. This reinforces the view of [14], who argued that satisfaction acts as a psychological bridge transforming service performance into long-term relational outcomes.

3.8.4. The Effect of Mediating Role of Customer Satisfaction

The mediation analysis provides further insight into the loyalty formation process. The findings indicate that customer satisfaction partially mediates the relationship between service quality and customer loyalty, as well as between brand image and customer loyalty. This result supports earlier empirical evidence from [11] and [25], who found that loyalty is more strongly established when customers first experience satisfaction. These mediation effects suggest that neither service quality nor brand image alone is sufficient to generate sustainable loyalty. Instead, their influence is amplified when customers internalize positive experiences and evaluations through satisfaction. This explains the inconsistencies observed in previous studies by [19] and [22] direct effects on loyalty were insignificant when satisfaction was excluded from the model. By incorporating customer satisfaction as a mediating variable, this study offers a more comprehensive explanation of loyalty formation in service contexts.

4. Conclusion

The results of this study indicate that service quality has a positive and significant effect on customer loyalty, representing the second strongest direct effect among the examined relationships. Brand image also has a positive and significant effect on customer loyalty and constitutes the strongest direct predictor of loyalty. Furthermore, service quality exerts a positive and significant influence on customer satisfaction, showing the strongest direct effect, followed by brand image, which demonstrates the second strongest direct effect on customer satisfaction. Customer satisfaction itself has a positive and significant effect on customer loyalty, ranking as the third strongest direct effect. In addition to the direct relationships, customer satisfaction plays a significant mediating role. Specifically, customer satisfaction mediates the relationship between service quality and customer loyalty with the strongest indirect effect. Similarly, customer satisfaction significantly and positively mediates the relationship between brand image and customer loyalty, representing the second strongest indirect effect. From a managerial perspective, the findings provide practical implications for KingGarage Kudus. Management is encouraged to continuously enhance service quality, particularly by improving service responsiveness, as this factor not only directly strengthens customer loyalty but also indirectly reinforces loyalty through increased customer satisfaction. Strengthening brand image should also remain a strategic priority to sustain customer satisfaction and long-term loyalty. Future research is encouraged to extend this study by incorporating additional variables that may influence customer loyalty, such as perceived value, customer engagement, switching costs, or brand trust, in order to provide a more comprehensive understanding of loyalty formation. Further studies may also consider testing the proposed model across different service industries or geographical contexts to enhance the generalizability of the findings. Moreover, future researchers could employ longitudinal research designs to capture changes in customer perceptions and loyalty over time, thereby strengthening causal inferences. The use of mixed methods, combining quantitative approaches with qualitative insights, may also enrich the interpretation of customer experiences.

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