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THE EFFECT OF BRAND IMAGE AND SERVICE QUALITY ON CUSTOMER LOYALTY: THE MEDIATING ROLE OF CUSTOMER SATISFACTION IN GRAB RIDE-HAILING SERVICES

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Abstract

Online transportation services are expanding at such a fast rate that there is a rivalry amongst the online transportation providers. However, customer loyalty is key to overcome the problems when it comes to customer service and complaints from customers, and this is another challenge that needs to be addressed with Grab. This is a quantitative study aimed at understanding the impact of brand image and service quality on customer loyalty via customer satisfaction. The data is collected by a questionnaire distributed in participants in the area of Grab users, Jabodetabek and analyzed by SmartPLS 4.0. The results indicate that service quality is not significant to the customer loyalty; however, brand image and customer satisfaction are significant. Furthermore, customer satisfaction also mediated between service quality and brand image towards customer loyalty. These results echo the view that satisfaction and brand image are the most critical factors that impact on customer loyalty other than service quality.

1. INTRODUCTION

The development of the digital economy in Southeast Asia is still showing significant growth. The E-conomy SEA 2024 report states that Indonesia is a country that is one of the key contributors to economic growth in the region. This growth has been fuelled by the online transportation and food delivery services, which are growing by approximately 13% year-on-year. This improvement has been correlated with a rise in people's daily mobility demands and with services going further into smaller cities and with aggressive promotional efforts that drive increased usage (Google et al., 2024).

Currently, online transportation is a necessity in people's day to day life, especially in large cities, where it helps people in their activity and mobility needs. In June 2025, a survey was conducted on Goodstats (2025) and it was found that 34.5% of the respondents preferred using online transportation over all other modes of transportation due to its mode of travel being faster. Moreover, users' choices are also driven by other factors like promotional offers or discounts, flexibility, ease of use, and several other factors. All such aspects have now prompted people to choose online travel services over traditional one.

As the market has witnessed the entry of a few different brands, the rivalry among the online transportation service providers (OTSPs) has become more fierce, the report finds. Gojek had the highest download in 2022-2023 which is around 1.36 million downloads. At the same time, the downloads of online transportation company ‘Grab' - one of the pioneers of online transportation in Indonesia - lagged behind the competition (Databoks, 2024).

This downfall means that the company has to check its degree of customer loyalty. One way that can be done is the Net Promoter Score (NPS), which is used to gauge the loyalty of a customer towards a specific service. The NPS divides the users into three groups: promoters (people who are loyal customers and unlikely to look for other services), passives (neutral customers who are receptive to other services) and detractors (not loyal customers and may give negative evaluation of the company) (Fisher & Kordupleski, 2019).

Comparably (2025) reports that Grab's Net Promoter Score (NPS) is 23, having 45% Promoters, 33% Passives, and 22% Detractors. This indicates that there's still room for improvement for Grab to hold on to the customers. The

reasons for the decline could be due to customers' dissatisfaction with the services offered, which eventually impact on their satisfaction to continue using Grab's services (Widiansyah & Fitriyah, 2025).

Based on the process to calculate the Customer Satisfaction Index, the conclusion is that Grab's score is 77.2%. However, the number indicates that there's still space for improvement as the users are satisfied with the services provided (Wibawa et al., 2022). If they are satisfied, users will have a greater willingness to use the service and recommend it to others (Febiyanti et al., 2023).

Service quality is a series of activities a company does for other companies to make the products and/or services offered satisfactory (Nasution & Syahputra, 2022). Based on the average score of the service quality at Grab currently is 0.97 (<1) which is not yet good and not able to satisfy the expectations of the users of the service. Several issues are identified in the Grab vehicle, namely the lack of features in the use of digital payment and drivers' appearance is not clean or neat and the attention of complaints from the public is slow (Mulyana et al., 2023).

One of the factors is brand image which is the evaluation of an individual based on information they have acquired from different sources and experiences they have had with the brand (Rahmadianto et al., 2024). According to Comparably (2025), grab's social sentimental value has been neutral, and, it should be noted that grab's index has fallen tremendously since 2021 (39.70) and has been on a downward trend until 2025 (29.70) as shown in the Top Brand Index in the sub category 'online transportation services'.

Based on several previous studies analyzed, the research results indicated that there was an influence between service quality, brand image, customer satisfaction and customer loyalty. The service quality variable was proven to affect customer loyalty in previous research by Rahmani & Rusdianto (2024), Ananda & Setiawan (2024), Baladin et al. (2025) and Hapizah & Yeni (2024). The results of the research are different from the results of Nabil & Dwiridotjahjono (2024), Vemberain & Rakhman (2024), Kevin & Anandya (2021), and Rachbini et al. (2020) who concluded that the service quality variable did not have an effect on customer loyalty.

Based on the results of the research carried out by Nastiti et al. (2023), it can be seen that the variable of brand image has an effect on customer loyalty. At the same time, the research by Ananda & Setiawan (2024) and Haryadi & Syahruddin (2023) indicates that brand image has no impact on customer loyalty.

Based on Nabil & Dwiridotjahjono (2024), Rahmani & Rusdianto (2024), and Vemberain & Rakhman (2024) other studies found that customer satisfaction variable has an impact on customer loyalty. However, the conclusions drawn from the study conducted by Rachbini et al. (2020) contradict the above, and show that customer satisfaction does not have any effect on customer loyalty.

The results of Nabil & Dwiridotjahjono (2024), Rahmani & Rusdianto (2024), Vemberain & Rakhman (2024), and Ananda & Setiawan (2024) supports the above finding; in other words, it can be seen that service quality influences customer loyalty through the customer satisfaction variable. Besides this, the results of the study conducted by Nastiti et al (2023) show that service quality does not significantly affect customer loyalty mediated by customer satisfaction.

Based on the explanation above, the researcher can conclude the problems found and take them as the background of this study. Therefore, from those facts in this research the researcher wants to prove the relationship between variables that will be tested by the researcher is the relationship between the variable service quality, brand image and customer satisfaction with the variable customer loyalty in "The influence of service quality and brand image on customer loyalty mediated by customer satisfaction on grab ride-hailing".

2. LITERATURE REVIEW

2.1 Brand Image

Brand image is the impression that the brand gives the consumer and it is the brand's image, whether psychological or emotional, that the brand needs to create in the consumers' minds visually and verbally (Kotler et al., 2019, p. 379). Meanwhile, Mariano et al. (2020) consider brand image as a result of a series of marketing activities to create and maintain brand perception. Firms hope to build a positive and distinctive brand image with these activities to influence consumers' attitudes and behaviors towards the brand.

Generally, there are 3 indicators that are used to measure brand image:

a. Functional Image: the basic perceptions of the consumer about the brand that he/she gets, like the functions of the brand and its benefits.
b. Affective Image : the image created not only on the basis of rational evaluations but also on the basis of customers' emotions and feelings about a brand.
c. Reputation: is the extent of customer's confidence in a company and its ability to meet their expectations and maintain an overall positive company image over time.

With these definitions in mind, one could consider "brand image" to be the outcome of marketing activities intended to alter and sustain consumer perceptions of the brand. The Three indicators in this study which measure brand image are functional image, affective image and reputation.

2.2 Service Quality

The service quality is defined as "Activities and service provided by one party to another in the process of product/service delivery to satisfy the customer preferences, expectations and needs" (Chandra et al., 2020, p.61). Indrasari (2019, p. 61) explained that the service quality is flexible and dynamic, an ongoing improvement in the delivery of services should be made to provide the customer a proper and satisfactory service. The perception and assessment of the performance of a company is influenced by the quality of service, for example.

Customers will have expectations about a service from their previous experiences, word of mouth and through advertising. If customers have this information, they begin to assess the service they receive vs. the service they anticipate. Customers are likely to be disappointed if the quality of service they get is less than expected. From this, the number of gaps are estimated at around 5 which prevents successful services delivery, namely:

a. The gap between the customer and management, the management may not be able to know customer needs and expectations.
b. The difference between what the management expects from the service and what the management has specified for the service, before the management has a clear understanding of the customer's expectations.
c. Gap between quality standards and service provision. During this gap, workers may not have the skills as per the standards set or this gap could be affected by conflicting standards.
d. The gap between service and external communication, when the customer is judging the company based on communication from company personnel and/or communication in the company literature such as advertising, etc.
e. Service gap, which is the difference between the service expected by customers and the service provided (Kotler et al., 2022, p.200-201).

Parasuraman et al., (1985), Kotler et al., (2022) have proposed that the quality of a service can be determined by the following dimensions:

a. Tangibles: the elements of a facility, equipment, people and communication materials that are visible.
b. Assurance means employees' knowledge, competence and courtesy which gain trust and confidence of customers.
c. Reliability : accuracy, consistency and dependability in performing the promised service.
d. Empathy: being able to give customers individual attention; showing them care.
e. Responsiveness: willingness and ability to help customers promptly and give them timely service.

It is evident from these definitions that service quality is to make sure that products or services have the internal features that meet customer needs, preferences and expectations. The indicators that are used to measure the service quality in the present study are tangibles, assurance, reliability, empathy, responsiveness.

2.3 Customer Loyalty

Customer Loyalty is related to the people who are loyal to the brand and always purchase a particular product for a certain time, as per Rifa'i (2019, p. 51) till there is a product in alternative market. On the other hand, Mulyani et al. (2023, p.6) defines that customer loyalty is a situation where the customer is satisfied with purchasing a product from a certain company and repeat purchasing the same product/brand.

Based on this definition, it is understood that Customer Loyalty is a situation where customer satisfaction is expected that will make customers repeat their purchases of the same product or brand over the years. The loyal customers are more likely to remain loyal to the company, rather than to experiment with alternatives and to do good things for the brand.

This study adopts four measures of customer loyalty: repeat purchase behaviour, positive word-of-mouth behaviour, switching intention and recommendation to others.

2.4 Customer Satisfaction

According to Wardhana (2024, p.2), the Customer Satisfaction can be defined as a positive attitude felt by the customer after receiving the product/service provided, and the performance of the product/service received meets customer expectations. Meanwhile, according to Tjiptono (2019), customer satisfaction is an assessment that was carried out after buying a product or services, a customer makes a review based on the difference between the level of product/service performance and customer expectations.

According to Tjiptono (2019) the indicators for measuring Customer Satisfaction are consistency of Customer Satisfaction (Fornell et al, 1996) are as follows:

a. Over-all Satisfaction, the total satisfaction of the customer on the product/service.
b. Confirmation of Expectation, how far the actual performance of a product/service aligns with the expectations of a customer.
c. Comparison to Ideal, how close the actual performance of a Company is to the customer's ideal standards or expectations.

As per these definitions it can be said that Customer satisfaction is an assessment which is performed after a product/service has been bought and is a comparison of the product/service with what was expected at the time of

purchase. The measurement of customer satisfaction is founded on three indicators namely, overall satisfaction, confirmation of expectation and comparison with ideal in this study.

2.5 Research Model

In the research model formulation, the research framework and the correlation of the variables is as support in formulating hypotheses. The variables used in this study are independent variables of "Service Quality (X1) and Brand image (X2)" and dependent variable of "Customer Loyalty (Y)" and mediating variable of "Customer Satisfaction (Z)" based on the results of the previous studies. Based on this, the concept framework is presented as follows:

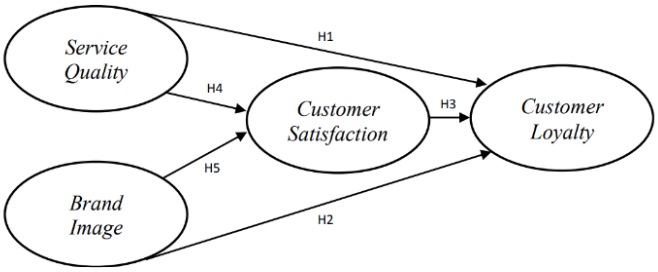


Figure 1. Research Model
Source: Researcher (2026)

2.6 Hypotheses

Hypotheses formulating means the theoretical basis, developed based on previous research. From the above research model, the following are the hypotheses of this study:

H1: Service Quality has an effect on Customer Loyalty in Grab ride-hailing
H2: Brand Image has an effect on Customer Loyalty in Grab ride-hailing
H3: Customer Satisfaction has an effect on Customer Loyalty in Grab ride-hailing
H4: Service Quality has an effect on Customer Loyalty mediated by Customer Satisfaction in Grab ride-hailing
H5: Brand Image has an effect on Customer Loyalty mediated by Customer Satisfaction in Grab ride-hailing

3. RESEARCH METHODOLOGY

3.1 Research Design

The type of research used was quantitative with an explanatory research design, which was aimed at analyzing the effect of service quality and brand image on customer loyalty, where customer satisfaction was used as an intervening variable between the variables of service quality and customer loyalty for customers of Grab in the Greater Jakarta area (Jabodetabek). In this study it was determined that customer satisfaction is a mediating variable between the independent variables of service quality and brand image and the dependent variable of customer loyalty. Both constructs were assessed using indicators that were adapted from previous studies, and ranged on a five point Likert scale from 1 = strongly disagree to 5 = strongly agree.

3.2 Population and Sample

The population in this research were users of the Grab ride-hailing service who live in and carry out activities frequently in the greater area of Jakarta (Jakarta, Bogor, Depok, Tangerang and Bekasi or popularly known as Jabodetabek). The sampling technique used was non-probability sampling which was purposive. The respondents were selected based on the following selection criterion: (1) Users who have used at least twice on the Grab service, (2) Age 18 years or more, (3) Residents or users who have been active in the Jabodetabek area. Based on Hair et al. (2019) recommendation that the size of the population is unknown, 100 respondents were included in the study.

3.3 Data Collection

The methods of collecting primary data were questionnaire via online (Google Forms). The questionnaire was distributed over a 2 week period using multiple social media and electronic communication methods. The research instrument was an instrument consisting of 33 items, which were indicators of service quality including 16 items with indicators of tangibles, assurance, reliability, empathy, and responsiveness; brand image with 7 items with indicators functional image, affective image, and reputation; and customer satisfaction with 3 items with indicators overall satisfaction, confirmation of expectation, and comparison to ideal; and customer loyalty with 7 items with indicators repeat purchase behavior, recommendation to others, switching intention, and positive word-of-mouth communication. All items were measured using a 5-point rating scale and quantitative data was obtained and analyzed statistically.

3.4 Data Analysis

The Partial Least Squares–Structural Equation Modeling (PLS-SEM) approach was used to analyse the data with the help of SmartPLS 4.0 software. The measurement instrument was piloted to test the validity and reliability. Cronbach's Alpha value > 0.70 and Composite Reliability value > 0.70 were used for measuring model reliability

(outer model), Average Variance Extracted (AVE) value > 0.50 was used for convergent validity, and Heterotrait–Monotrait Ratio (HTMT) value < 0.90 was used for discriminant validity.

The coefficients of determination (R^2), predictive relevance (Q^2) and hypothesis testing with the bootstrapping procedure were then used to assess the structural model (inner model). The t-statistic and p-value were considered as criterion for the statistical significance of the relationships between the variables: $t>1.96$ and $p<0.05$. Furthermore, mediation analysis was performed to determine if customer satisfaction is a mediator between service quality and brand image and customer loyalty.

4. RESULT AND DISCUSSION

4.1 Outer Model

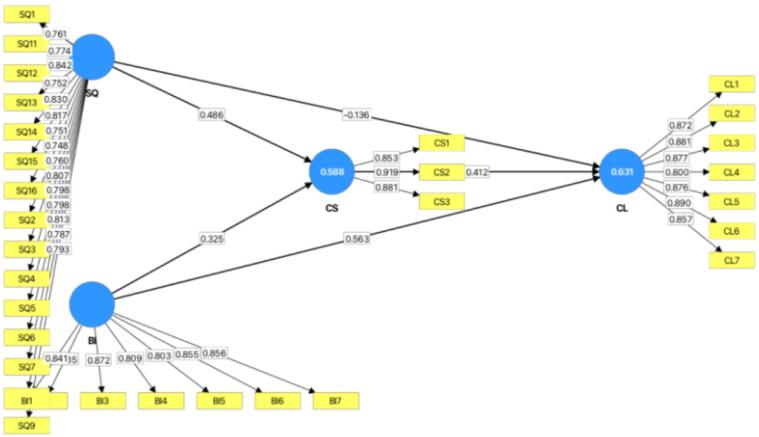


Figure 2. Outer Model Result

Source: SmartPLS 4.0 Analysis Results (2026)

The outer loading analysis results revealed that all indicators in this study had a loading value greater than 0.70. From the result of these indicators it can be concluded that the indicators of service quality, brand image and customer satisfaction and customer loyalty have passed the minimum value which is the reliability and validity of the indicator. All items of loading factors thus are greater than 0.70, which indicates their validity and suitability for representation of their constructs. Therefore, the outer model measurement is successfully carried out and the measurement model is deemed as a valid model for the next step in the study.

4.1.1 Validity Assessment

4.1.1.1 Convergent Validity

Indicator	Brand Image (X2)	Customer Loyalty (Y)	Customer Satisfaction (Z)	Service Quality (X1)
X2.1	0.841			
X2.2	0.835			
X2.3	0.872			
X2.4	0.809			
X2.5	0.803			
X2.6	0.855			
X2.7	0.856			
Y.1		0.872		
Y.2		0.881		
Y.3		0.877		
Y.4		0.800		
Y.5		0.876		
Y.6		0.890		
Y.7		0.857		
Z.1			0.853	
Z.2			0.919	
Z.3			0.881	
X1.1				0.764
X1.2				0.748
X1.3				0.760
X1.4				0.807
X1.5				0.798
X1.6				0.798

X1.7	0.813
X1.8	0.787
X1.9	0.793
X1.10	0.761
X1.11	0.774
X1.12	0.842
X1.13	0.752
X1.14	0.830
X1.15	0.817
X1.16	0.816

Table 1. Output Outer Loading Factor
Source: SmartPLS 4.0 Analysis Results (2026)

The data from this table were collected from the SmartPLS 4.0 analysis results (2026).

All the indicator loading factors for 4 constructs are found to be above the recommended value of 0.70. Thus, it can be assumed that all the measurement items to measure service quality, brand image, customer satisfaction and customer loyalty have fulfilled the required validity criteria. The results of all indicators revealed loading factors greater than 0.70 which means that the measuring instrument is valid and suitable for further analysis.

The Average Variance Extracted (AVE) value, which is at least 0.50, is one way to check the convergent validity. The results show that the brand image has the value of AVE 0.704. The AVE value of the construct customer loyalty is 0.749 and the AVE value of the construct customer satisfaction is 0.783. Moreover, the value of the AVE of the service quality construct is 0.620.

Result	Average Variance Extracted (AVE)
Brand Image (X2)	0,704
Customer Loyalty (Y)	0,749
Customer Satisfaction (Z)	0,783
Service Quality (X1)	0,620

Table 2. Output Average Variance Extracted (AVE)
Source: SmartPLS 4.0 Analysis Results (2026)

All AVE value higher than 0.50 can be considered as converging validity of constructs established. As can be seen from the results, all constructs have values greater than 50% which indicates that the constructs are fairly described by the measurement items.

4.1.1.2 Discriminant Validity

	BI	CL	CS	SQ
BI1	0.841	0.615	0.564	0.701
BI2	0.835	0.612	0.569	0.687
BI3	0.872	0.660	0.632	0.687
BI4	0.809	0.572	0.549	0.600
BI5	0.803	0.621	0.610	0.681
BI6	0.855	0.677	0.636	0.645
BI7	0.856	0.627	0.566	0.581
CL1	0.676	0.872	0.658	0.538
CL2	0.666	0.881	0.613	0.510
CL3	0.647	0.877	0.604	0.535
CL4	0.587	0.800	0.573	0.482
CL5	0.652	0.876	0.635	0.531
CL6	0.662	0.890	0.596	0.541
CL7	0.632	0.857	0.608	0.548
CS1	0.613	0.600	0.853	0.607
CS2	0.625	0.630	0.919	0.678
CS3	0.630	0.649	0.881	0.676
SQ1	0.613	0.491	0.606	0.764
SQ2	0.570	0.421	0.532	0.748
SQ3	0.511	0.349	0.458	0.760
SQ4	0.617	0.496	0.571	0.807
SQ5	0.601	0.517	0.636	0.798
SQ6	0.623	0.534	0.596	0.798
SQ7	0.641	0.535	0.610	0.813
SQ8	0.625	0.455	0.581	0.787
SQ9	0.651	0.475	0.598	0.793
SQ10	0.610	0.472	0.567	0.761
SQ11	0.614	0.463	0.589	0.774
SQ12	0.709	0.577	0.631	0.842
SQ13	0.579	0.395	0.502	0.752
SQ14	0.657	0.503	0.595	0.830
SQ15	0.620	0.498	0.622	0.817
SQ16	0.561	0.427	0.578	0.751

Table 3. Output Cross Loading Value
Source: SmartPLS 4.0 Analysis Results (2026)

Data analysis results indicate that service quality, brand image, customer satisfaction, and customer loyalty constructs are the constructs with the highest cross loading values with their indicators than other indicators. This means that each measurement item has a higher correlation with the construct that it measures, compared to other constructs in the model.

Variabel	Brand Image (X2)	Customer Loyalty (Y)	Customer Satisfaction (Z)	Service Quality (X1)
Brand Image (X2)	-			
Customer Loyalty (Y)	0,824	-		
Customer Satisfaction (Z)	0,809	0,785	-	
Service Quality (X1)	0,635	0,796	0,785	-

Table 4. Output Heterotrait-monotrait (HTMT)
Source: SmartPLS 4.0 Analysis Results (2026)

According to the HTMT (Heterotrait–Monotrait Ratio) all the HTMT values are less than 0.90 which is the recommended value for the constructs to be considered as discriminant. For other constructs, the HTMT of the service quality (X1) and brand image (X2) is 0.635 and 0.796, respectively, with the other constructs. Also, the HTMT value of the Customer satisfaction (Z) is 0.785.

4.1.2 Reliability Assessment

Variable	Cronbach's Alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)
Service Quality (X1)	0,959	0,961	0,963
Brand Image (X2)	0,930	0,931	0,943
Customer Satisfaction (Z)	0,861	0,863	0,915
Customer Loyalty (Y)	0,944	0,945	0,954

Table 5. Output Cronbach's Alpha and Composite Reliability
Source: SmartPLS 4.0 Analysis Results (2026)

The source of the data is the analysis results provided by SmartPLS 4.0 (2026).

As can be seen all constructs have Cronbach's Alpha value equal to or greater than 0.70 which is the recommended value, indicating that the constructs are sufficiently reliable. Service quality has the highest value of Cronbach's Alpha (0.959) and customer satisfaction the lowest (0.861).

4.2 Inner Model

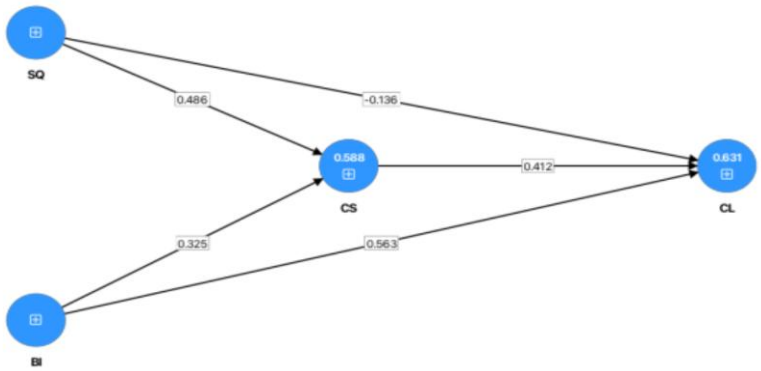


Figure 3. Inner Model Result
Source: SmartPLS 4.0 Analysis Results (2026)

4.2.1 R-Square (R2)

Variabel	R-Square	R-Square Adjusted
Customer Loyalty (Y)	**0,631**	**0,624**
Customer Satisfaction (Z)	**0,588**	**0,583**

Table 6. Output R-Square
Source: SmartPLS 4.0 Analysis Results (2026)

The value of adjusted R-square from the R-square result is 0.624 for customer loyalty (Y), which means that the independent variables, service quality and brand image can explain 62.4% of the variance of dependent variable (customer loyalty). The other 37.6% of the variance is due to other factors not accounted for in the current research model.

Further, the adjusted R squared of customer satisfaction (Z) is 0.583, thus indicating that service quality and brand image explained 58.3% of the variance in customer satisfaction. The rest (41.7 %) is dependent on other factors not considered in this work.

4.2.2 Q-Square (Q2)

Variabel	Q^2 Predict
Customer Loyalty (Y)	**0,538**
Customer Satisfaction (Z)	**0,568**

Table 7. Output Q-Square
Source: SmartPLS 4.0 Analysis Results (2026)

The result of the Q-square test shows that the customer loyalty construct has a Q2 value of 0.538 and customer satisfaction construct has a Q^2 value of 0.568. Based on the existing PLS-SEM criteria, the model has a predictive relevance for the endogenous constructs if $Q^2>0$.

4.3 Resampling Bootstrapping

Relationships Among Variables	Original Sample (O)	T Statistics	P Values
Service Quality (X1) → Customer Loyalty (Y)	**-0,136**	**1,137**	**0,256**
Brand Image (X2) → Customer Loyalty (Y)	**0,563**	**4,458**	**0,000**
Customer Satisfaction (Z) → Customer Loyalty (Y)	**0,412**	**4,386**	**0,000**
Service Quality (X1) → Customer Satisfaction (Z) → Customer Loyalty (Y)	**0,200**	**2,953**	**0,003**
Brand Image (X2) → Customer Satisfaction (Z) → Customer Loyalty (Y)	**0,134**	**2,850**	**0,004**

Table 8. Output Resampling Bootstrapping
Source: SmartPLS 4.0 Analysis Results (2026)

The results of the hypothesis testing showed that the relationship between service quality with customer loyalty has a t-statistic value below the critical t value (1.137 < 1.96). This indicates that the effects of service quality on customer loyalty of grab ride-hailing users is not direct. This could be interpreted as service quality has no influence in encouraging customers to use Grab service regularly, repeat their usage of the service and to refer to others to use Grab service. Furthermore, based on the test result, P-value of 0.256 > 0.05 is not significant, so it can be concluded that service quality has a small effect/weak effect on customer loyalty of Grab Ride Hailing. Also, the value of the original sample (O) is -0.136 which represents a negative relationship. This indicates that an increase in service quality will lead to a decrease in customer loyalty for Grab's ride-hailing services.

The result of the relationship between brand image and customer loyalty, on the other hand, resulted in a t of 4.458, which is above the value of 1.96. This finding indicates the Brand image has a strong positive effect towards user's loyalty with regard to the users of Grab ride-hailing. Hence, H2 is correct. P value<0.05 indicates its statistical significance. In addition, according to the original sample coefficient ($\beta = 0.563$) there is a positive relationship between brand image and customer loyalty.

The results also reveal that customer satisfaction highly affects customer loyalty by means of t-statistic value of 4,386 that is above 1,96 value. Hence, H3 is substantiated. The p value is < 0.05 which is statistically significant. Moreover, the original sample coefficient ($\beta = 0.412$) indicates that there is positive relationship between customer satisfaction and customer loyalty.

As for the mediation effect, indirect effect of service quality on customer loyalty through customer satisfaction was obtained by t value>1.96 (2.953). Thus, H4 is accepted and it is concluded that customer satisfaction plays a significant mediating role between the relationship between service quality and customer loyalty. The p-value is equal to 0.003, which is less than 0.05 and hence the indirect effect is significant. The original sample coefficient is positive ($\beta = 0.200$) meaning there is an indirect relationship.

Finally, the indirect effect of brand image on customer loyalty via customer satisfaction resulted in a value of t-statistic 2.850 which is higher than the critical value 1.96. So, it can be concluded that the relationship of brand image with customer satisfaction is supported and customer satisfaction has a significant mediation. The mediation effect is statistically significant with the p value being < 0.05 which is 0.004. Moreover, the original sample coefficient ($\beta = 0.134$) shows positive indirect relationship.

4.4 Indirect Effect

The significance of the direct effects in the structural model (Hair et al., 2022, p. 235) can be used to assess mediation effects. That is, the direct path effect from the independent variable to the mediating variable (p1), the direct path effect from the mediating variable to the dependent variable (p2) and the direct path effect from the independent variable to the dependent variable (p3). The interpretation of the meaning of these relationships can be used to establish what kind and how much mediation is needed. Therefore, the main results of the mediation analysis are presented below:

a. The Mediating Role of Customer Satisfaction in the Relationship between Service Quality and Customer Loyalty.

   As can be seen from the results the relationship between service quality with customer satisfaction (P1) is positive and significant and the relationship between customer satisfaction with customer loyalty (P2) is also positive and significant. But the direct impact of service quality on customer loyalty (P3) is statistically insignificant and is negative. Based on Hair et al.'s (2022) mediation criteria, these results indicate full

mediation between service quality and customer loyalty. This means that service quality affects customer loyalty only indirectly via customer satisfaction and it has no significant direct effect on customer loyalty.

b. The Mediating Role of Customer Satisfaction in the Relationship between Brand Image and Customer Loyalty.

The results also indicate that all the paths are positive and significant, including brand image to customer satisfaction (P1) and customer satisfaction to customer loyalty (P2). Furthermore, there is still a significant positive direct effect of brand image on customers loyalty (P3). Based on the results of this study, it can be concluded that the partial complementary mediation model is applied, customer satisfaction as a mediator variable plays a mediate role in the relationship between brand image with customer loyalty. Hence, there is a direct link between brand image and customer loyalty as well as indirect link via customer satisfaction.

5. CONCLUSION

Based on the findings of this study, the conclusion can be drawn that the direct effect of service quality on customers' loyalty of the Grab ride-hailing service user is not significant. Thus, the null hypothesis, H1 is rejected. Brand image on the other hand is significant and positive for customer loyalty and hence H2 is supported. Besides that, customer satisfaction has also shown significant influence in the customer loyalty which in turn helps to support H3. From the mediation results, it is concluded that customer satisfaction is an intervening variable that plays a mediating role in 100% between the service quality and customer loyalty. This result shows that service quality is not directly related to customer loyalty, but only it is through the process of customer satisfaction. The H4 level is thus confirmed. Moreover, the relationship of brand image and customer satisfaction is only a partial and complementary one in relation to customer loyalty. This finding shows that brand image has a direct as well as indirect impact on customer loyalty mediated by customer satisfaction. So, H5 is correct.

Limitations

This study is limited in a number of ways that need to be noted. At first, the respondents were obtained by non-probability sampling technique namely by purposive sampling method that is the respondents were obtained from predetermined criteria which are believed to be relevant to the objectives of the research. Consequently, it is possible that the results are not completely applicable to the entire population of Grab users, because individuals were not equally likely to be sampled.

Second, the number of subjects in the study was not sufficiently large (N = 100). The sample was adequate for statistical analysis but a larger number of subjects would have resulted in increased strength of the results and greater representation of the diversity of the users of 'Grab'.

Third, the study was based on self reported data done by questionnaires. Respondents' social desirability bias, recall bias and to provide socially desirable answers may affect the accuracy of the results obtained.

Finally, the samples of this research were only users of the “Grab” in Jabodetabek area. Therefore, these results may not fully reflect the users' behaviour and perception of using Grab in other regions of Indonesia which may have different demographic, transportation infrastructure and consumer preference characteristics.

Future Research

Recommendations for future studies are that different sampling techniques will be applicable like using Probability sampling method so that all members of the target population will have equal chances of being selected as research participants. Probability sampling can help to ensure a representative sample and minimise sampling bias.

Future studies on the users of both ride sharing companies (Grab and Gojek) can be done to determine the difference in the perception, satisfaction and loyalty of the users. These comparisons might be helpful when it comes to understanding the competitive elements that are influencing consumer ride-hailing behavior.

Further research is also recommended to include other variables that may affect the customer satisfaction and customer loyalty. The variables include perceived price fairness (customer's perception whether the price of the service is reasonable or not), trust (customer's opinion of the reliability and integrity of the service provider), app usability (ease and usefulness of the mobile application), perceived safety (customer's opinion on perceived safety and security during using the service), and promotion attractiveness (how attractive and effective the promotion is) and complaint handling (the handling and resolving of customer complaints). These variables can provide a more comprehensive understanding of the factors influencing customer satisfaction and loyalty in the ride-hailing industry.

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