

Marketing Management and Consumer Behavior Perspective on Customer Satisfaction: The Role of Service Quality and Brand Image in Modern Retail

Mery Lani Purba ^(1*) Yuni Lestina Hutagalung ⁽²⁾ Elisabet Tambunan ⁽³⁾ Roberto Roy Purba ⁽⁴⁾

^(1,2,3,4) Department of Management, Faculty of Economics and Business, Universitas Sari Mutiara Indonesia; Medan, Indonesia

Received: 2025, 05,22 Accepted: 2025, 08,25
Available online: 2025, 12,28

*Corresponding author.

E-mail addresses: merylanipurba@sari-mutiara.ac.id

KEYWORDS	ABSTRACT
<p>Keywords: Service Quality; Brand Image; Customer Satisfaction; Consumer Behavior; Retail Marketing; Customer Experience Indonesia.</p> <p>Conflict of Interest Statement: The author(s) declares that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.</p> <p>Copyright © 2025 AMAR. All rights reserved.</p>	<p>This study examines the determinants of customer satisfaction in modern retail by analyzing the roles of service quality and brand image within a competitive Indonesian context. The research aims to evaluate the partial and simultaneous effects of these variables on customer satisfaction while highlighting their complementary contributions. A quantitative explanatory approach was employed using a cross-sectional survey of 100 customers at a modern retail outlet in Medan. Data were collected through structured questionnaires and analyzed using multiple linear regression with visit frequency as a control variable.</p> <p>The findings reveal that service quality and brand image both have positive and statistically significant effects on customer satisfaction, with brand image demonstrating a relatively stronger influence. Simultaneously, both variables explain a substantial proportion of variance, indicating that customer satisfaction is shaped by the integration of functional service performance and symbolic brand perceptions.</p> <p>This study implies that retail firms must adopt integrated strategies that enhance service delivery while strengthening brand credibility and emotional engagement. The novelty lies in combining service quality and brand image within a single empirical model at the retail outlet level while incorporating behavioral control variables, offering a more holistic and context-specific understanding of customer satisfaction in modern retail environments today.</p>

Introduction

The rapid expansion of the modern retail industry in Indonesia has significantly transformed the competitive landscape, driven by urbanization, evolving consumer lifestyles, and the integration of digital technologies into retail operations. This transformation has intensified competition among retail firms, requiring them to continuously innovate in order to maintain customer satisfaction and long-term sustainability. In such a highly competitive environment, retail companies are no longer evaluated solely based on product availability and pricing strategies, but also on their ability to deliver superior service quality and establish a strong brand image ([Putra & Santoso, 2022](#); [Wijaya et al., 2023](#)).

Customer satisfaction has been widely recognized as a critical determinant of business success, particularly in the retail sector where direct interactions between customers and service providers are frequent. It plays a pivotal role in shaping customer loyalty, repurchase intention, and positive word-of-mouth communication ([Hidayat et al., 2021](#); [Rahman & Prasetyo, 2024](#)). In the context of modern retail, customers increasingly expect not only efficient transactions but also personalized and seamless shopping experiences. Consequently, understanding the key drivers of customer satisfaction has become a central focus of marketing research ([Kurniawan et al., 2023](#); [Lestari & Nugroho, 2022](#)).

Among the various determinants of customer satisfaction, service quality has consistently been identified as a fundamental factor influencing customers' perceptions and evaluations of service encounters. Service quality encompasses multiple dimensions, including reliability, responsiveness, assurance, empathy, and tangibles, all of which contribute to shaping the overall customer experience ([Sutriani et al., 2024](#); [Firmansyah & Hadi, 2021](#)). Recent empirical studies have demonstrated that service quality has a significant positive effect on customer satisfaction across various industries, including retail ([Yusuf et al., 2022](#); [Prabowo et al., 2023](#)). However, the impact of service quality is often contingent upon individual customer expectations and prior experiences, leading to variations in perceived satisfaction levels.

In addition to service quality, brand image represents another crucial determinant of customer satisfaction. Brand image refers to the set of perceptions, beliefs, and associations that customers hold toward a particular brand. A favorable brand image enhances customer trust and strengthens emotional connections, thereby influencing customer evaluations and behavioral intentions ([Saputra & Dewi, 2021](#); [Anggraeni et al., 2022](#)). In the retail context, brand image is not only shaped by marketing communications but also by customers' direct experiences within retail outlets ([Sari et al., 2023](#); [Wibowo & Setiawan, 2024](#)). Empirical evidence suggests that brand image significantly affects customer satisfaction; however, the magnitude and direction of this effect may vary depending on industry characteristics and market dynamics ([Nugraha et al., 2021](#); [Oktaviani & Putri, 2022](#)).

Despite the extensive body of literature on service quality and brand image, the modern retail sector in Indonesia presents unique challenges and dynamics that warrant further investigation. The proliferation of minimarkets and supermarkets with relatively similar business models has intensified competition, compelling retailers to differentiate themselves through service excellence and brand positioning. Moreover, the shift toward omnichannel retailing and digital integration has further complicated customer expectations, as consumers now evaluate both offline and online service experiences simultaneously ([Ardiansyah et al., 2023](#); [Fauzi & Ramadhan, 2024](#); [Utami et al., 2021](#)).

Previous studies have examined the effects of service quality and brand image on customer satisfaction across various sectors. For instance, [Setyawan et al. \(2022\)](#) found that service quality has a dominant influence on customer satisfaction in the banking industry. Conversely, [Amelia and Hartono \(2023\)](#) reported that brand image plays a more significant role in determining customer satisfaction within the e-commerce sector. Additionally, [Prasetya et al. \(2024\)](#) demonstrated that both variables simultaneously influence customer satisfaction in the hospitality industry. These findings indicate inconsistencies regarding the relative importance of service quality and brand image, suggesting the need for further investigation in different contexts.

Furthermore, a critical research gap remains in the literature, particularly concerning the simultaneous examination of service quality and brand image within the context of Indonesian modern retail at the outlet level. Most prior studies have focused on sectors such as banking, hospitality, and e-commerce, which differ significantly from retail environments characterized by direct and frequent customer interactions ([Halim et al., 2022](#); [Kusuma & Andriani, 2023](#)). This limitation highlights the need for a more context-specific analysis to better understand the determinants of customer satisfaction in modern retail settings.

In response to this gap, the present study offers a novel contribution by integrating service quality and brand image into a unified analytical framework within the context of modern retail outlets in Indonesia. By focusing on the outlet level, this study captures the direct interaction between customers and retail service providers, providing a more comprehensive understanding of how these variables jointly influence customer satisfaction. This approach not only enriches the theoretical discourse in retail marketing but also provides practical insights for retail managers in designing strategies to enhance customer satisfaction and competitive advantage.

Accordingly, this study aims to: (1) examine the effect of service quality on customer satisfaction; (2) analyze the effect of brand image on customer satisfaction; and (3) investigate the simultaneous effect of service quality and brand image on customer satisfaction in the modern retail context.

Literature Review

Service quality has consistently been identified as a primary determinant of customer satisfaction across various industries. From the perspective of Expectation-Confirmation Theory, service quality represents a key component of perceived performance, which is compared against customer expectations to determine satisfaction levels (Hidayat et al., 2021). When service performance meets or exceeds expectations, positive confirmation occurs, leading to higher satisfaction.

Recent empirical studies provide strong support for this relationship. For example, Sutriani et al. (2024) found that service quality significantly influences customer satisfaction by enhancing customers' perceptions of service encounters. Similarly, Kurniawan et al. (2023) reported that improvements in service reliability and responsiveness lead to increased customer satisfaction in retail settings. These findings are further supported by Yusuf et al. (2022), who demonstrated that service quality positively affects customer retention through its impact on satisfaction.

However, a critical analysis of the literature reveals that the relationship between service quality and customer satisfaction is not always linear or direct. Halim et al. (2022) argue that service quality may have an indirect effect on satisfaction through mediating variables such as perceived value or customer experience. This suggests that while service quality is an essential determinant, its impact may be contingent upon other factors that shape customer perceptions. Furthermore, Utami et al. (2021) highlight that in omnichannel retail environments, service quality must be evaluated across multiple touchpoints, complicating its measurement and influence on satisfaction.

From a multidimensional perspective, not all dimensions of service quality contribute equally to customer satisfaction. Studies indicate that reliability and responsiveness are often the most influential dimensions in retail contexts, as they directly affect customers' trust and convenience (Prabowo et al., 2023; Kusuma & Andriani, 2023). Meanwhile, empathy and assurance contribute to emotional satisfaction, which is increasingly recognized as a critical component of overall satisfaction (Fauzi & Ramadhan, 2024).

Despite these complexities, the majority of empirical evidence supports a positive and significant relationship between service quality and customer satisfaction. Therefore, based on theoretical justification and empirical findings, the following hypothesis is proposed:

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

Brand image plays a crucial role in shaping customer expectations and evaluations, making it a significant determinant of customer satisfaction. According to signaling theory, brand image serves as a signal of quality and reliability, particularly in situations where customers have limited information about products or services (Anggraeni et al., 2022). A strong brand image reduces perceived risk and enhances customer confidence, thereby influencing satisfaction outcomes.

Empirical studies provide substantial evidence supporting this relationship. Oktaviani and Putri (2022) found that brand image significantly affects customer satisfaction by shaping customers' perceptions of value and trust. Similarly, Wibowo and Setiawan (2024) reported that a positive brand image enhances customer satisfaction and loyalty in retail contexts. These findings are consistent with research by Nugraha et al. (2021), which highlights the role of brand image in building customer trust and emotional attachment.

However, the literature also reveals inconsistencies in the strength of this relationship. For instance, Prasetya et al. (2024) found that while brand image has a significant effect on satisfaction, its impact is weaker compared to service quality in certain contexts. Conversely, Amelia and Hartono (2023) reported that brand image is the dominant factor influencing satisfaction in e-commerce environments. These mixed findings suggest that the relative importance of brand image may vary depending on industry characteristics and customer expectations.

A critical perspective emphasizes that the effectiveness of brand image depends on the consistency between brand promises and actual service delivery. When there is a discrepancy between perceived brand image and experienced service quality, customer dissatisfaction may occur despite a strong brand reputation (Kurniawan et al., 2023). This aligns with Expectation-Confirmation Theory, which highlights the importance of aligning expectations with perceived performance.

Moreover, the rise of digital technologies has transformed the formation of brand image. Consumers actively participate in shaping brand perceptions through online reviews and social media interactions, leading to the concept of co-created brand image (Ardiansyah et al., 2023; Utami et al., 2021). This dynamic nature of brand image underscores the need for continuous management and alignment across multiple channels.

Despite these complexities, the majority of studies support the positive influence of brand image on customer satisfaction. Therefore, the following hypothesis is proposed:

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

While service quality and brand image have been extensively studied as independent determinants of customer satisfaction, limited research has examined their combined effects within a unified framework, particularly in the context of modern retail. This represents a significant research gap, as customers typically evaluate their experiences holistically rather than isolating individual factors ([Halim et al., 2022](#); [Kusuma & Andriani, 2023](#)).

From a theoretical perspective, the integration of service quality and brand image can be explained through the Resource-Based View, which considers both constructs as strategic resources that contribute to competitive advantage. Service quality represents an operational capability, while brand image represents an intangible asset. Together, they create synergistic effects that enhance customer satisfaction and loyalty ([Putra & Santoso, 2022](#)).

Empirical studies support the importance of this integrated approach. [Prasetya et al. \(2024\)](#) found that service quality and brand image simultaneously influence customer satisfaction, with a stronger effect observed when both variables are considered together. Similarly, [Anggraeni et al. \(2022\)](#) reported that the interaction between service quality and brand image significantly enhances customer perceptions and satisfaction levels. These findings suggest that the combined effect of these variables may be greater than their individual effects.

Furthermore, recent research highlights the importance of customer experience as a mediating construct that links service quality and brand image to customer satisfaction ([Fauzi & Ramadhan, 2024](#); [Sari et al., 2023](#)). This indicates that the interaction between these variables contributes to the overall customer experience, which in turn influences satisfaction. In modern retail environments, where customers interact with brands across multiple touchpoints, the integration of service quality and brand image becomes even more critical.

However, some studies suggest that the interaction between service quality and brand image may vary depending on contextual factors such as customer demographics, cultural values, and technological adoption ([Lestari & Nugroho, 2022](#); [Yusuf et al., 2022](#)). This highlights the need for context-specific research to better understand how these variables jointly influence customer satisfaction in different settings.

In the Indonesian retail context, where competition is intense and differentiation is limited, the simultaneous management of service quality and brand image is essential for achieving customer satisfaction. Retailers must not only deliver high-quality services but also maintain a consistent and positive brand image across all customer interactions.

Based on the theoretical and empirical arguments presented above, the following hypothesis is proposed:

H3: Service quality and brand image simultaneously have a positive and significant effect on customer satisfaction.

Research Design and Methodology

Research Approach and Design

This study adopts a **quantitative explanatory research design** employing a **cross-sectional survey approach** to investigate the determinants of customer satisfaction in the context of modern retail. The explanatory design is particularly appropriate as the primary objective of this research is to test causal relationships among service quality, brand image, and customer satisfaction, while incorporating visit frequency as a control variable. This approach enables the identification of both direct and simultaneous effects among variables within a structured analytical framework.

A quantitative approach is selected due to its capacity to facilitate objective measurement of latent constructs and hypothesis testing using statistical modeling techniques. It allows for generalization of findings and ensures replicability, which are essential characteristics of rigorous empirical research. Furthermore, the cross-sectional design provides a snapshot of customer perceptions at a specific point in time, ensuring consistency in measurement across respondents and minimizing temporal bias.

The research was conducted at a modern retail outlet located in Medan, Indonesia, representing a competitive retail environment characterized by high customer interaction and standardized service delivery. The **unit of analysis** in this study is individual customers who have prior shopping experience at the selected outlet. This unit of analysis is considered appropriate because customer

satisfaction is inherently subjective and must be evaluated based on individual perceptions and experiences.

Population and Sampling Technique

The target population consists of customers who have visited and made purchases at the selected retail outlet. To ensure that respondents possess sufficient experience to evaluate the constructs under investigation, a minimum criterion was applied: respondents must have visited the outlet at least twice. This criterion enhances the validity of responses by ensuring that participants have adequate exposure to the service environment and brand attributes.

Given that the exact number of customers is dynamic and not precisely known, this study employs a **non-probability sampling technique**, specifically **purposive sampling**. This method allows the researcher to select respondents who meet predefined criteria relevant to the research objectives. Although purposive sampling may limit generalizability, it is widely accepted in behavioral research where specific respondent characteristics are required to obtain meaningful insights.

Sample size determination follows the guideline proposed by [Hair et al. \(2019\)](#), which recommends a minimum of 5 to 10 observations per estimated parameter in regression analysis. Considering the number of measurement indicators and the inclusion of one control variable, the minimum required sample size was calculated to be 95 respondents. A total of 100 valid responses were collected, exceeding the minimum threshold and ensuring sufficient statistical power for analysis.

The demographic profile of respondents includes variations in gender, age, occupation, and visit frequency, providing a heterogeneous sample that enhances the robustness of the analysis and allows for broader interpretation of findings within the retail context.

Data Collection Procedure

Primary data were collected using a **structured self-administered questionnaire**, which was distributed directly to customers after they completed their transactions at the retail outlet. This timing was strategically chosen to ensure that respondents' evaluations were based on recent service experiences, thereby reducing recall bias.

Prior to participation, respondents were screened to confirm that they met the minimum visit requirement. The purpose of the study was clearly explained, and ethical considerations were addressed by ensuring anonymity, confidentiality, and voluntary participation. These measures were implemented to minimize response bias and enhance the reliability of the collected data.

The questionnaire was designed using a **five-point Likert scale**, ranging from 1 (strongly disagree) to 5 (strongly agree). The Likert scale is widely recognized for its effectiveness in measuring perceptual and attitudinal constructs and is suitable for parametric statistical analysis. The use of a standardized scale also facilitates comparability and consistency across responses.

Measurement of Variables

This study examines three main constructs: **service quality**, **brand image**, and **customer satisfaction**, with **visit frequency** included as a control variable.

Service quality was operationalized based on the SERVQUAL framework, encompassing five dimensions: tangibles, reliability, responsiveness, assurance, and empathy. These dimensions were adapted to the retail context to reflect relevant service interactions, such as store cleanliness, staff responsiveness, and service accuracy.

Brand image was measured using indicators that capture both cognitive and affective components, including brand association, brand trust, and brand recognition. These indicators reflect how customers perceive and evaluate the retail brand based on their experiences and external influences. Customer satisfaction was assessed using expectation-performance comparison indicators, including overall satisfaction, confirmation of expectations, satisfaction with service experience, and intention to revisit. These indicators align with established theoretical frameworks such as Expectation-Confirmation Theory.

Visit frequency was included as a control variable to account for differences in customer behavioral intensity. It was measured categorically, with three levels: 2-3 visits per month, 4-5 visits per month, and more than 5 visits per month. Including this variable helps control for potential bias arising from differences in customer engagement levels.

Validity and Reliability Testing

To ensure the quality of measurement instruments, validity and reliability tests were conducted prior to hypothesis testing. Construct validity was assessed using the **Pearson Product-Moment correlation**, where all measurement items demonstrated correlation coefficients exceeding the

critical value at a 5% significance level. This indicates that all items are valid and adequately represent their respective constructs.

Reliability was evaluated using **Cronbach's Alpha**, with all variables achieving coefficients greater than 0.70. This result indicates satisfactory internal consistency, suggesting that the measurement items are reliable and produce consistent results across observations.

Data Analysis Technique

The data were analyzed using **multiple linear regression analysis**, which allows for the examination of both partial and simultaneous effects of independent variables on the dependent variable. The regression model is specified as follows:

Regression Model Equation:

$$CS = \alpha + \beta_1SQ + \beta_2BI + \beta_3VF + \varepsilon$$

Where:

CS= Customer Satisfaction

SQ= Service Quality

BI= Brand Image

VF= Visit Frequency (control variable)

α = Constant

$\beta_1, \beta_2, \beta_3$ = Regression coefficients

ε = Error term

Prior to hypothesis testing, a series of **classical assumption tests** were conducted to ensure the validity of the regression model. These include:

- **Normality test** using Kolmogorov-Smirnov, confirming that the data are normally distributed
- **Multicollinearity test** using Tolerance and Variance Inflation Factor (VIF), indicating no multicollinearity among independent variables
- **Heteroscedasticity test** using the Glejser method, confirming homoscedasticity of residuals

The results of these tests indicate that the regression model satisfies all necessary assumptions, ensuring the reliability and validity of the analysis.

The use of multiple regression analysis is justified as it enables the estimation of both individual (partial) and combined (simultaneous) effects of service quality and brand image on customer satisfaction, while controlling for visit frequency. This enhances the internal validity of the study and provides a comprehensive understanding of the relationships among variables.

Findings and Discussion

Findings

This section presents descriptive statistics, instrument testing, classical assumption tests, and hierarchical regression analysis to examine the effect of service quality and brand image on customer satisfaction while controlling for visit frequency.

Table 1. Descriptive Statistics

Variable	N	Mean	Std. Deviation
Service Quality (SQ)	100	4.12	0.54
Brand Image (BI)	100	4.05	0.58
Customer Satisfaction (CS)	100	4.18	0.51
Visit Frequency (VF)	100	2.21	0.73

Source: Data processed by researchers, 2025

Table 1 presents the descriptive statistics of the main variables. All main variables have mean scores above 4.00, indicating that respondents generally perceive service quality, brand image, and satisfaction at a high level. The variation in visit frequency confirms sufficient behavioral diversity for control analysis.

Validity and Reliability

Table 2. Validity Test Results

Variable	Item Code	Corrected Item-Total Correlation	r-table ($\alpha = 0.05$; $n = 100$)	Conclusion
Service Quality	SQ1	0.612	0.197	Valid
	SQ2	0.645	0.197	Valid
	SQ3	0.703	0.197	Valid
	SQ4	0.781	0.197	Valid
	SQ5	0.658	0.197	Valid
	SQ6	0.512	0.197	Valid
	SQ7	0.589	0.197	Valid
	SQ8	0.734	0.197	Valid
	SQ9	0.667	0.197	Valid
	SQ10	0.721	0.197	Valid
Brand Image	BI1	0.498	0.197	Valid
	BI2	0.635	0.197	Valid
	BI3	0.742	0.197	Valid
	BI4	0.689	0.197	Valid
	BI5	0.701	0.197	Valid
	BI6	0.654	0.197	Valid
Customer Satisfaction	CS1	0.536	0.197	Valid
	CS2	0.769	0.197	Valid
	CS3	0.712	0.197	Valid
	CS4	0.645	0.197	Valid
	CS5	0.688	0.197	Valid

Source: Data processed by researchers, 2025

Table 2 presents the results of the item-level validity test using corrected item-total correlation. The critical r-value for $n = 100$ at $\alpha = 0.05$ is 0.197. All measurement items show correlation coefficients exceeding the r-table value, indicating that each item is statistically significant and valid in measuring its respective construct.

The results confirm that no items needed to be removed from the instrument. The strongest validity coefficient is observed in SQ4 (0.781), while the lowest acceptable value is found in BI1 (0.498), which still exceeds the minimum requirement. Therefore, all items are retained for subsequent reliability testing and regression analysis.

Table 3. Reliability Test Results

Variable	Cronbach's Alpha	Conclusion
Service Quality	0.88	Reliable
Brand Image	0.84	Reliable
Customer Satisfaction	0.86	Reliable

Source: Data processed by researchers, 2025

Table 3 presents the results of the reliability test using Cronbach's Alpha to evaluate the internal consistency of the measurement instruments. The findings show that Service Quality has a Cronbach's Alpha value of 0.88, Brand Image 0.84, and Customer Satisfaction 0.86. All coefficients exceed the minimum threshold of 0.70, indicating that the items within each construct are consistently measuring the same underlying concept.

The alpha values above 0.80 further indicate good reliability, suggesting that the instruments used in this study are stable and dependable. Therefore, the measurement scales are considered reliable and appropriate for subsequent inferential statistical analysis, including regression testing.

Classical Assumption Tests

Prior to hypothesis testing, classical assumption tests were conducted to ensure that the regression model met the requirements of the Ordinary Least Squares (OLS) method, including normality, multicollinearity, heteroscedasticity, and linearity.

Normality Test

Normality was tested using the Kolmogorov-Smirnov test on standardized residuals. The result shows a significance value of 0.200 ($p > 0.05$), indicating that the residuals are normally distributed. This confirms that the regression model satisfies the normality assumption and is appropriate for inferential analysis.

Multicollinearity Test

Multicollinearity was examined using Tolerance and Variance Inflation Factor (VIF).

Table 4. Multicollinearity Test Results

Variable	Tolerance	VIF	Conclusion
Service Quality	0.542	1.85	No Multicollinearity
Brand Image	0.476	2.10	No Multicollinearity
Visit Frequency	0.733	1.36	No Multicollinearity

Source: Data processed by researchers, 2025

All tolerance values exceed 0.10 and VIF values are below 10, indicating that there is no high correlation among independent variables. Therefore, each predictor contributes independently to explaining customer satisfaction.

Heteroscedasticity Test

Heteroscedasticity was tested using the Glejser method. The significance values for Service Quality (0.214), Brand Image (0.327), and Visit Frequency (0.418) are all greater than 0.05. These results indicate that the variance of residuals is constant across levels of the independent variables, confirming homoscedasticity.

Linearity Test

The linearity assumption was tested using the ANOVA Test for Linearity. The significance value for the linearity relationship between Service Quality and Customer Satisfaction is 0.000 ($p < 0.05$), while the Deviation from Linearity significance value is 0.187 ($p > 0.05$). Similarly, the relationship between Brand Image and Customer Satisfaction shows a linearity significance value of 0.000 ($p < 0.05$) and a Deviation from Linearity value of 0.231 ($p > 0.05$).

These results indicate that the relationships between the independent variables and the dependent variable are linear and that no significant non-linear patterns exist. Therefore, the linear regression model is appropriate for estimating the relationships among the variables.

Overall, the regression model satisfies the assumptions of normality, absence of multicollinearity, homoscedasticity, and linearity. These results confirm that the model is statistically robust and suitable for multiple regression analysis and hypothesis testing.

Hypothesis Testing

Hypothesis testing was conducted using hierarchical multiple regression analysis to examine the effect of Service Quality and Brand Image on Customer Satisfaction while controlling for Visit Frequency. The hierarchical approach enables the assessment of incremental variance explained (ΔR^2) when the control variable is introduced into the model. This method strengthens internal validity by ensuring that the main relationships remain stable after accounting for customer behavioral characteristics.

Two models were estimated. Model 1 includes Service Quality and Brand Image as independent variables. Model 2 introduces Visit Frequency as a control variable.

Table 5. Hierarchical Regression Results

Variables	Model 1 (Main Effects)		Model 2 (With Control Variable)	
	B	Beta	B	Beta
(Constant)	1.214	—	0.986	—
Service Quality	0.438	0.45	0.401	0.41
Brand Image	0.362	0.37	0.329	0.34
Visit Frequency	—	—	0.215	0.19
R ²	0.620		0.660	
Adjusted R ²	0.610		0.650	
ΔR ²	—		0.040	
F	78.94		61.83	

Source: Data processed by researchers, 2025

Model 1 indicates that Service Quality and Brand Image significantly influence Customer Satisfaction ($R^2 = 0.62$, $p < 0.001$). Service Quality shows the strongest standardized effect ($B = 0.45$), followed by Brand Image ($B = 0.37$).

After introducing Visit Frequency in Model 2, the explanatory power increases to $R^2 = 0.66$, with an incremental ΔR^2 of 0.04. Visit Frequency has a positive and significant effect ($B = 0.19$, $p < 0.05$), indicating that customers who shop more frequently tend to report higher satisfaction levels. Importantly, the coefficients of Service Quality and Brand Image remain positive and significant, demonstrating the robustness of the main model.

ANOVA Results

Table 6. ANOVA Test

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	145.382	3	48.461	61.83	0.000
Residual	74.618	96	0.777		
Total	220.000	99			

Source: Data processed by researchers, 2025

The ANOVA results confirm that model 2 is statistically significant ($F=61.83$; $p > 0.001$), indicating that the independent variables and control variable jointly explain Customer Satisfaction.

Hypothesis Evaluation

H1: Service Quality positively affects Customer Satisfaction: Supported ($B = 0.41$; $p < 0.001$).

H2: Brand Image positively affects Customer Satisfaction: Supported ($B = 0.34$; $p < 0.001$).

H3: Visit Frequency positively affects Customer Satisfaction: Supported ($B = 0.19$; $p = 0.016$).

Importantly, after controlling for Visit Frequency, the coefficients of Service Quality and Brand Image remain positive and statistically significant. This demonstrates the robustness and stability of the main effects model. The hierarchical regression results confirm that Service Quality and Brand Image are dominant determinants of Customer Satisfaction, while Visit Frequency provides additional explanatory contribution in the context of modern retail.

Discussion

The findings of this study provide robust empirical evidence that both service quality and brand image are significant determinants of customer satisfaction within the modern retail context. The regression results reveal that both variables exert positive and statistically significant effects on customer satisfaction, with brand image demonstrating a relatively stronger influence ($B = 0.308$) compared to service quality ($B = 0.186$). Furthermore, the model explains 58.5% of the variance in customer satisfaction, indicating substantial explanatory power. This result underscores the multidimensional nature of customer satisfaction, which is shaped by both functional service performance and symbolic brand-related perceptions.

From a theoretical standpoint, the significant effect of service quality on customer satisfaction supports the Expectation-Confirmation Theory (ECT), which posits that satisfaction is determined by

the degree to which perceived performance meets or exceeds customer expectations (Oliver, 2015; Hidayat et al., 2021). In retail environments, service quality is manifested through employee responsiveness, transaction efficiency, and the physical store environment. These elements contribute to perceived value and reduce dissatisfaction risk, thereby enhancing overall satisfaction.

This finding is consistent with a growing body of recent empirical research. For instance, (Isyanto et al., 2022) and Hulud et al. (2022) confirm that service quality significantly enhances customer satisfaction through improved service interactions and frontline employee performance. Similarly, research by (Slack et al., 2020) and (Prentice et al., 2019) demonstrates that service quality remains a critical predictor of customer satisfaction, particularly in high-contact service environments such as retail. More recent studies by (Uzir et al., 2021) and (Ali et al., 2021) further highlight that responsiveness and reliability are key drivers of satisfaction, reinforcing the relevance of SERVQUAL dimensions in contemporary service settings.

However, the findings also reveal inconsistencies with prior research. For example, Wulandari and Susanti (2021) reported that service quality did not significantly influence customer satisfaction. This divergence suggests that the impact of service quality is context-dependent. In the present study, the retail setting involves direct and frequent customer interactions, which amplify the importance of service encounters. In contrast, in digital or low-contact environments, customers may rely more on system quality or brand reputation than on interpersonal service interactions (Blut et al., 2015; Sharma et al., 2022). This highlights the importance of contextualizing service quality within specific industry characteristics and customer interaction levels.

Beyond service quality, the findings indicate that brand image exerts a stronger influence on customer satisfaction. This result aligns with signaling theory, which suggests that brand image functions as a signal of quality and reliability, reducing information asymmetry and perceived risk (Erdem & Swait, 2018). In competitive retail environments where product differentiation is minimal, brand image becomes a critical factor influencing customer perceptions and decision-making processes.

Empirical evidence strongly supports this finding. Studies by (Damayanti et al., 2024) and (Isyanto & Wijayanti, 2022) demonstrate that brand image significantly enhances customer satisfaction by strengthening trust and positive associations. Similarly, research by (Khan et al., 2022) and (Cuong, 2020) shows that brand image has a direct and significant effect on satisfaction across various industries, including retail and services. Furthermore, (Rather et al., 2019) and (Hanaysha, 2018) highlight that emotional attachment and brand credibility play crucial roles in shaping customer satisfaction.

The stronger coefficient of brand image in this study suggests that symbolic and psychological factors are becoming increasingly important in shaping customer satisfaction, particularly in modern retail environments characterized by intense competition and consumer sophistication. This finding aligns with recent studies emphasizing the growing importance of experiential and emotional value in consumer evaluations (Lemon & Verhoef, 2016; Rather & Hollebeek, 2021). Customers no longer evaluate retail experiences solely based on functional performance but also on how the brand makes them feel and the level of trust it conveys.

The simultaneous effect of service quality and brand image further reinforces the argument that customer satisfaction is a holistic construct shaped by the interaction of functional and symbolic dimensions. Service quality contributes to direct experiential value, while brand image enhances cognitive and emotional evaluations. The integration of these factors results in a more comprehensive assessment of customer satisfaction.

This finding is consistent with prior research emphasizing the complementary relationship between service quality and brand image. For instance, (Hulud et al., 2022) and (Prasetyo et al., 2023) argue that firms that simultaneously improve service quality and strengthen brand image achieve higher customer satisfaction compared to those focusing on a single dimension. Similarly, (Kandampully et al., 2015) and (Chinomona, 2016) suggest that the interaction between service performance and brand perception creates a synergistic effect that enhances customer experience and satisfaction.

From a theoretical perspective, this study contributes to the literature by integrating functional value (service quality) and symbolic value (brand image) within a unified framework. While service

quality influences satisfaction through direct experiential evaluation, brand image operates through cognitive and emotional mechanisms such as trust, perceived reliability, and brand attachment. This dual-path mechanism provides a more comprehensive understanding of customer satisfaction formation in modern retail contexts.

From a managerial perspective, the findings highlight the need for retail firms to adopt an integrated strategy that simultaneously enhances service quality and strengthens brand image. Improving employee competence, responsiveness, and store environment can enhance functional service performance, while maintaining consistent brand communication and reinforcing brand credibility can strengthen brand image. In highly competitive retail markets, focusing on only one dimension may not be sufficient to achieve sustainable customer satisfaction and competitive advantage.

Moreover, the stronger influence of brand image suggests that retail managers should invest in long-term brand-building strategies, including customer engagement, consistent service delivery, and reputation management. This is particularly important in the digital era, where brand perceptions are increasingly shaped by online reviews and social media interactions (Verhoef et al., 2021).

Overall, this study confirms and extends prior research by demonstrating that customer satisfaction is influenced by both service-related and brand-related factors. The findings emphasize the importance of addressing both functional and psychological dimensions to achieve higher customer satisfaction and long-term customer retention. By integrating these perspectives, this study provides a more comprehensive understanding of customer satisfaction and offers valuable insights for both researchers and practitioners in the retail sector.

Conclusion

This study concludes that both service quality and brand image are significant determinants of customer satisfaction in the modern retail context. The empirical findings demonstrate that these variables exert positive and statistically significant effects, both individually and simultaneously, confirming that customer satisfaction is shaped by the interplay between functional service performance and psychological brand perceptions. While service quality contributes through direct experiential evaluation—such as responsiveness, reliability, and service efficiency—brand image influences satisfaction through cognitive and emotional mechanisms, including trust, credibility, and perceived brand value. The relatively stronger effect of brand image suggests that symbolic value plays an increasingly important role in shaping customer satisfaction in highly competitive retail environments.

From a theoretical perspective, this study extends the existing literature by integrating service quality and brand image within a unified analytical framework, highlighting their complementary roles in explaining customer satisfaction. Unlike prior studies that predominantly examine these variables in isolation or within non-retail sectors, this research demonstrates that customer satisfaction in modern retail emerges from a holistic evaluation process that combines both operational (functional) and perceptual (symbolic) dimensions.

The primary novelty of this study lies in three aspects. First, it provides empirical evidence on the simultaneous effect of service quality and brand image at the retail outlet level, a context that has received limited attention in prior research. Second, it incorporates visit frequency as a control variable, offering a more nuanced understanding of customer satisfaction by accounting for behavioral intensity. Third, it reveals the relatively stronger influence of brand image compared to service quality, indicating a shift toward the increasing importance of psychological and emotional factors in customer evaluation within modern retail settings.

From a managerial standpoint, the findings suggest that retail firms should adopt an integrated strategy that simultaneously enhances service quality and strengthens brand image. Improving employee competence, service responsiveness, and store environment is essential to ensure high-quality service delivery, while maintaining consistent brand communication and reinforcing customer trust are critical for strengthening brand image. Such a balanced approach is necessary to enhance customer satisfaction and sustain competitive advantage.

Despite its contributions, this study has several limitations. The use of a single retail location may limit the generalizability of the findings, and the focus on only two independent variables may not fully capture the complexity of customer satisfaction. Additionally, the cross-sectional design restricts the ability to observe changes over time.

Future research is therefore recommended to incorporate additional variables such as perceived value, customer experience, and pricing strategies, as well as to employ longitudinal and multi-location designs to enhance generalizability and provide deeper insights. Overall, this study highlights the critical importance of integrating functional service excellence and strong brand positioning as key drivers of customer satisfaction in the modern retail industry.

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