

An Empirical Analysis on The Impact of Image, Value, Quality, and Satisfaction on Customer Loyalty

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Abstract

Purposes - This study aims to examine the influence of four key variables—image, value, quality, and satisfaction—on customer loyalty. The research seeks to evaluate both the direct and indirect effects of these variables on customer behavior, focusing on how customer satisfaction mediates these relationships to foster long-term loyalty.

Methodology - The research employs a quantitative approach using structured questionnaires distributed to a randomly selected sample of respondents. Data were collected to test ten hypotheses that explore the relationships between the variables. Statistical analysis, including hypothesis testing, was conducted to determine the significance of each relationship, supported by reliability and validity assessments.

Findings - The findings reveal that while quality and image do not have direct impacts on loyalty, their effects are significant when mediated by perceived value and customer satisfaction. Specifically, the study confirms that customer satisfaction plays a crucial role in enhancing loyalty, with quality and value significantly contributing to customer satisfaction, which in turn influences loyalty.

Novelty - This study contributes to the existing literature by providing empirical evidence of the complex interrelationships between image, value, quality, and satisfaction in shaping customer loyalty. It highlights the importance of indirect effects, demonstrating that satisfaction and value are key mediators in the process of building loyalty, particularly in industries where product differentiation is challenging.

Research Implications - The research suggests that businesses aiming to improve customer loyalty should prioritize strategies that enhance perceived value and customer satisfaction. By consistently delivering high-quality products and services that meet customer expectations, companies can improve their brand image and foster stronger customer loyalty. Future studies should further explore the emotional and psychological dimensions of loyalty and their potential impact on consumer behavior.

Keywords: *Customer Loyalty, Brand Image, Perceived Value, Product Quality, Customer Satisfaction, Hypothesis Testing*

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I. Introduction

In the rapidly evolving field of marketing, customer loyalty remains a critical asset that businesses must actively cultivate to ensure long-term success. Today's competitive market environment demands that companies not only meet but exceed customer expectations by offering products and services that are both high in quality and perceived value. Customer

loyalty—defined as a consumer's sustained commitment to repurchase or continue using a preferred product or service—is essential for maintaining a competitive edge. Loyal customers contribute to a company's profitability through repeat purchases and are more likely to recommend the brand to others, further enhancing its market presence (Haghighi, 2012).

Several factors have been identified as central to the development and maintenance of customer loyalty. Among the most important are brand image, perceived value, product quality, and customer satisfaction. Brand image is the perception that customers hold of a company, shaped by their experiences and the knowledge they have gained from using the product. A strong and positive brand image fosters trust and emotional connection, which are critical components of customer loyalty (Parhi & Misra, 2017). Perceived value, which is a customer's evaluation of the overall utility of a product in terms of what is received in exchange for what is given, is equally significant. When customers believe that a product offers good value, they are more inclined to remain loyal to the brand (Sánchez-Fernández & Iniesta-Bonillo, 2007).

Additionally, product quality—measured by the degree to which a product meets or exceeds customer expectations—has been shown to have a substantial impact on customer loyalty. High-quality products not only enhance customer satisfaction but also increase the likelihood of repeat purchases and positive word-of-mouth recommendations (Bei & Chiao, 2006). Customer satisfaction, defined as the consumer's emotional response to the perceived difference between expectations and actual product performance, is often the strongest predictor of loyalty. This research aims to explore the complex relationships between these variables and to evaluate the ways in which businesses can effectively leverage them to enhance customer loyalty.

II. Literature Review

Customer loyalty has been widely recognized as a key driver of long-term business success in various industries. As the competition within markets intensifies, fostering and maintaining customer loyalty has become an essential focus for businesses. The literature identifies several critical factors that contribute to the development of customer loyalty, including brand image, perceived value, product quality, and customer satisfaction. This review examines the existing body of research on these variables and their interconnected roles in influencing customer loyalty.

Brand Image and Customer Loyalty

Brand image is a critical factor in shaping customer perceptions and driving loyalty. According to Parhi & Misra (2017), brand image evolves from a customer's experiences and knowledge of a particular product or service. A positive brand image builds trust and emotional connections with customers, leading to repeat purchases and the willingness to recommend the brand to others. Brand image is particularly important in highly competitive industries where differentiation between products can be difficult to achieve. When customers perceive a brand as being trustworthy and superior to its competitors, they are more likely to remain loyal to that brand (Sánchez-Fernández & Iniesta-Bonillo, 2007).

The significance of brand image in customer loyalty is further emphasized in the work of Aaker (1996), who argues that strong brand equity—which includes brand image—can create a distinct competitive advantage. As businesses cultivate a strong brand image through consistent quality, customer engagement, and effective communication, they establish a foundation for

sustained customer loyalty. However, brand image alone may not be sufficient to secure loyalty; it must be reinforced by the perceived value and quality of the product.

Perceived Value and Customer Loyalty

Perceived value is another key determinant of customer loyalty, defined as the customer's overall assessment of the utility of a product or service based on their perceived trade-off between benefits received and costs incurred (Zeithaml, 1988). When customers perceive that they are receiving a good value for their money, they are more likely to develop a sense of loyalty toward the brand (Sánchez-Fernández & Iniesta-Bonillo, 2007). Value perceptions can vary widely depending on individual expectations and experiences, but consistently delivering high perceived value is critical for retaining loyal customers.

Research by Cronin, Brady, & Hult (2000) suggests that perceived value plays a mediating role between service quality, customer satisfaction, and loyalty. This means that while product quality and service are essential, their impact on customer loyalty is often filtered through the lens of perceived value. Businesses that fail to meet customer expectations in terms of value risk losing their customers to competitors offering better perceived value, even if the competitors' products are of similar or lower quality.

Product Quality and Customer Loyalty

Product quality is one of the most extensively researched factors in the study of customer loyalty. Quality is often defined as the degree to which a product meets or exceeds customer expectations. According to Bei & Chiao (2006), perceived quality has a direct impact on customer loyalty, particularly when it leads to higher levels of customer satisfaction. In their study, Bei & Chiao found that both service quality and product quality contribute significantly to customer loyalty, especially in industries where the differentiation of tangible and intangible aspects of a product is essential.

High-quality products provide functional benefits that meet consumer needs, which in turn fosters satisfaction and long-term loyalty (Haghighi, 2012). The relationship between product quality and loyalty is particularly strong in industries where consumers rely heavily on their personal experiences to evaluate the product's worth. For instance, in the restaurant industry, Haghighi (2012) found that both food quality and service quality were significant predictors of customer loyalty.

While product quality is important, it is often the subjective perception of that quality—how it is experienced and evaluated by the customer—that influences their loyalty. This suggests that businesses must not only focus on delivering high-quality products but also on ensuring that the quality is perceived as valuable by their target customers.

Customer Satisfaction and Customer Loyalty

Customer satisfaction is perhaps the most important factor in driving customer loyalty. It is defined as the customer's emotional response to the difference between their expectations and the actual performance of a product or service. Numerous studies have established a direct and positive relationship between customer satisfaction and loyalty (Oliver, 1999). Satisfied customers are more likely to make repeat purchases, exhibit a higher level of commitment to the brand, and engage in positive word-of-mouth behavior, which further enhances the company's reputation (Haghighi, 2012).

Bei & Chiao (2006) further argue that customer satisfaction acts as a mediator between perceived quality and loyalty. They found that while quality has a direct effect on loyalty, this effect is strengthened when customers also experience high satisfaction with the product or service. The findings of Haghghi (2012) and Bei & Chiao (2006) highlight the importance of customer satisfaction in ensuring that businesses not only meet but exceed customer expectations.

In a similar vein, research by Zeithaml, Berry, & Parasuraman (1996) emphasizes that businesses must continuously monitor and improve their customer satisfaction levels to maintain loyalty. Satisfaction is influenced by a variety of factors, including product quality, service quality, and the overall customer experience. Companies that focus on creating positive experiences and maintaining high satisfaction levels are more likely to retain loyal customers over time.

Integration of Variables

The literature indicates that while each of these variables—brand image, perceived value, product quality, and customer satisfaction—individually contributes to customer loyalty, their effects are often interconnected. Customer loyalty is rarely the result of a single factor but is rather the outcome of a complex interaction between these variables. For example, perceived value and satisfaction can enhance the impact of product quality on loyalty, while a strong brand image can amplify the effects of perceived value and satisfaction (Sánchez-Fernández & Inieta-Bonillo, 2007).

Understanding these relationships allows businesses to develop more effective strategies for building and maintaining customer loyalty. Companies must prioritize not only the quality of their products but also the perceived value and overall customer experience, ensuring that they meet or exceed customer expectations at every touchpoint.

III. Research Methodology

This research adopts a quantitative approach, utilizing a structured questionnaire designed to measure the relationships between image, value, quality, satisfaction, and loyalty. The study sample was drawn randomly from a diverse population, with no restrictions on age, gender, or location. Each participant rated the variables on a scale from 1 to 10, based on their personal experiences with specific products or services.

Scale Measurement

The scale measurement employed in this study is a 1 to 10 rating scale. Respondents were asked to rate the statements related to the aforementioned variables based on their personal experiences and perceptions. This allowed the respondents to express their evaluation of the variables on a scale that ranges from strongly disagree (1) to strongly agree (10).

Data Collection

The study is designed to test 10 hypotheses. To address these hypotheses, the researcher collected responses to a set of statements through a structured questionnaire distributed to the participants. The research method used was a quantitative approach, relying on the collection of numerical data through the questionnaires to analyze the relationships between the variables.

Data Sampling

The sampling method applied was random sampling, allowing the questionnaire to be distributed to a diverse group of respondents without restrictions on age, gender, or location. This approach ensured a wide range of responses, enhancing the generalizability of the findings across different demographic groups.

The study tested ten hypotheses, each examining different potential relationships between the variables. For instance, one hypothesis tested whether quality had a direct impact on customer loyalty, while another examined whether the relationship between quality and loyalty was mediated by satisfaction. Data analysis involved reliability and validity tests, as well as hypothesis testing using p-values and coefficient analyses to determine the significance of each relationship.

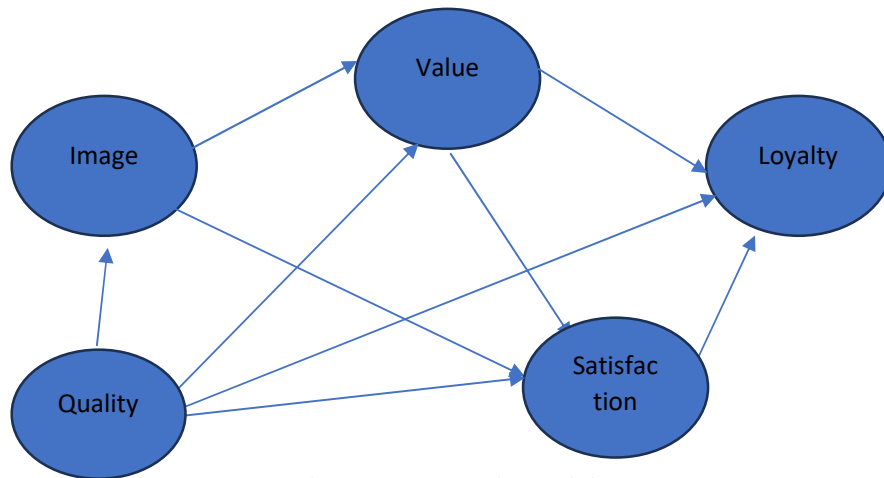


Figure 1 Research Model

From the relationships illustrated in the model, the researcher posits the following hypotheses:

- **H1:** There is a significant relationship between the Quality variable and the Image variable.
- **H2:** There is a significant relationship between the Quality variable and the Value variable.
- **H3:** There is a significant relationship between the Quality variable and the Satisfaction variable.
- **H4:** There is a significant relationship between the Quality variable and the Loyalty variable.
- **H5:** There is a significant relationship between the Image variable and the Satisfaction variable.
- **H6:** There is a significant relationship between the Image variable and the Loyalty variable.
- **H7:** There is a significant relationship between the Value variable and the Image variable.
- **H8:** There is a significant relationship between the Value variable and the Satisfaction variable.
- **H9:** There is a significant relationship between the Value variable and the Loyalty variable.

- **H10:** There is a significant relationship between the Satisfaction variable and the Loyalty variable.

IV. Result and Discussion

This section presents the results of the statistical analysis conducted to test the hypotheses concerning the relationships between the variables of quality, image, value, satisfaction, and loyalty. The analysis focuses on determining the significance of both direct and indirect effects among these variables.

Validity and Reliability of Variables

Table 1 Validity and reliability test results

	Cronbach's Alpha	rho_A	Reliabilitas Komposit	Rata-rata Varians Diekstrak (AVE)
Image	0.85	0.89	0.91	0.77
Satisfacti...	0.89	0.91	0.93	0.76
Value	0.84	0.84	0.89	0.67
Quality	0.87	0.88	0.91	0.66
Loyalty	0.82	0.87	0.88	0.65

Based on the table above, it can be concluded that the validity and reliability of each variable are confirmed as valid and reliable. This implies that the variables used in this study can be applied repeatedly in future research, as they have been thoroughly tested and proven to be robust. The values for both reliability (above 0.7) and Average Variance Extracted (AVE above 0.5) exceed the established thresholds for validity and reliability.

In other words, the indicators for each variable significantly influence the corresponding variables they are designed to measure, with these effects approaching a near-perfect score of 1 in the case of "satisfaction." This demonstrates that the model used is both reliable and effective in capturing the intended relationships between the variables.

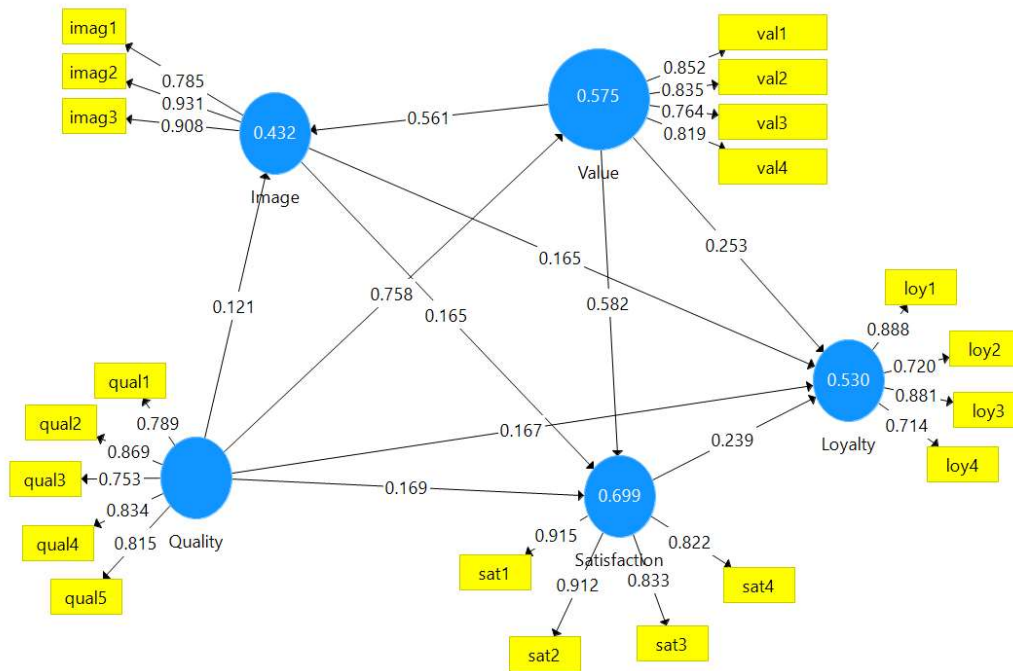


Figure 2 Bootstrapping Result

The analysis revealed several significant findings. First, the relationship between quality and image was not significant, rejecting Hypothesis 1. Similarly, quality did not have a direct impact on loyalty, leading to the rejection of Hypothesis 4. However, when mediated by value and satisfaction, quality demonstrated a significant indirect effect on loyalty.

Table 2 Hypotheses Testing Result

	Sampel Asli (O)	Rata-rata Sampel (M)	Standar Deviasi (STDEV)	T Statistik (O/STDEV)	P Values
Image -> Loyalty	0.17	0.18	0.08	2.09	0.04
Image -> Satisfaction	0.16	0.16	0.05	3.39	0.00
Quality -> Image	0.12	0.12	0.08	1.50	0.13
Quality -> Loyalty	0.17	0.17	0.10	1.73	0.08
Quality -> Satisfaction	0.17	0.18	0.08	2.09	0.04
Quality -> Value	0.76	0.76	0.04	19.24	0.00
Satisfaction -> Loyalty	0.24	0.23	0.09	2.71	0.01
Value -> Image	0.56	0.56	0.08	7.43	0.00
Value -> Loyalty	0.25	0.24	0.11	2.29	0.02
Value -> Satisfaction	0.58	0.58	0.08	7.25	0.00

The results of the hypothesis testing are summarized as follows:

- **H1:** The relationship between quality and image was found to be insignificant (p-value > 0.05). This suggests that quality does not have a direct impact on brand image. As a result, Hypothesis H1 is rejected.
- **H2:** There is a significant relationship between quality and value (p-value < 0.05). This indicates that higher perceived quality positively influences the perceived value of a product or service. Hypothesis H2 is accepted.

- **H3:** The relationship between quality and satisfaction was also found to be significant (p-value < 0.05). This means that improved product quality leads to higher levels of customer satisfaction. Hypothesis H3 is accepted.
- **H4:** The relationship between quality and loyalty was found to be insignificant (p-value > 0.05). Thus, Hypothesis H4 is rejected, indicating that quality alone does not directly lead to customer loyalty.
- **H5:** The relationship between image and satisfaction is significant (p-value < 0.05), showing that a positive brand image contributes to higher customer satisfaction. Hypothesis H5 is accepted.
- **H6:** There is a significant relationship between image and loyalty (p-value < 0.05). This implies that a strong brand image can directly foster customer loyalty. Hypothesis H6 is accepted.
- **H7:** The relationship between value and image is significant (p-value < 0.05), confirming that higher perceived value enhances the brand image. Hypothesis H7 is accepted.
- **H8:** There is a significant relationship between value and satisfaction (p-value < 0.05). This suggests that when customers perceive high value, their satisfaction levels increase. Hypothesis H8 is accepted.
- **H9:** The relationship between value and loyalty is significant (p-value < 0.05). This indicates that perceived value has a direct positive impact on customer loyalty. Hypothesis H9 is accepted.
- **H10:** The relationship between satisfaction and loyalty is significant (p-value < 0.05). This finding shows that higher customer satisfaction leads to greater loyalty. Hypothesis H10 is accepted.

Mediation Analysis

Further analysis revealed that some relationships between the variables are mediated by other factors:

- The influence of **quality on loyalty** is mediated by **satisfaction**. Although quality does not directly influence loyalty, it affects satisfaction, which in turn positively impacts loyalty. This mediation highlights the importance of customer satisfaction as a key mechanism through which quality enhances loyalty.
- Similarly, the relationship between **quality and image** is mediated by **value**. While quality does not directly impact image, it improves the perceived value of the product, which then positively influences brand image.

Discussion

Based on the p-values presented, there are two relationships that are not statistically significant, as their coefficients exceed the threshold of 0.05. These relationships are between quality and image, and between quality and loyalty. Therefore, Hypotheses H1 and H4 are rejected due to the lack of significant relationships between the respective variables.

This analysis demonstrates that while not all direct relationships are significant, value and satisfaction play critical mediating roles in the development of loyalty and image.

For quality to influence image, it must first be mediated by the value variable, forming an indirect relationship. Similarly, for quality to impact loyalty, it must be mediated by the satisfaction variable.

The relationship between value and loyalty was strongly supported, with perceived value significantly enhancing both satisfaction and brand loyalty. Hypothesis testing confirmed that customer satisfaction plays a pivotal role in mediating the effects of both quality and image on loyalty, supporting the findings of previous studies by Haghighi (2012) and Bei & Chiao (2006).

Interestingly, the research also showed that brand image had a direct positive impact on customer satisfaction, which in turn strengthened customer loyalty. This aligns with the findings of Parhi & Misra (2017), who emphasized that a strong brand image encourages customers to continue purchasing from the brand and recommending it to others.

The analysis supports the idea that customer loyalty is not solely driven by any one factor but rather by a combination of elements including value, satisfaction, and image. The mediating roles of satisfaction and value are critical in strengthening the effects of quality on both loyalty and image. This highlights the interconnected nature of these variables and their collective contribution to building a loyal customer base.

The results confirm that while quality and image are essential factors, their impact on loyalty is largely indirect and depends on other mediators, particularly value and satisfaction. Consequently, companies need to focus not only on delivering high-quality products but also on enhancing the perceived value and satisfaction of their customers to build strong and lasting loyalty.

V. Conclusion

This study confirms that customer loyalty is not merely influenced by product quality or brand image alone. Instead, loyalty is the result of a complex interplay between these variables, mediated by customer satisfaction and perceived value. Companies seeking to improve customer loyalty must therefore prioritize delivering high-quality products that meet customer expectations and enhance perceived value. By doing so, they can build a strong brand image that resonates with customers, fostering long-term loyalty.

Research Implications and Future Recommendations

This research has several implications for businesses aiming to enhance customer loyalty. First, companies should focus on improving both perceived value and customer satisfaction as these variables have the most significant impact on loyalty. Additionally, future research should explore the role of emotional factors and brand attachment in loyalty, as these elements may also influence customer behavior. Longitudinal studies could further investigate how changes in product quality and customer perceptions over time affect loyalty, providing more dynamic insights into consumer behavior.

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