

FACTORS INFLUENCES CUSTOMER LOYALTY FOR ONLINE SHOPPING: STUDY CASE ON XIAOMI'S ONLINE STORE CUSTOMER IN BEKASI

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Abstract:

Background: Customer satisfaction and loyalty are crucial factors for enhancing sales and profitability. In the context of e-commerce, understanding how brand image, product quality, and service quality influence these outcomes is essential for maintaining competitiveness.

Purpose: This study investigates the relationship between brand image, product quality, and service quality, and their effect on customer satisfaction and loyalty in the online purchase of Xiaomi products.

Design/methodology/approach: A quantitative research approach was employed using Structural Equation Modeling (SEM) to analyze data collected from 105 respondents in Bekasi City who have made at least two transactions through Xiaomi's e-commerce platform. Respondents were selected through simple random sampling, and data were analyzed using SPSS 25 and SmartPLS software.

Conclusion: The findings indicate that customer satisfaction mediates the relationship between brand image and customer loyalty. Brand image significantly influences customer loyalty, even without the mediation of customer satisfaction. However, customer satisfaction does not mediate the relationship between product quality and customer loyalty, while service quality directly impacts customer loyalty.

Originality/Value (State of art): This study provides insights into the role of brand image and service quality in driving customer loyalty in the e-commerce sector, offering specific recommendations for Xiaomi to implement Standard Operating Procedures (SOPs) to maintain superior product quality and improve service quality for better customer satisfaction and loyalty.

Keywords: service quality, product quality, brand image, customer loyalty, customer satisfaction

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INTRODUCTION

The internet has transformed many aspects of daily life, including shopping, by offering unprecedented convenience (Obeidat & Al-dwairi, 2018). With just a smartphone, people can now shop online without visiting physical stores (Alkhateeb, 2020). In Indonesia, online shopping has become a widespread trend due to the convenience and numerous benefits it offers (Obeidat & Al-dwairi, 2018). However, the success of online shopping depends heavily on service quality, which significantly influences consumer behavior (Gotama & Indarwati, 2019). According to Alkhateeb (2020), as in most consumer activities, superior product and service quality enhance the shopping experience and foster customer loyalty.

Despite its growing popularity, online shopping faces challenges that threaten consumer loyalty. Issues such as inconsistent service quality, delayed delivery, and inadequate customer engagement are common. A recent survey by the E-Commerce Research Institute (2023) revealed that 45% of Indonesian online shoppers were dissatisfied with delivery times, while 32% raised concerns about customer service responsiveness. Such issues hinder customer satisfaction, reducing the likelihood of repeat purchases and recommendations. In the service industry, both product quality and service quality are vital for creating positive customer experiences (Chi & Gursoy, 2009) and to examine the impact of both on a hospitality company's financial performance utilizing service-profit-chain framework as the theoretical base. Specifically, this study explores four major relationships: (1. Studies indicate that providing superior product and service quality enhances customer satisfaction, which in turn fosters loyalty to (Swanson & Chen 2016; Thaichon et al. 2014) customer-company identification. Kumar, Pozza, and Ganesh (2013) highlight that customer satisfaction not only directly influences loyalty but also mediates the relationship between service quality and loyalty. Consequently, e-commerce businesses must prioritize delivering high-quality services and products to retain customers and improve profitability (Mashaqi et al. 2020; Shokouhyar et al. 2020).

Additionally, brand image plays a crucial role in shaping customer loyalty. A strong brand image reassures customers, encouraging repeat purchases and long-term loyalty (Song et al. 2019; Syah & Olivia, 2022). Customer loyalty, defined as a commitment to

repurchase preferred products or services over time, is influenced by satisfaction levels, perceived value, and positive consumer experiences (Kaura et al. 2023; Bastian & Widodo, 2022). Satisfied customers not only become loyal but also contribute to a business by recommending products and sharing favorable feedback (Lai, 2019).

Previous research has extensively examined the interactions among service quality, product quality, customer satisfaction, and loyalty (e.g., Ariff et al. 2013; Fida et al. 2020; Jiang & Zhang, 2016; Kasiri et al. 2017; Lai, 2019; Pakurár et al. 2019; Shi et al. 2014; N. J. Slack & Singh, 2020; Vu et al. 2021). Studies also explore the relationship between brand image and customer loyalty (Dam & Dam, 2021; Nyadzayo & Khajehzadeh, 2016; Yilmaz & Ari, 2017). However, much of this research isolates service quality as the sole variable, overlooking the combined effects of product quality and brand image on customer satisfaction and loyalty.

This study seeks to address this gap by analyzing the factors influencing customer loyalty in online shopping, with a specific focus on service quality, product quality, and brand image. Using the Xiaomi online store in Indonesia as a case study, it examines whether customer satisfaction mediates these relationships. By providing insights into these dynamics, this research aims to contribute to the understanding of how e-commerce platforms can enhance customer loyalty and improve their competitive advantage.

METHODS

Data collection is conducted using a Likert scale questionnaire with a range of 1-5 (1 = Strongly Disagree, 5 = Strongly Agree) based on previously validated research instruments. The service quality variable includes 4 questions adopted from (Uzir et al. 2020), the product quality variable is measured with 4 questions from the same source, and the brand image variable includes 4 questions from Dam & Dam, (2021a). Customer satisfaction is measured with 5 questions from (Uzir et al. 2020), and customer loyalty consists of 4 questions from Jung & Yoon (2013). An online survey using Google Forms allows respondents to complete the questionnaire independently. A total of 105 respondents participated in this study, which meets the minimum sample size required for

Structural Equation Modeling (SEM) analysis. The study population includes the general public who have made at least two purchases from the Xiaomi online store and are located in Bekasi City. According to Hair et al. (2019), the recommended sample size for SEM is at least 5-10 times the number of indicators in the model. With 21 indicators used in this study, the sample size of 105 respondents is considered sufficient. Unpurposive sampling is used, with the main criterion being that respondents understand service quality, product quality, brand image, customer satisfaction, and customer loyalty regarding Xiaomi's business in

Bekasi City. Pre-testing with 30 respondents helps validate the questionnaire's reliability and validity. The questionnaire as shown on Table 1.

The quantitative research employs the Structural Equation Model (SEM) and utilizes SPSS 25 and SmartPLS software for data processing and analysis. For validity testing, Kaiser-Meyer-Olkin (KMO) and Measures of Sampling Adequacy (MSA) are applied. Results from the pilot test show KMO values greater than 0.5 and Sig values smaller than 0.05, confirming the validity of all items in each variable.

Table 1 Variable measurement

Variables	Indicators	Statements
Perceived ease of use	Reliability in delivery times	The products from Xiaomi's online store are delivered in a short time
	Quality of the product packaging when delivered	The packaging of products from Xiaomi's online store is excellent, ensuring no damage upon receipt
	Kindness and friendliness of the personnel	The administrators of Xiaomi's online store are friendly
	Flawless of the installation	Xiaomi's online store application is very easy to install
Perceived price	The brand has an excellent functional quality	The products offered by Xiaomi's online store have excellent functional quality
	The brand offers very durable products	The products offered by Xiaomi's online store are highly durable
	Products of the brand are reliable	The products offered by Xiaomi's online store are reliable
	The brand offers products with excellent features	The products offered by Xiaomi's online store have superior features
Purchase Decision	This brand is reliable	Xiaomi's online store is reliable
	This brand is attractive	Xiaomi's online store is attractive
	This brand is pleasing	Xiaomi's online store is enjoyable
	This brand has a good reputation	Xiaomi's online store has a good reputation
Consumer satisfaction	The brand meets my expectations	The brand of products from Xiaomi's online store meets my expectations
	am satisfied with my decision to buy this brand	I am satisfied with my decision to purchase from Xiaomi's online store
	The brand is the only one that I buy and use	The products from Xiaomi's online store are the only ones I buy
	I would recommend the product or service to others	I will recommend the products or services of Xiaomi's online store to others
	I am satisfying delighted with this brand	I am very satisfied with Xiaomi's online store
Customer loyalty	I will keep an ongoing relationship with this brand	I will maintain a sustainable relationship with Xiaomi's online store
	I will spread positive word-of-mouth about this brand	I will spread positive word-of-mouth about Xiaomi's online store
	This brand would be my first choice over another brand	Xiaomi's online store will be my first choice over other brands
	I will recommend the brand to my friends and others	I will recommend Xiaomi's online store to my friends and others

Based on the literature and the proposed research model (Figure 1): the study investigates several hypotheses regarding the relationships between service quality, product quality, brand image, customer satisfaction, and customer loyalty.

The research model above follows previous studies by Ariyani et al. (2021) and Muis et al. (2023), both of which investigated the interaction between brand image, product quality, customer loyalty, customer satisfaction, and service quality. However, Muis et al. (2023) did not include the variable of brand image, while Ariyani et al. (2021) examined brand image but did not explore the variable of service quality. Thus, the research model proposed in this study seeks to adopt elements from both.

Based on the literature and the proposed research model (Figure I): the study investigates several hypotheses. First, it hypothesizes that higher service quality leads to increased customer satisfaction (Blut et al. 2015; Katherine et al. 2016; Rita et al. 2019; Shokouhyar et al. 2020) Second, superior service quality is expected to foster greater customer loyalty (2) (Fida et al. 2020; Naini et al. 2022; Satti et al. 2020; Silas et al. 2022) Third, high product quality is anticipated to enhance customer satisfaction (Delima, Ashary & Usman 2019; Mutammam, Sumarwan & Tinaprilla 2019; Kim, Kim & Hwang 2020; Sambo et al. 2022). Fourth, high product quality is expected to contribute to increased customer loyalty (Marakanon & Panjakajornsak, 2017; Michael & David, 2019; Xhema et al. 2018). Fifth, a positive brand image is hypothesized to improve customer satisfaction (Afthanorhan et al. 2019; College, Sultan,

& Abidin 2020; Azim, Hamta, & Hooshmand 2021; Ayu et al. 2022; Nilashi et al. 2023). Finally, a positive brand image is expected to enhance customer loyalty.

Service Quality and Customer Satisfaction

The first hypothesis posits that higher service quality leads to increased customer satisfaction. This hypothesis is supported by empirical studies such as those by Blut et al. (2015) and Katherine et al. (2016): which found that improved service quality correlates with higher levels of customer satisfaction. Further, Rita, Oliveira, and Farisa (2019) and Shokouhyar et al. (2020) highlight that effective service quality significantly enhances customers' satisfaction with their shopping experiences.

H1: Service quality positively increased customer satisfaction

Service Quality and Customer Loyalty

The second hypothesis explores whether superior service quality fosters greater customer loyalty. This relationship is well-documented in the literature, with studies by Fida et al. (2020) and Satti et al. (2020) showing that high service quality leads to increased customer loyalty. Consistent service quality is also associated with enhanced loyalty, as demonstrated by Naini et al. (2022) and Silas, Dung, and Bagobiri (2022): who observed that customers are more likely to remain loyal and make repeat purchases when service quality is reliably high.

H2: Service quality positively increased customer loyalty

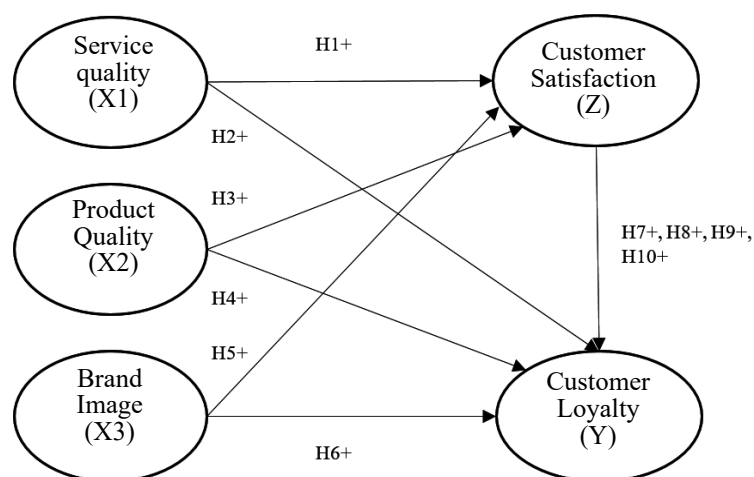


Figure I. Research model

Product Quality and Customer Satisfaction

The third hypothesis examines the effect of high product quality on customer satisfaction. Research by Delima, Ashary, and Usman (2019) indicates that higher product quality enhances customer satisfaction. This finding is supported by Mutammam, Sumarwan, and Tinaprilla (2019) and Kim, Kim, and Hwang (2020): who observed that high-quality products significantly boost customer satisfaction. Sambo et al. (2022) also confirm that product quality positively impacts customer satisfaction.

H3: Product quality positively increased customer satisfaction

Product Quality and Customer Loyalty

The fourth hypothesis investigates whether high product quality contributes to increased customer loyalty. Evidence from Marakanon and Panjakajornsak (2017) and Xhema, Metin, and Groumpos (2018) suggests that superior product quality is linked to higher customer loyalty. Michael and David (2019) reinforce this by demonstrating that high-quality products enhance customer commitment and the likelihood of repeat purchases.

H4: Product quality positively increased customer loyalty

Brand Image and Customer Satisfaction

The fifth hypothesis explores the relationship between brand image and customer satisfaction. A positive brand image is hypothesized to improve customer satisfaction, a claim supported by Afthanorhan et al. (2019) and College, Sultan, and Abidin (2020). Azim, Hamta, and Hooshmand (2021): Ayu et al. (2022): and Nilashi et al. (2023) further substantiate this by showing that a strong brand image plays a crucial role in shaping customer satisfaction.

H5: Brand image positively increased customer satisfaction

Brand Image and Customer Satisfaction

The sixth hypothesis addresses whether a favorable brand image enhances customer loyalty. Research by Azizan and Yusr (2019) and Xu, Prayag, and Song (2022) indicates that a strong brand image contributes to increased customer loyalty. This relationship is further supported by Fu (2023) and Nilashi et al. (2023): who

demonstrate that a positive brand image encourages customers to remain loyal to the brand.

H6: Brand image positively increased customer loyalty

Brand Image and Customer Satisfaction

Customer satisfaction is considered a form of positive customer behavior, as when individuals feel satisfied, they are less likely to switch to another provider and more willing to make repeat purchases in the future (J. Hwang et al. 2021). Customer satisfaction is the degree to which consumer needs, desires, and expectations are met, which results in repeat purchases or continued loyalty (Islam et al. 2021). Studies conducted by Aityassine (2022) and Vu et al. (2021) found that customer satisfaction has a significant impact on customer loyalty. The more satisfied consumers are with a particular product, the stronger their desire and loyalty to continue using that product (Agarwal & Dhingra, 2023). Loyalty is inseparable from satisfaction, as consumers who experience the highest levels of satisfaction develop strong emotions and a long-term commitment to a product (Koay et al. 2022). Based on this, the hypothesis in this research is as follows:

H7: Customer satisfaction positively increased customer loyalty

Customer Satisfaction, product quality, service quality, brand image, and customer loyalty

Additionally, the study examines the mediating role of customer satisfaction in the relationships between product quality, service quality, brand image, and customer loyalty. The hypothesis that customer satisfaction mediates the effect of product quality on customer loyalty is supported by Thanabordeekij and Syers (2020) and Dam and Dam (2021). Similarly, service quality impacts customer loyalty through customer satisfaction, as shown by Sambo et al. (2022) and Agarwal and Dhingra (2023). Brand image also influences customer loyalty through customer satisfaction, with Thanabordeekij and Syers (2020) and Dam and Dam (2021) providing evidence that customer satisfaction mediates this relationship.

H8: Product quality positively increased customer loyalty moderated by customer satisfaction.

H9: Service quality positively increased customer loyalty moderated by customer satisfaction

H10: Brand image positively increased customer loyalty moderated by customer satisfaction.

RESULTS

Based on the online distribution of questionnaires, data from 105 respondents were collected, with 69.5% (73 respondents) being female and 30.5% (32 respondents) being male. The occupational distribution included 19 students, 37 private employees, 15 civil servants, 27 entrepreneurs, and 7 individuals with professions outside the specified categories. The majority of respondents fell in the age range of 25-30 years, accounting for 29.5% (31 people). Furthermore, respondents with a high school/vocational high school education status comprised the dominant group, with 35.2% (37 people): and monthly expenses of \leq IDR3,000,000-, constituting 60% (63 people).

Before conducting the researcher first performed reliability testing on the measurement instrument by conducting validity and reliability tests (Table 2). Following that, the process continued with classical

assumption testing to determine whether the data met the requirements For validity testing, Kaiser-Meyer-Olkin (KMO) and Measures of Sampling Adequacy (MSA) are applied.

In Table 2, the Composite Reliability and Cronbach's Alpha values for each variable exceed 0.7, confirming the internal consistency and reliability of the constructs used in the study. Additionally, the AVE values for each construct are above 0.5, confirming convergent validity. The outer loading values for each item also exceed 0.5, further validating the items within each construct. For discriminant validity, the AVE Root values are greater than the inter-construct correlations, indicating that each construct is unique and distinct from others. This comprehensive evaluation ensures the validity and reliability of the items and variables in the study. Based on the results of the path analysis between variables, the values are shown in the diagram (Figure 2).

Table 2. Reliability and Validity test

Variables	Indicators	Convergent Validity	MSA*	KMO#	Cronbach Alpha	Composite Reliability	AVE^
Service quality (X1)	SQ1	0.285	0.805	0.707	0.844	0.855	0.683
	SQ2	0.898	0.658				
	SQ3	0.810	0.731				
	SQ4	0.857	0.730				
Product quality (X2)	PQ1	0.857	0.714	0.691	0.872	0.883	0.663
	PQ2	0.873	0.693				
	PQ3	0.899	0.651				
	PQ4	0.757	0.725				
Brand Image (X3)	BI1	0.862	0.884	0.849	0.797	0.797	0.711
	BI2	0.907	0.840				
	BI3	0.897	0.849				
	BI4	0.908	0.829				
Constumer satisfaction (Z)	CS1	0.807	0.865	0.848	0.882	0.892	0.742
	CS2	0.769	0.914				
	CS3	0.936	0.825				
	CS4	0.894	0.817				
	CS5	0.919	0.850				
Customer loyalty (Y)	CL1	0.700	0.653	0.684	0.834	0.846	0.668
	CL2	0.849	0.619				
	CL3	0.933	0.653				
	CL4	0.853	0.847				

note: * Measure of Sampling Adequacy; #Kaiser-Meyer-Olkin; ^ Average Variance Extracted

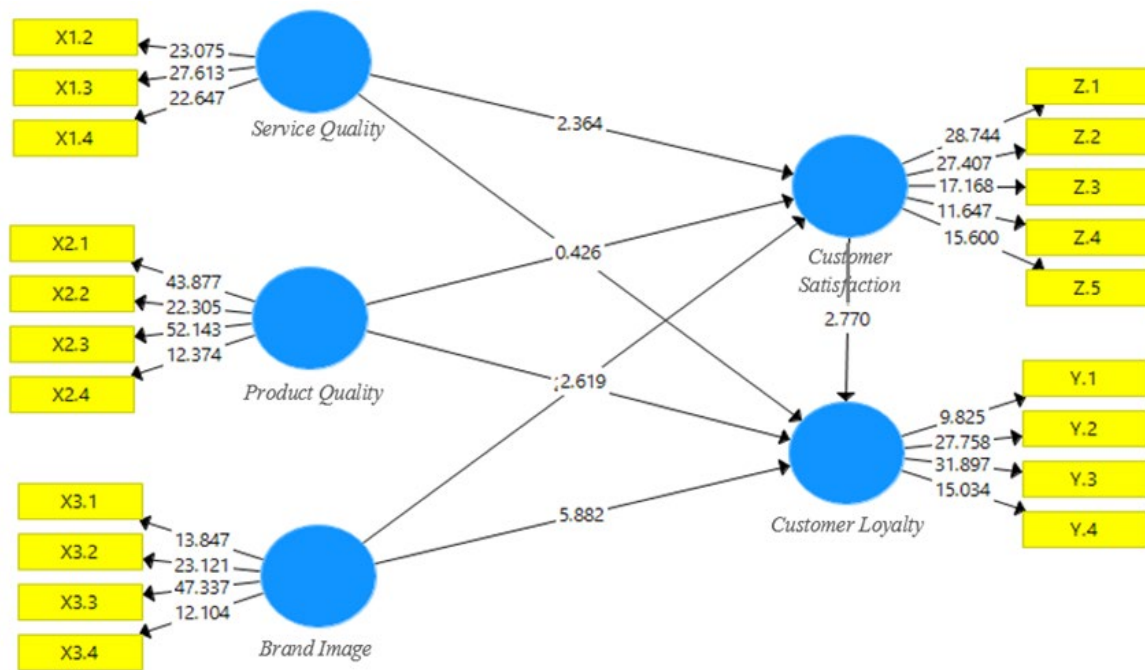


Figure 2. Path Diagram T-Value

The results of the hypothesis testing (as presented in Table 3) reveal important findings regarding the relationship between service quality, product quality, brand image, customer satisfaction, and customer loyalty. Customer loyalty to Xiaomi products was hypothesized to be influenced by these factors, and the analysis showed that product quality and brand image significantly influence customer loyalty. Product quality (H4) and brand image (H6) were both found to have a direct and significant effect on customer loyalty, with T-stat values of 2.206 and 5.882, respectively, both exceeding the T-table value of 1.96 at $\alpha = 0.05$. On the other hand, service quality (H2) did not have a significant effect on customer loyalty, as evidenced by the T-stat value of 0.450, leading to the rejection of this hypothesis.

When examining customer satisfaction as a mediator, the results indicated that customer satisfaction successfully mediates the relationship between brand image and customer loyalty (H10): with a T-stat value of 1.974 indicating a significant effect. However, customer satisfaction does not mediate the relationship between service quality (H9) or product quality (H8) and customer loyalty, as both hypotheses were rejected based on T-stat values below the threshold.

The study also revealed several detailed findings. Firstly, service quality is not proven to affect customer loyalty in this study. This could be attributed to the majority of

respondents finding other factors, such as competitive pricing compared to other brands with similar specifications, more compelling for fostering loyalty to Xiaomi products. The analysis of questionnaire responses revealed that the statement item with the lowest value in the Service quality variable was item number three: "Xiaomi online store admin is friendly." It appears that the friendliness of the online store admin is not a significant factor influencing customer loyalty, possibly because most respondents were repeat buyers of Xiaomi products, and friendliness was no longer a primary factor for loyalty. This finding aligns with studies by (Supriyanto et al. 2021) and (Alzoubi et al. 2021), but contradicts the research by (Al-Slehat, 2021), which demonstrated a positive and significant effect of service quality on consumer loyalty. It is also, when considering customer satisfaction as a mediator, the analysis reveals that service quality does not affect customer loyalty.

Secondly, product quality is proven to have an impact on customer loyalty. The questionnaire responses indicated that the statement items with the highest values in the Product quality variable were items number one and two: "The products offered by Xiaomi online store have excellent functional quality" and "The products offered by Xiaomi online store are very durable." This suggests that the majority of respondents exhibit loyalty to Xiaomi products due to their superior functionality and durability. This finding is consistent with the research

conducted by Marakanon & Panjakajornsak (2017) Michael & David (2019) and Xhema et al (2018).

Waluya, Iqbal & Indradewa (2019) asserted that product quality refers to a product's ability to deliver superior value to customers. It stands out as one of the most crucial tools in a marketer's positioning strategy. The quality of a product is a characteristic determined by its capacity to satisfy consumers' implicit needs (Muafa et al. 2020). It holds significant importance in the product purchase decision-making process and also plays a vital role in considerations related to pricing. Consequently, companies must exercise great care and continuously uphold the quality of the products they manufacture (Delima et al. 2019).

Product quality, as defined by Michael & David, (2019), encompasses the ability of a product to perform its intended function, including factors such as durability, reliability, robustness, ease of use, and repair. Indicators of product quality include performance, additional features, reliability, conformity to specifications, and aesthetics, as outlined by (Sambo et al. 2022). In summary, product quality can be concluded as an attribute of an item or product that determines its ability to provide superior value and align with or even exceed customer expectations. It stands as one of the primary factors influencing consumer purchasing decisions.

Thirdly, brand image is proven to influence customer loyalty. It is also, when considering customer satisfaction as a mediator, the analysis reveals that brand image does not affect customer loyalty. The statement item with the highest value in the Brand image variable

was item number four: "Xiaomi's online store has a good reputation." Despite the lowest value being in the statement "Online store Xiaomi is reliable," the high value in "Online store Xiaomi has a good reputation" suggests that some respondents might know and use the Xiaomi online store based on positive references from relatives or family. Brand image is considered a consumer-based construct that helps consumers understand the attributes and functional consequences of certain products (Nyadzayo & Khajehzadeh, 2016). Brand image plays a crucial role in the consumer purchasing decision process, and previous studies have shown that it is positively related to customer satisfaction, consumer loyalty, consumer trust, and consumer purchase probability (Alić et al. 2020).

Forthly, customer satisfaction managed to mediating the impact of brand image to customer loyalty. From theoretical persepctive this could be explain as the nature of customer satisfaction itself. Customer satisfaction is a comprehensive evaluation of how the performance of a product or service aligns with consumer expectations, directly influencing the level of satisfaction (Khan et al. 2022). The effectiveness of an organization relies significantly on identifying consumers, understanding their expectations, and recognizing their impact on the market. Key to creating customer satisfaction is a focus on the quality of the product used (Eren, 2021). It serves as a measure to gauge consumer satisfaction with the product, service, and the organization's ability to provide comfort. Information gathered from consumers, including complaints, can be utilized as an assessment survey to determine the best ways to change and improve product quality (N. Slack et al. 2020).

Table 2. Results of Hypothesis-testing

Hypothesis	Relationship	T-stat	P-value	Conclusion
H1	(X1) → (Z)	2.364	0.018	Accepted
H2	(X1) → (Y)	0.450	0.653	Rejected
H3	(X2) → (Z)	0.426	0.670	Rejected
H4	(X2) → (Y)	2.206	0.027	Accepted
H5	(X3) → (Z)	2.619	0.009	Accepted
H6	(X3) → (Y)	5.882	0.000	Accepted
H7	(Z) → (Y)	2.770	0.006	Accepted
H8	(X1) → (Z) → (Y)	1.742	0,010	Rejected
H9	(X2) → (Z) → (Y)	0.376	0.707	Rejected
H10	(X3) → (Z) → (Y)	1.974	0.048	Accepted

Note: t-table score = 1.96, $\alpha = 0.05$; Service quality (X1); Product quality (X2); Brand Image (X3); Constermer satisfaction (Z); Customer loyalty (Y)

Customer satisfaction is achieved when the product or service meets consumer expectations at the anticipated level of benefit, aligning with the consistency of expectations and actual results obtained (Hadi & Indradewa, 2019). Conducting surveys establishes benchmarks for the organization, providing insights on how to enhance the quality of services to meet consumer needs (Afthanorhan et al. 2019) For companies, maintaining customer satisfaction is crucial as it contributes to increased sales and company turnover (Pranata et al. 2020). Overall, it can be concluded that building a business with a long-term focus on profit and success requires prioritizing customer satisfaction, as it is instrumental in advancing the business and boosting organizational profits.

Managerial Implications

In terms of increasing customer loyalty, distinct strategies are necessary for the company as a whole versus its online store. Empirically, this study reveals that product quality emerges as a critical determinant of customer loyalty in the context of Xiaomi's offline operations. Respondents demonstrated strong loyalty to Xiaomi products due to their perceived superior functionality and durability. This finding highlights the importance of maintaining consistent product quality through rigorous quality control and continuous product improvement to meet and exceed customer expectations. Additionally, while brand image does not directly impact loyalty when considering customer satisfaction as a mediator, it remains crucial. This suggests that while brand image might play a peripheral role in fostering direct loyalty, its contribution lies in shaping customer perceptions and satisfaction. Xiaomi should focus on building and promoting a positive brand image through strategic marketing and effective communication of brand values. A strong, consistent brand presence positively influences customer perceptions, which leads to increased brand preference and loyalty.

For the online store, competitive pricing is identified as a key driver of customer loyalty. The findings demonstrate that traditional customer service factors, such as the friendliness of online store administrators, may not significantly impact loyalty in this digital context. Instead, the study underscores the importance of offering competitive pricing and promotions as primary strategies to attract and retain customers in online marketplaces. Furthermore, customer

satisfaction acts as a mediator between brand image and customer loyalty in the online store context. This empirical evidence highlights the necessity for online stores to improve aspects related to product performance and service quality, as these factors significantly enhance customer satisfaction and, subsequently, loyalty by reinforcing positive brand perceptions. By differentiating strategies based on whether they benefit the company or the online store, Xiaomi can more effectively enhance customer loyalty.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The study findings indicate that product quality and brand image significantly impact customer loyalty among Xiaomi online store customers. Additionally, customer satisfaction has been identified as a moderator influencing the relationship between brand image, service quality, and customer loyalty. This suggests that enhancing these factors can contribute to increased customer loyalty both directly and indirectly. However, the study acknowledges certain limitations, such as the small number of respondents and their concentration in Bekasi City. Future research should address these limitations and explore additional factors that may influence customer satisfaction and loyalty in the context of Xiaomi online stores, including the impact of product images and promotional activities.

The findings of this study indicate that product quality and brand image significantly influence customer loyalty among Xiaomi online store customers. Additionally, customer satisfaction has been identified as a moderating factor that affects the relationship between brand image, service quality, and customer loyalty. These results align with previous studies, such as those conducted by Tahir et al. (2024), which also found that brand image and product quality play a key role in fostering customer loyalty. However, this study extends these findings by highlighting the role of customer satisfaction in strengthening these relationships.

The results suggest that improving product quality, brand image, and service quality can contribute to increased customer loyalty both directly and indirectly. This is consistent with the research of Suharto et al (2022), which emphasizes the importance of customer

satisfaction in maintaining loyalty in the e-commerce sector. However, this study acknowledges certain limitations, including the relatively small sample size and the concentration of respondents in Bekasi City. Future research should address these limitations and explore additional factors that may influence customer satisfaction and loyalty, such as the impact of product images and promotional activities, to provide a more comprehensive understanding of customer behavior in the context of Xiaomi online stores.

Recommendations

The study offers several implications for Xiaomi to enhance customer satisfaction and loyalty through its online store application. First, it is recommended to establish Standard Operating Procedures (SOPs) to ensure high product quality, as this has been identified as a crucial factor influencing consumer loyalty. Second, to boost customer loyalty, Xiaomi should focus on improving and elevating service quality, given its significant role in enhancing customer satisfaction. Additionally, maintaining a positive brand image, particularly with a good reputation for the Xiaomi online store, is emphasized. By improving these areas, Xiaomi can positively impact customer satisfaction and loyalty, thereby increasing the purchasing of Xiaomi products through online applications.

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