

The Impact of Quality, Value, Image, and Satisfaction on Customer Loyalty: A Quantitative Study

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Abstract:

Purposes - The purpose of this research is to examine the structural relationships between quality, value, image, satisfaction, and their combined influence on customer loyalty. The study aims to determine how these variables interact and to what extent quality affects loyalty both directly and indirectly through mediators like value and image.

Methodology - This study employs a quantitative approach, using structural equation modeling (SEM) to analyze data collected from 250 respondents via a structured questionnaire. A Likert scale was utilized to measure responses across the variables. Reliability and validity assessments, including Cronbach's alpha and Average Variance Extracted (AVE), were conducted to ensure robustness.

Findings - The findings reveal that quality significantly impacts both value and image, which in turn influence satisfaction and loyalty. The results support the hypothesis that quality indirectly affects customer loyalty through perceived value and image. Image plays a critical role as a mediator, enhancing customer satisfaction and loyalty.

Novelty - This research contributes to the existing literature by highlighting the complex, interrelated dynamics between quality, value, image, and satisfaction in driving customer loyalty. The study emphasizes the indirect effects of quality on loyalty through value and image, providing a deeper understanding of these mediating roles.

Research Implications - The findings offer practical insights for businesses, suggesting that improving product or service quality can lead to better brand image and perceived value, which in turn boosts customer satisfaction and loyalty. Companies should focus on enhancing both quality and image to foster long-term customer retention and loyalty.

Keywords: *Customer Loyalty, Perceived Quality, Perceived Value, Brand Image, Customer Satisfaction, Structural Equation Modeling*

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I. Introduction

Customer loyalty is a cornerstone of sustainable business success, representing a long-term commitment from customers to continuously purchase from a specific brand despite the availability of alternative options. Loyalty plays a pivotal role in enhancing a company's profitability and stability, as loyal customers not only make repeated purchases but also act as advocates for the brand, driving positive word-of-mouth and reducing customer acquisition costs. As businesses face increasing competition and a crowded marketplace, retaining loyal customers becomes even more critical.

In this context, several factors have been identified as key determinants of customer loyalty. Among these are perceived quality, value, satisfaction, and brand image, all of which have been extensively studied in marketing and consumer behavior literature. While customer satisfaction has traditionally been viewed as the most important predictor of loyalty, recent

studies have emphasized the importance of other factors, such as perceived value and brand image, in shaping loyalty outcomes.

Perceived quality, in particular, has been recognized as a critical factor influencing customer loyalty, as it directly impacts the customer's perception of a product or service's overall value (Yang et al., 2017). High-quality products or services are often associated with superior customer experiences, which can enhance the brand's image in the eyes of consumers. In turn, a positive brand image not only drives customer satisfaction but also strengthens the likelihood of loyalty by fostering emotional connections with the brand.

Despite the wealth of research on customer loyalty, gaps remain in understanding the complex, interrelated dynamics between quality, value, image, satisfaction, and loyalty. Specifically, few studies have explored the mediating roles that image and value play in the relationship between quality and loyalty. This study seeks to address these gaps by examining how quality influences loyalty both directly and indirectly through mediators such as image, value, and satisfaction. The research aims to provide new insights into the mechanisms that underlie customer loyalty, offering practical implications for businesses seeking to enhance customer retention strategies.

II. Literature Review

Customer Loyalty and Satisfaction

Customer loyalty has been defined by various scholars as the extent to which customers are willing to repurchase a product or service from a particular brand, exhibit favorable attitudes toward the brand, and resist switching to competitors (Lai et al., 2009). The concept of loyalty extends beyond mere repeat purchases to include emotional attachment and advocacy for the brand. Loyal customers tend to be less price-sensitive and more forgiving of occasional lapses in service, making them valuable assets for any business.

Customer satisfaction is one of the most frequently cited antecedents of loyalty. It refers to the customer's evaluation of whether a product or service meets or exceeds their expectations (Mahasuweerachai & Qu, 2011). Satisfaction acts as an emotional response that directly influences the likelihood of repeat purchasing behavior. Numerous studies have demonstrated a strong positive relationship between customer satisfaction and loyalty, indicating that satisfied customers are more likely to develop long-term loyalty to the brand.

Perceived Quality and Its Impact on Loyalty

Perceived quality is defined as the customer's assessment of the overall excellence or superiority of a product or service relative to alternatives (Yang et al., 2017). Quality can be evaluated based on various dimensions, such as performance, durability, reliability, and consistency. High perceived quality is often associated with positive customer experiences, which lead to greater satisfaction and, consequently, stronger loyalty to the brand.

The relationship between perceived quality and loyalty can be both direct and indirect. Directly, high-quality products or services can foster immediate customer satisfaction, which translates into loyalty. Indirectly, perceived quality can enhance brand image and perceived value, both of which contribute to loyalty in the long term (Keshavarz & Jamshidi, 2018). As a result,

quality has become a central focus for companies looking to build and maintain customer loyalty, particularly in highly competitive industries where product differentiation is key.

The Role of Perceived Value in Customer Loyalty

Perceived value is a customer's assessment of the benefits they receive from a product or service relative to the cost they incur (Subagio & Saputra, 2012). It reflects the trade-off between what customers give (e.g., money, time, effort) and what they get in return (e.g., quality, performance, satisfaction). Perceived value plays a crucial role in shaping customer satisfaction and loyalty, as customers are more likely to remain loyal to brands that deliver high value for money.

Previous research has shown that perceived value is a strong predictor of customer satisfaction and loyalty, particularly in service industries (Tu & Chih, 2013). When customers perceive that they are getting more value from a brand compared to its competitors, they are more likely to continue patronizing that brand. Perceived value also strengthens emotional bonds with the brand, as customers feel that they are making a wise choice by sticking with a company that offers superior value.

Brand Image as a Mediator of Loyalty

Brand image refers to the perceptions and associations that customers have regarding a brand, including attributes such as quality, reliability, prestige, and trustworthiness (Yang et al., 2017). A strong and positive brand image is critical for businesses seeking to cultivate long-term customer loyalty. Image helps create emotional connections with customers, making them more likely to choose the brand over competitors, even if the products or services are similar in quality and price.

The literature suggests that brand image acts as a mediator in the relationship between quality, value, and loyalty (Tu & Chih, 2013). For instance, a high-quality product enhances the brand's image in the eyes of consumers, which in turn leads to greater perceived value and satisfaction. These positive perceptions ultimately increase customer loyalty by reinforcing the customer's emotional attachment to the brand. Therefore, businesses must focus not only on improving product quality but also on maintaining a strong, consistent brand image to foster loyalty.

Interrelationships Between Quality, Value, Image, and Satisfaction

Several studies have highlighted the interconnected nature of quality, value, image, and satisfaction in influencing customer loyalty (Keshavarz & Jamshidi, 2018; Subagio & Saputra, 2012). These factors are not independent but interact with one another in complex ways. For example, perceived quality can enhance both brand image and perceived value, which in turn influence satisfaction. Higher satisfaction then strengthens loyalty, creating a virtuous cycle that benefits the business.

Understanding these interrelationships is crucial for developing effective customer retention strategies. Companies that focus solely on one aspect, such as quality, may miss opportunities to leverage other factors, such as image or value, to enhance loyalty. By adopting a holistic approach that considers the entire customer experience, businesses can better address the needs

and preferences of their customers, ultimately leading to stronger loyalty and long-term success.

III. Research Methodology

Research Model and Hypotheses

The research model investigates the relationships between quality, image, value, satisfaction, and loyalty. Eight hypotheses are developed to test the significance of these relationships (Figure 1):

- H1: Quality has a significant impact on Image.
- H2: Quality has a significant impact on Value.
- H3: Image has a significant impact on Loyalty.
- H4: Image has a significant impact on Value.
- H5: Image has a significant impact on Satisfaction.
- H6: Value has a significant impact on Satisfaction.
- H7: Value has a significant impact on Loyalty.
- H8: Satisfaction has a significant impact on Loyalty.

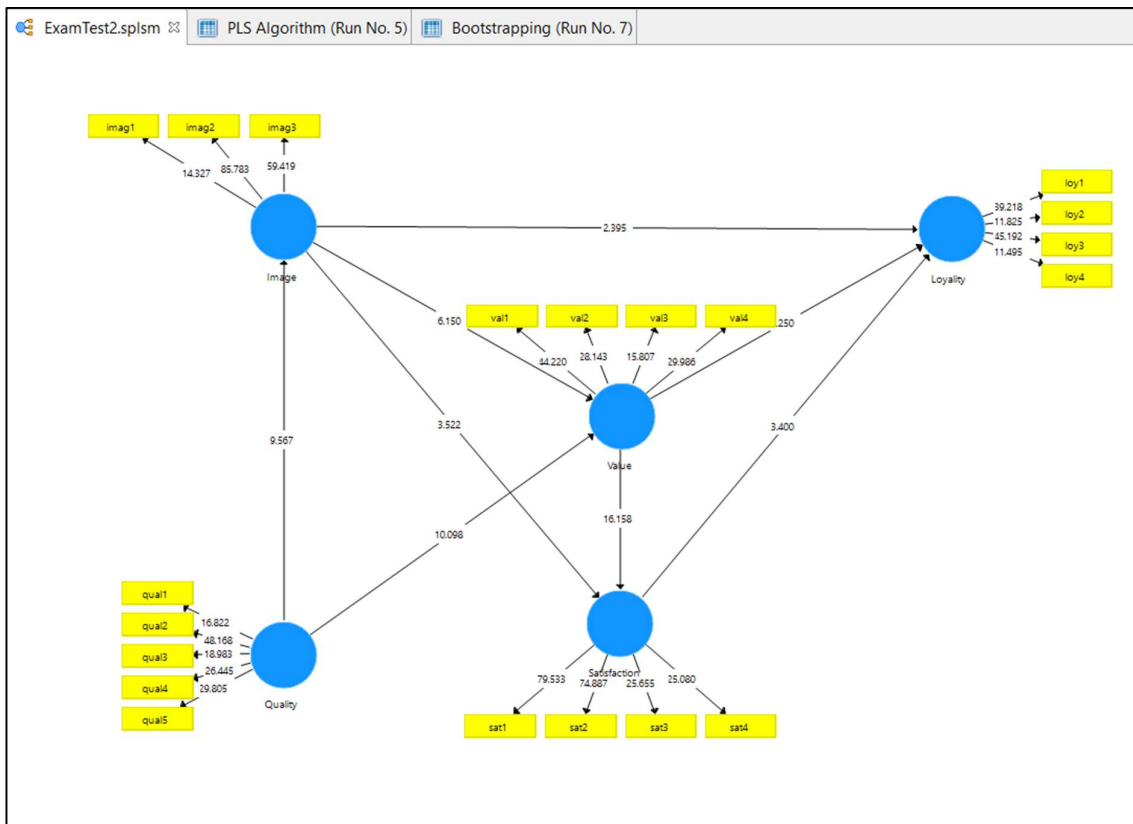


Figure 1 Research Model

Data Collection

Data were collected through a structured questionnaire distributed to 250 respondents. The questionnaire used a Likert scale ranging from 0 (strongly disagree) to 10 (strongly agree) to measure the variables. The sample consisted of 59.2% male and 40.8% female participants.

Data Analysis

Structural equation modeling (SEM) was utilized to test the relationships between the variables. The reliability and validity of the measurement model were assessed using Cronbach's alpha and Average Variance Extracted (AVE) scores. Discriminant validity and path coefficients were also evaluated to ensure the robustness of the findings.

	Image	Loyalty	Quality	Satisfaction	Value
imag1	0.784				
imag2	0.932				
imag3	0.908				
loy1		0.889			
loy2		0.718			
loy3		0.881			
loy4		0.715			
qual1			0.785		
qual2			0.870		
qual3			0.757		
qual4			0.833		
qual5			0.815		
sat1				0.915	
sat2				0.912	
sat3				0.833	
sat4				0.822	
val1					0.852
val2					0.836
val3					0.764
val4					0.818

Figure 2 Outer Loadings

The validity results for each indicator have shown positive outcomes after removing **imag4** and **imag5** because both indicators were not valid.

	Cronbach's Alpha	rho_A	Composite ...	Average Va...
Image	0.850	0.889	0.908	0.769
Loyalty	0.819	0.866	0.880	0.649
Quality	0.871	0.878	0.907	0.661
Satisfaction	0.894	0.906	0.927	0.760
Value	0.836	0.844	0.890	0.669

Figure 3 Validity and Reliability

Cronbach's alpha shows a value of ≥ 0.7 , indicating that the variables are reliable. The AVE (Average Variance Extracted) shows a value of > 0.5 , indicating that the variables are valid.

Discriminant Validity					
Fornell-Larcker... Cross Loadings Heterotrait-Mon... ²					
	Image	Loyalty	Quality	Satisfaction	Value
Image	0.877				
Loyalty	0.574	0.805			
Quality	0.547	0.616	0.813		
Satisfaction	0.637	0.668	0.700	0.872	
Value	0.653	0.683	0.758	0.818	0.818

Figure 4 Discriminant Validity

Discriminant validity produces a value for each variable that is smaller than the value of the variable itself, which indicates that the variable is valid.

Path Coefficients					
Mean, STDEV, T-Values, P-Values Confidence Intervals Confidence Intervals Bias Corrected					
	Original Sa...	Sample Me...	Standard D...	T Statistics (...)	P Values
Image -> Loyalty	0.173	0.174	0.072	2.395	0.017
Image -> Satisfaction	0.181	0.182	0.051	3.522	0.000
Image -> Value	0.339	0.341	0.055	6.150	0.000
Quality -> Image	0.547	0.550	0.057	9.567	0.000
Quality -> Value	0.573	0.572	0.057	10.098	0.000
Satisfaction -> Loyalty	0.277	0.278	0.082	3.400	0.001
Value -> Loyalty	0.344	0.345	0.106	3.250	0.001
Value -> Satisfaction	0.700	0.700	0.043	16.158	0.000

Figure 5. Path Coefficient

The path coefficient results show that the **P** value is less than 0.05, indicating that the relationships are significant. Therefore:

- **H1: Quality has a significant impact on Image**

This means that when quality is high, the brand image or customers' perception of the product improves. Conversely, if quality is low, the brand image or customers' perception of the product deteriorates.

- **H2: Quality has a significant impact on Value**

This implies that when quality is high, the perceived value of the product is also high. Conversely, if quality is low, the perceived value of the product decreases.

- **H3: Image has a significant impact on Loyalty**

This suggests that the better the brand image, the higher the customer loyalty will be.

- **H4: Image has a significant impact on Value**

This indicates that an improved brand image leads to a higher perceived value of the brand.

- **H5: Image has a significant impact on Satisfaction**

This means that the higher the brand image, the greater the customer satisfaction will be.

- **H6: Value has a significant impact on Satisfaction**

This suggests that when the perceived value of the brand is higher, customer satisfaction increases.

- **H7: Value has a significant impact on Loyalty**

This means that the higher the perceived value of the brand, the greater the customer loyalty.

- **H8: Satisfaction has a significant impact on Loyalty**

This indicates that when customer satisfaction is higher, customer loyalty increases.

These results confirm that improvements in quality, image, and perceived value all contribute significantly to enhancing customer satisfaction and loyalty.

Specific Indirect Effects					
Mean, STDEV, T-Values, P-Values	Confidence Intervals	Confidence Intervals Bias Corrected	Samples		
	Original Sa...	Sample Me...	Standard D...	T Statistics (...)	P Values
Quality -> Value -> Satisfaction	0.401	0.401	0.049	8.212	0.000
Quality -> Image -> Value -> Satisfaction -> Loy...	0.036	0.037	0.014	2.638	0.008
Quality -> Image -> Value -> Loyalty	0.064	0.065	0.024	2.676	0.008
Value -> Satisfaction -> Loyalty	0.194	0.195	0.061	3.192	0.001
Quality -> Value -> Satisfaction -> Loyalty	0.111	0.111	0.035	3.164	0.002
Quality -> Image -> Satisfaction -> Loyalty	0.027	0.028	0.012	2.344	0.019
Image -> Value -> Loyalty	0.117	0.117	0.039	2.998	0.003
Quality -> Value -> Loyalty	0.197	0.198	0.066	2.962	0.003
Image -> Satisfaction -> Loyalty	0.050	0.050	0.019	2.616	0.009
Image -> Value -> Satisfaction -> Loyalty	0.066	0.067	0.025	2.675	0.008
Quality -> Image -> Loyalty	0.095	0.096	0.042	2.237	0.026
Image -> Value -> Satisfaction	0.237	0.239	0.040	5.902	0.000
Quality -> Image -> Value -> Satisfaction	0.130	0.131	0.026	5.052	0.000
Quality -> Image -> Value	0.186	0.188	0.038	4.870	0.000
Quality -> Image -> Satisfaction	0.099	0.101	0.034	2.891	0.004

Figure 6. Specific Indirect Effect

The results of the indirect effect analysis show that the **P** value is less than 0.05, indicating that all paths in the model are significant. This has several important implications:

1. The Impact of Quality on Value and Loyalty:

- Quality significantly influences the perceived value by customers. When the quality of a product or service increases, the perceived value also rises.
- This increase in perceived value leads to higher customer satisfaction. When customers are satisfied with the value they receive, they are more likely to remain loyal to the brand. Therefore, quality indirectly affects customer loyalty through perceived value.

2. The Impact of Quality on Image and Loyalty:

- Quality also affects brand image. As the quality of a product or service improves, the brand's image in the eyes of customers becomes more positive.
- A positive brand image enhances customer satisfaction, which ultimately increases customer loyalty. Thus, quality indirectly influences customer loyalty through a positive brand image and increased customer satisfaction.

From these results, it can be concluded that **brand image plays a crucial role** in enhancing perceived value and customer satisfaction, which in turn significantly contributes to increasing customer loyalty. This suggests that companies should not only focus on improving the quality of their products or services but also pay attention to brand image in order to retain and boost customer loyalty.

IV. Result and Discussion

The findings indicate that quality has a significant direct impact on both image (H1) and value (H2). The results show that an increase in quality improves the brand image, which subsequently enhances customer satisfaction (H5) and loyalty (H3). Image was also found to have a significant positive influence on perceived value (H4), which, in turn, affects satisfaction (H6) and loyalty (H7). The direct relationship between satisfaction and loyalty (H8)

was confirmed, highlighting the importance of meeting customer expectations in fostering loyalty.

Mediation Analysis:

The mediation analysis revealed that image plays a critical role in the quality-loyalty relationship. Quality affects loyalty indirectly through image and satisfaction. Similarly, value acts as a mediator between quality and loyalty, as customers who perceive high value from a high-quality product are more likely to be satisfied and loyal.

Managerial Implications:

These findings suggest that businesses aiming to enhance customer loyalty should focus on improving product quality, which in turn strengthens the brand image and perceived value. Marketers should also prioritize customer satisfaction by maintaining a strong brand image and ensuring that customers perceive value in their offerings.

V. Conclusion

The study confirms that quality has a significant impact on customer loyalty, both directly and indirectly through image, value, and satisfaction. The role of image as a mediator is particularly noteworthy, as it not only enhances satisfaction but also fosters loyalty. Companies should focus on delivering high-quality products and services while cultivating a strong brand image to ensure long-term customer retention.

Research Implications and Future Recommendations

This research contributes to the literature by demonstrating the interrelated effects of quality, value, image, and satisfaction on customer loyalty. Future research could explore these relationships in different industries and settings to validate the generalizability of these findings. Additionally, longitudinal studies could provide deeper insights into the long-term effects of these variables on customer loyalty.

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