

## Increasing Customer Loyalty Through Service Quality with Customer Satisfaction as an Intervening Variable in Andromeda Interior Design

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**Abstract.** *This study aims to analyze the influence of service quality on customer satisfaction, the influence of service quality on customer loyalty, and the influence of customer satisfaction on customer loyalty at Andromeda Interior Design Pangkalan Bun. Customer loyalty is an important factor for the sustainability of a service business, because loyal customers tend to make repeat purchases, recommend to others, and do not easily switch to competitors. The research used an explanatory research method with a quantitative approach. The population in this study were all customers of Andromeda Interior Design Pangkalan Bun. The sampling technique used purposive sampling with a sample size of 96 respondents. The research data were obtained through the distribution of questionnaires to respondents. Data analysis techniques used included validity testing, reliability testing, classical assumption testing, and multiple linear regression analysis. The research results show that service quality has a positive and significant effect on customer satisfaction. Service quality also has a positive and significant effect on customer loyalty. Furthermore, customer satisfaction has a positive and significant effect on customer loyalty. This indicates that the better the service quality a company provides, the higher the level of customer satisfaction, which ultimately increases customer loyalty. Based on the research results, it can be concluded that service quality plays a crucial role in increasing customer satisfaction and loyalty at Andromeda Interior Design Pangkalan Bun. Therefore, the company needs to continuously improve service quality to retain customers and increase long-term loyalty.*

**Keywords:** *Customer Satisfaction; Customer Loyalty; Interior Design Services; Service Quality.*

### 1. Introduction

According to Palilati (2021), factors influencing customer loyalty are customer satisfaction and customer value. Customer value, which is the consumer's perception of the value of the

quality offered, is relatively higher than that of competitors, and will influence the level of customer loyalty. The higher the perceived value felt by the customer, the greater the likelihood of a relationship (transaction). The desired relationship is a long-term one, as the effort and costs incurred by the company are believed to be much greater when attracting new customers or customers who have already left the company, rather than retaining them.

Customers form expectations about value and act based on them. A high level of perceived service quality (value) will result in customer satisfaction. The higher the perceived value, the greater the likelihood of a relationship (transaction). These customer expectations can be grouped into two distinct levels: lower levels of expectations, which are considered sufficient to meet basic needs (adequate expectations), and higher levels of expectations, which are considered desirable or superior to the desired level. (Lupiyoadi, 2019)

To gain customer loyalty, companies should consider several factors that can influence customer loyalty, including service quality. As a service-oriented company, service quality must be prioritized. Service quality itself can be defined as the level of expected excellence and control over that level of excellence. To meet customer expectations, service providers must provide excellent and superior service. (Lupiyoadi, 2019)

In addition to perceived value and service quality, the role of emotions in organizations has also received considerable attention from researchers. This focus has been particularly focused on customer emotions and behavior, with a greater emphasis on the relationship between emotions displayed by service providers and outcomes such as customer mood, satisfaction, and behavior. Employee behavior that displays desired emotions during service transactions has been shown to enhance positive customer moods (Pugh, 2020), increase customer satisfaction (Brown and Azarotr, 1994), and lead to increased time spent at the business, and a willingness to return and recommend the business (Tsai and Huang, 2002).

Consumer loyalty is the final effect of a purchase, which is defined as an attitude and intention to behave in the future, and is expressed through things such as: a commitment to buy from the company if they need other products; a commitment to provide recommendations to others; an intention or desire to tell positive things about the company; and a willingness to pay a high price (cost burden).

According to Tjiptono (2020), satisfied consumers will make repeat purchases in the future and recommend the products and services they have enjoyed to others. According to Dharmesta (2020), loyalty occurs when customers are satisfied with the brand or quality of service they receive and intend to continue their relationship with the company. Thus, loyalty can be maintained if the service provider strives to provide better service quality to its customers.

Service quality encourages customers to forge a strong bond of need with a company. Over the long term, this bond allows a company to thoroughly understand customer expectations

and needs. As service quality improves, demonstrated by reliable service, responsiveness, guaranteed service, and increased attention, customers will be satisfied and remain loyal to the company.

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In companies, customer satisfaction is more expected in terms of loyalty as a primary motivation. Therefore, the corporate world needs to anticipate this by improving the quality of customer-oriented services. The quality of corporate service is manifested in five dimensions, often referred to as reliability, assurance, tangibles, empathy, and responsiveness.

1. Reliability: The ability to provide services accurately as promised.
2. Assurance: The knowledge and ability of employees to serve with confidence.
3. Tangible: physical appearance, equipment, personnel and communication tools.
4. Communication (Empathy): employees must give individual attention to consumers and understand consumer needs.
5. Responsiveness: the ability of employees to help consumers by providing services quickly according to customer desires.

Tjiptono (2019) states that customer loyalty is the ticket to a business; loyal customers are satisfied customers, and Bohte, in Tjiptono (2019), states that achieving loyalty requires satisfaction. As stated by Jennie Siat (in Suryanto, 2002), creating a good partnership with customers is one way to achieve company goals. Because a good relationship with customers.

Economic progress impacts people's lives. Improvements in people's social and economic status result in changes in their behavior and lifestyle. These changes ultimately influence their tastes and satisfaction with products. People desire quality products and services that meet their needs.

To compete, survive, and thrive, companies are required to provide quality service that meets customer needs and desires. Products and services that fall short of quality are easily abandoned, and customers ultimately switch to other companies. To anticipate this, companies must prioritize expanding products and services that prioritize customer satisfaction.

Retaining existing customers is crucial, as the cost of attracting new customers is often greater than the cost of retaining existing customers (Rust & Zahorik, 2019). To prevent customers from switching to similar service providers,

In other words, companies need to create barriers that bind customers to keep them using their products and services. Companies will succeed in acquiring a large number of customers if they are deemed capable of providing customer satisfaction. Creating customer satisfaction can provide several benefits, including a harmonious relationship between the company and consumers, providing a good foundation for repeat purchases, forming word-of-mouth recommendations that benefit the company, and creating customer loyalty (Tjiptono, 2019: 24).

Satisfied and loyal customers represent an opportunity to acquire new customers. Retaining existing customers is generally more profitable than replacing them, as the cost of attracting a new customer can be five times that of retaining an existing one (Kotler et al., 2000: 60). Therefore, retaining customers is tantamount to maintaining a company's survival.

Research on the relationship between service quality, customer satisfaction, and customer loyalty has been extensively conducted in various service business contexts. However, previous research findings demonstrate divergent findings and limitations in conceptual, empirical, and contextual aspects, creating new areas for research. Conceptually, most previous studies suggest that service quality has a direct influence on customer loyalty (Tjiptono, 2019; Lupiyoadi, 2021). However, several other studies suggested that this influence occurs indirectly through customer satisfaction as a mediator (Oliver, 2018; Caruana, 2021). This inconsistency in results raises academic questions about whether customer loyalty is formed directly from service and product quality, or whether customer satisfaction must first emerge as a bridge connecting the two. Therefore, this study attempts to fill this theoretical gap by positioning customer satisfaction as an intervening variable that clarifies the relationship between service quality, product quality, and customer loyalty.

Empirically, extensive research has been conducted on the relationships between these variables in the banking, retail, tourism, and restaurant sectors, yielding mixed results. For example, research in the banking sector (Palilati, 2021; Dharmmesta, 2020) emphasizes the importance of service quality to customer loyalty, while studies in the tourism and transportation sectors (Tsai & Huang, 2002; Edvardson et al., 2005) indicate that emotional factors and customer experience also play a significant role in building loyalty. However, scientific research in the interior design service sector is still very limited, despite the unique

characteristics of this business, which combines both service and physical product aspects. Results from other sectors may not be generalizable to the interior design industry, which relies heavily on creativity, personal consultation, and emotional connections between service providers and clients. Therefore, this study attempts to fill this empirical gap by reexamining the relationships between service quality, product quality, and customer satisfaction customer satisfaction and loyalty in the context of interior design services at Andromeda Interior Design Pangkalan Bun.

From a contextual perspective, most previous research has been conducted in large cities such as Jakarta, Bandung, and Surabaya, where customer behavior is influenced by digital technology, high competition, and widespread access to information. This research, however, was conducted in Pangkalan Bun, Central Kalimantan, which has distinct social and cultural characteristics. Customers in this area prioritize personal trust, local reputation, and emotional connections in their decision-making. This raises the question of whether the model of the relationship between quality, satisfaction, and loyalty previously tested in metropolitan markets is also relevant in areas with a more personal, social orientation. Therefore, this research provides a new contribution to understanding customer behavior in a relatively under-researched local market.

Furthermore, there are methodological gaps in previous research. Many previous studies used only a simple descriptive or correlational approach, without in-depth analysis of cause-and-effect relationships. This study employs a quantitative explanatory approach using multiple linear regression analysis and validity-reliability testing to strengthen the validity of the empirical model. The use of satisfaction as an intervening variable also provides methodological advantages, as it can explain the psychological processes that occur before the formation of customer loyalty.

Thus, this study fills four major gaps, namely conceptual, empirical, contextual, and methodological. Overall, this study contributes to the development of service marketing management science by presenting new empirical evidence that in the context of the interior design business in the region, customer loyalty is not only determined by the quality of service and products, but also by the level of satisfaction felt by customers as an important bridge in building long-term relationships between the company and its consumers.

## 2. Research Methods

This type of research is explanatory research using a quantitative approach. Explanatory research aims to analyze the relationships between one variable and another or how one variable influences another (Linggar et al., 2021).

### 3. Results and Discussion

#### 3.1. The Influence of Service Quality on Customer Satisfaction

The results of the study show that service quality has a positive and significant influence on customer satisfaction at Andromeda.

Interior Design Pangkalan Bun. Based on the results of the descriptive analysis, it is included in the good category. This illustrates that the majority of customers assess the service provided by Andromeda Interior Design as meeting their expectations. The indicator with the highest score is responsiveness and accuracy of service, such as the ability of employees to respond quickly to customer inquiries, provide services within the promised time, and assist customers promptly. These factors indicate that customers feel cared for and have easy communication throughout the collaboration process.

Meanwhile, the regression test results also support this finding, indicating a positive and significant relationship between service quality and customer satisfaction. This means that the better the service quality, the higher the level of customer satisfaction. Service aspects, including reliability, responsiveness, assurance, empathy, and tangibles such as cleanliness and tidiness of the workspace, are the primary factors influencing customer perceptions of a company's quality.

These results align with research conducted by Parasuraman, Zeithaml, and Berry (1988) using the SERVQUAL model, which explains that good service quality creates customer satisfaction through five main dimensions: reliability, responsiveness, assurance, empathy, and tangibles. These findings are also consistent with research by Putri (2021), which states that service quality has a significant influence on customer satisfaction in interior design services, where fast response, effective communication, and reliable work results are the dominant factors shaping satisfaction. Similarly, The research results of Sari and Nugraha (2020) show that good service quality contributes to increased satisfaction because customers feel that their needs and desires are understood by the service provider.

Thus, it can be concluded that Andromeda Interior Design Pangkalan Bun's customers are satisfied because they perceive the service they receive as fast, precise, and professional. However, the aspect of timely project completion still needs to be addressed to increase customer confidence in the company's commitment. Overall, these results demonstrate that high service quality not only creates immediate satisfaction but also fosters long-term trust and loyalty among customers.

##### 3.1.1. The Influence of Service Quality on Customer Loyalty

The results of the study indicate that service quality has a positive and significant impact on customer loyalty at Andromeda Interior Design Pangkalan Bun. Based on the results of multiple linear regression analysis, it means that an increase in service quality will be followed by an increase in customer loyalty. In other words, the better the service provided

by Andromeda Interior Design, the higher the tendency of customers to remain loyal and return to its services in the future.

Descriptively, the average index value of service quality is included in the category good, while the customer loyalty variable is also in the good category. These results indicate that customers rate the company's service as quite satisfactory and tend to build long-term relationships. Customers feel comfortable with fast, responsive, and professional service, as well.

assess that the communication that occurred during the work process was effective.

This encourages them to use the company's services again and even recommend it to others. The highest loyalty indicator, "I would remain loyal even if another company offered a lower price," demonstrates that satisfaction with service fosters an emotional bond between customers and the company.

These findings align with previous research by Tjiptono (2019), which explains that customer loyalty is formed through repeated positive experiences stemming from consistent service quality. Good service quality not only creates immediate satisfaction but also builds customer trust and engagement with the company. Research by Sari and Nugroho (2021) also found that the dimensions of reliability and responsiveness strongly influence loyalty, as customers who feel served quickly and on time will have a positive perception of the service provider. Furthermore, research by Rahayu and Firmansyah (2020) shows that customer loyalty in the interior design services sector is strongly influenced by employee professionalism and the company's ability to understand customer needs on a personal level.

Thus, it can be concluded that Andromeda Interior Design's customer loyalty is not solely shaped by attractive design results, but also by the quality of service provided throughout the work process. When customers feel attentively served, their opinions are valued, and they receive results that meet their expectations, they are more likely to return and recommend the company to others. Therefore, maintaining and improving service quality, especially in terms of communication and accuracy Project completion time is an important strategy for Andromeda Interior Design to maintain customer loyalty amidst increasingly competitive interior design services business.

### **3.2. The Influence of Customer Satisfaction on Customer Loyalty**

The research results show that customer satisfaction has a positive and significant impact on customer loyalty at Andromeda Interior Design Pangkalan Bun. This finding demonstrates that the higher the level of customer satisfaction, the stronger their loyalty to the company. Customers who are satisfied with the service and design results are more likely to reuse Andromeda Interior Design's services in the future and recommend it to others.

Descriptively, the customer satisfaction variable index value is in the good category. This

indicates that the majority of customers are satisfied with various aspects of the service provided. The indicator with the highest score is the statement "The design results exceeded my expectations for this company," which indicates that customers not only felt their expectations were met, but even exceeded. Furthermore, indicators such as prompt and courteous complaint handling, and openness to feedback, also strengthen customer satisfaction with the company's professionalism. This satisfaction ultimately creates a positive experience that encourages customers to remain loyal and make Andromeda Interior Design their first choice for their interior design needs.

This finding aligns with research by Kotler and Keller (2016), which explains that customer satisfaction is a key factor in shaping long-term loyalty. Satisfied customers are more likely to make repeat purchases and provide positive recommendations to others. This is also supported by research by Hidayat (2021), which found that customer satisfaction significantly influences loyalty in the service sector, where satisfaction resulting from high-quality service encourages customers to maintain relationships with the service provider. Research by Lestari and Pradana (2020) also states that customers who perceive emotional and functional value from services tend to develop strong psychological bonds with the company.

Based on these results, it can be concluded that customer satisfaction plays a crucial role in building customer loyalty at Andromeda Interior Design Pangkalan Bun. When customers are satisfied with the design results, speed of service, and clarity of communication with the company, they will build trust and commitment to continue using the company's services. Therefore, Andromeda Interior Design needs to continuously maintain service quality and improve customer satisfaction through design innovation, timely work, and friendly employee attitudes. These efforts will not only maintain the loyalty of existing customers but also expand the network of new customers through positive recommendations from satisfied customers.

### **3.2.1. Customer satisfaction is able to mediate the relationship between service quality and customer loyalty.**

Based on the results of the Sobel Test analysis, it was found that customer satisfaction is able to mediate the relationship between service quality and customer loyalty. The test results showed a one-tailed probability value, indicating a significant indirect effect of service quality on customer loyalty through customer satisfaction. This means that good service quality not only has a direct impact on customer loyalty but also has an indirect effect through increasing customer satisfaction. In other words, customer satisfaction is a crucial bridge that strengthens the relationship between service provided and customer loyalty to the company.

Descriptively, all service quality variables fall into the good category. This value indicates that customers assess Andromeda Interior Design's services as adequate in creating satisfaction and fostering loyalty. Customers are satisfied because the service provided is fast,

responsive, and the design results meet expectations. When this satisfaction is achieved, customers are then encouraged to reuse the company's services, recommend it to others, and even remain loyal despite offers from competitors with lower prices. This demonstrates that customer satisfaction acts as a psychological mechanism that transforms positive experiences into long-term commitment to the company.

The results of this study support the theory put forward by Oliver (1997) which states that customer satisfaction is the main prerequisite for building loyalty. According to him, satisfied customers will develop trust and emotional preference for a particular brand or company, which ultimately results in loyal behavior such as repeat purchases and positive recommendations. This finding also aligns with the research findings of Lupiyoadi (2018) and Tjiptono (2019), which state that service quality influences customer loyalty both directly and indirectly through customer satisfaction. Research by Putri and Santoso (2020) further supports these findings, where customer satisfaction is shown to be a significant mediating variable between service quality and customer loyalty in the service industry, particularly in the interior design and property sectors.

Thus, it can be concluded that customer satisfaction plays a strategic role in strengthening the influence of service quality on customer loyalty at Andromeda Interior Design Pangkalan Bun. Customers who are satisfied with fast, communicative, and professional service tend to have a commitment to continue using the company's services and recommend it to others. Therefore, efforts to increase customer loyalty should be focused on increasing satisfaction through consistent service, timely work, and improving the quality of design results. The higher the level of satisfaction felt by customers, the stronger the emotional relationship and trust formed, which ultimately will strengthen customer loyalty to Andromeda Interior Design in a sustainable manner.

#### 4. Conclusion

Based on the research results, data analysis, and discussions that have been carried out, several conclusions can be drawn as follows: 1. Service quality has a positive and significant impact on customer satisfaction at Andromeda Interior Design Pangkalan Bun. This is evidenced by the regression test results, which show a coefficient value of 0.627 with a significance level of  $0.000 < 0.05$ . This means that the better the service quality provided, the higher the level of customer satisfaction. Fast, friendly, and timely service, as well as the ability of employees to understand customer needs, are dominant factors in creating satisfaction. 2. Service quality also has a positive effect on customer loyalty. Based on the regression test results, a coefficient value of 0.187 was obtained with a significance level of  $0.045 < 0.05$ , indicating that improving service quality can foster customer loyalty. Customers who feel they receive satisfactory service tend to remain loyal, even when faced with offers from other companies. 3. Customer satisfaction has a positive and significant effect on customer loyalty. The analysis results show a regression coefficient of 0.623 with a significance level of  $0.000 < 0.05$ , meaning that the higher the customer satisfaction, the

stronger the loyalty formed. who are satisfied with the design results, timeliness, and attitude Professional employees tend to return to Andromeda Interior Design's services and recommend them to others. 4. Customer satisfaction has been shown to mediate the relationship between service quality and customer loyalty. The Sobel test results show a probability value of  $0.000 < 0.05$ , indicating that service quality influences customer loyalty indirectly through customer satisfaction. In other words, good service will initially increase satisfaction, and this satisfaction will then foster customer loyalty to the company. Overall, the results of this study demonstrate that Andromeda Interior Design's success in building long-term relationships with customers depends not only on the quality of its design work but also on consistent service quality and the company's ability to maintain customer satisfaction. The combination of good service and high satisfaction is key to building sustainable customer loyalty.

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