

Service Quality Influence on Satisfaction and Loyalty in Muslimah Fashion Retail, Sleman Regency

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Abstract: This study investigates how service quality shapes customer satisfaction and loyalty within the context of the Deequeena Collection Muslimah Boutique in Sleman, Yogyakarta, a market increasingly defined by competition and rising expectations for customer experience. Positioned within quantitative consumer behaviour research, this paper examines the causal relationship among the three constructs by employing a descriptive-associative design. Data were collected through a Likert-scale survey administered to 100 customers and analysed using the SmartPLS structural equation modelling technique to evaluate the magnitude and significance of each path. The analysis demonstrates that service quality exerts a direct and significant effect on satisfaction, while satisfaction significantly enhances customer loyalty and operates as a mediating variable between service quality and loyalty. These findings clarify the mechanism through which boutique-level service practices influence retention dynamics, showing that improvements in service performance not only elevate satisfaction but also strengthen loyalty both directly and indirectly.

Keywords: Service Quality, Consumer Satisfaction, Consumer Loyalty, PLS-SEM, Muslimah Boutique.

Abstrak: Penelitian ini mengkaji bagaimana kualitas layanan membentuk kepuasan dan loyalitas pelanggan pada Deequeena Collection Muslimah Boutique di Sleman, Yogyakarta, sebuah konteks pasar yang semakin kompetitif dan menuntut pengalaman layanan yang lebih baik. Berposisi dalam riset perilaku konsumen berpendekatan kuantitatif, studi ini menelaah hubungan kausal antarvariabel melalui desain deskriptif-asosiatif. Data dikumpulkan menggunakan kuesioner skala Likert yang diberikan kepada 100 pelanggan dan dianalisis dengan teknik Structural Equation Modelling menggunakan SmartPLS untuk menilai kekuatan dan signifikansi setiap jalur hubungan. Hasil analisis menunjukkan bahwa kualitas layanan berpengaruh langsung dan signifikan terhadap kepuasan, sementara kepuasan secara signifikan meningkatkan loyalitas serta berperan sebagai mediator dalam hubungan antara kualitas layanan dan loyalitas. Temuan ini memperjelas mekanisme bagaimana praktik layanan di tingkat butik memengaruhi dinamika retensi pelanggan, menunjukkan bahwa peningkatan kualitas layanan tidak hanya meningkatkan kepuasan, tetapi juga memperkuat loyalitas baik secara langsung maupun tidak langsung.

Kata Kunci: Kualitas Layanan, Kepuasan Konsumen, Loyalitas Konsumen, PLS-SEM, Butik Muslimah.

A. Introduction

The Muslim fashion industry in Indonesia has experienced rapid growth, driven by rising awareness of Islamic dress values and the expansion of modest fashion in the global market. Sleman Regency, Yogyakarta, has emerged as a strategic area for Muslimah boutiques due to its heterogeneous consumers and stable purchasing power. Deequeena Collection is one such boutique, offering syar'i products that combine modesty, quality materials, and contemporary design. However, intensifying competition means product excellence alone is insufficient to ensure sustainability. Marketing theory highlights service quality as a critical determinant of customer satisfaction and loyalty¹. The SERVQUAL model further explains that gaps between customer expectations and actual service performance can lead to dissatisfaction and weaken repurchase intentions².

In small retail businesses, including local boutiques, service problems such as late deliveries, inaccurate product information, and limited employee responsiveness remain frequent customer complaints. Similar patterns appear in initial observations and online reviews of Deequeena Collection, suggesting that service performance has not fully met customer expectations. Despite extensive research in banking, hospitality, and e-commerce, limited attention has been given to Islamic-based boutique contexts, creating a need to examine how service quality shapes satisfaction and loyalty.

Previous studies consistently demonstrate a strong relationship between service quality, customer satisfaction, and loyalty. Zeithaml highlights that superior service quality enhances perceived value and fosters loyalty through satisfaction³, while Tjiptono and Chandra emphasize the need to interpret service quality within specific industry contexts⁴. Nevertheless, limited research has examined this relationship in Muslim women's fashion boutiques at the MSME level, particularly in Sleman, where service interactions are highly

¹ Philip Kotler and Kevin Lane Keller, *Marketing Management*, 15th ed. (Harlow: Pearson Education Limited, 2016).

² Valarie A. Zeithaml, Leonard L. Berry, and A. Parasuraman, "The Behavioral Consequences of Service Quality," *Journal of Marketing* 60, no. 2 (1996): 31–46.

³ Zeithaml, Berry, and Parasuraman, "Behavioral Consequences," 33

⁴ Firdaus Tjiptono and Gregorius Chandra, *Pemasaran Strategik* (Yogyakarta: Andi, 2021).

personal and shaped by religious preferences. Muslim consumers often assess services not only based on efficiency and accuracy but also on ethical dimensions such as honesty, politeness, and commitment to promises, which are central to Islamic marketing principles⁵. However, empirical studies integrating these value-based dimensions into service evaluation remain scarce. This gap is significant, as boutiques like Deequeena Collection operate in segments highly sensitive to religious alignment and trust. Understanding how service quality drives satisfaction and loyalty in this context is essential for developing sustainable, value-based service strategies.

Given the gap between customer expectations and actual service performance, this study examines the extent to which service quality influences customer satisfaction and loyalty at Deequeena Collection, and whether satisfaction mediates this relationship. The framework is grounded in the SERVQUAL model—reliability, responsiveness, assurance, empathy, and tangibles—while extending it to include value alignment and trust, dimensions particularly relevant in the Muslimah market context. By incorporating ethical and religious considerations into service evaluation, this study advances Islamic marketing literature through a more contextualized MSME perspective. Using a quantitative design and Partial Least Squares (PLS) analysis, the research tests both direct and indirect effects among the variables. The objective is to clarify the mechanism through which specific service dimensions shape satisfaction and loyalty, thereby providing an empirical basis for developing competitive and value-based service strategies for sharia-oriented boutiques and strengthening sustainable MSME practices in Sleman.

B. Literature Review

I) Service Quality

Service quality refers to the extent to which delivered services meet or exceed customer expectations. According to Parasuraman, Zeithaml, and Berry (1988), service quality is

⁵ Hery Nugroho, "Etika Bisnis Islam dalam Perspektif Pemasaran: Peluang dan Tantangan," *Jurnal Ekonomi dan Bisnis Islam* 4, no. 2 (2019): 123–134.

conceptualized through the SERVQUAL model, which consists of five dimensions: tangibles, reliability, responsiveness, assurance, and empathy⁶. These dimensions capture customers' holistic evaluations of service performance, encompassing physical evidence, operational accuracy, responsiveness, credibility, and interpersonal care.

Within a Muslim fashion retail context such as Deequeena Qollection, service quality extends beyond operational efficiency and aesthetic presentation. It includes the alignment of service interactions with Islamic values and customer expectations. Oliver's (1980)⁷ Disconfirmation of Expectation theory provides the theoretical foundation, suggesting that satisfaction arises when perceived performance meets or exceeds prior expectations⁸. In this study, service quality is measured using the five SERVQUAL dimensions⁹:

- a) Tangibles: tangibles refer to observable physical elements, including store facilities, layout, employee appearance, and communication materials. In retail settings, physical cues function as initial quality signals prior to service interaction. A clean, organized, and aesthetically appropriate environment reinforces professionalism and shapes positive expectations. In Muslim fashion retail, ambience reflecting modesty and comfort contributes to perceived service value.
- b) Reliability: reliability denotes the ability to deliver promised services accurately and consistently. It represents the core of service quality, as it directly influences customer trust. Operational consistency, transaction accuracy, and product conformity enhance perceived organizational credibility.
- c) Responsiveness: responsiveness reflects the willingness and promptness of employees in assisting customers and addressing concerns. In direct retail interactions, timely responses significantly influence customers' emotional evaluations of their shopping experience.
- d) Assurance: assurance relates to employee competence, courtesy, and credibility in

⁶ Zeithaml, Berry, and Parasuraman, "Behavioral Consequences," 35

⁷ Richard L. Oliver, "A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions," *Journal of Marketing Research* 17, no. 4 (1980): 460–469, <https://doi.org/10.2307/3150499>

⁸ Richard L. Oliver, "Whence Consumer Loyalty?" *Journal of Marketing* 63, Special Issue (1999): 33–44.

⁹ A. Parasuraman, Valarie A. Zeithaml, dan Leonard L. Berry, "SERVQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality," *Journal of Retailing* 64, no. 1 (1988): 12–40.

fostering customer confidence. This dimension is particularly relevant in transactions involving perceived risk, such as payment and data privacy, where professionalism strengthens trust formation.

- e) Empathy: empathy emphasizes individualized attention and understanding of customers' specific needs. In Muslim fashion retail, empathy includes sensitivity toward modest fashion preferences and religious values. This dimension supports emotional connection and long-term customer attachment to the brand.

2) Customer Satisfaction

Customer satisfaction refers to an emotional evaluation that arises after customers experience a product or service and compare perceived performance with prior expectations. According to Kotler and Armstrong (2018), customer satisfaction is happiness or sadness after comparing the expectations obtained¹⁰. Customer satisfaction will be created when appropriately met expectations to satisfy customers' loyalty¹¹. In the context of Muslim fashion retail, customer satisfaction is multidimensional and influenced by several key indicators:

- a) Satisfaction with service: perceived service quality directly shapes satisfaction. Friendly, responsive, and professional interactions contribute to positive evaluations and reinforce trust in the retailer's consistency.
- b) Product quality conformity: customers assess whether fabric quality, design, durability, and modest fashion standards align with their expectations. Satisfaction increases when product performance meets or exceeds anticipated standards.
- c) Perceived price fairness: price evaluation is linked to perceived value. Satisfaction develops when customers perceive a reasonable balance between the benefits received and the cost incurred.
- d) Shopping experience comfort: store atmosphere, layout, and staff interaction influence

¹⁰ Philip Kotler and Gary Armstrong, *Principles of Marketing*, 17th ed. (Pearson, 2018).

¹¹ Agus Taufik, Sugeng Santoso, Muhamad Irfan Fahmi, Faqih Restuanto, and Steven Yamin, "The Role of Service and Product Quality on Customer Loyalty," *Journal of Consumer Sciences* 7, no. 1 (2022): 68–82, <https://doi.org/10.29244/jcs.7.1.68-82>

emotional appraisal. A comfortable and secure environment enhances overall satisfaction.

- e) Minimal transactional problems: the absence of errors, such as payment issues or product discrepancies, strengthens perceptions of professionalism and contributes to higher satisfaction levels

3) Customer Loyalty

Customer loyalty reflects both emotional attachment and consistent behavioral commitment toward a brand. It extends beyond repeat purchases to include positive attitudes and voluntary advocacy. Griffin (2005) distinguishes between behavioral loyalty, demonstrated through repeated purchases, and attitudinal loyalty, reflected in long-term preference and psychological commitment. Thus, loyalty encompasses both observable actions and underlying relational bonds¹².

In Muslim fashion retail, loyalty represents a strategic asset. When customers feel valued, respected, and aligned with the brand's values, they are more likely to sustain long-term relationships and promote the brand voluntarily. Christopher et al. (2002), through the Loyalty Ladder Theory, conceptualize loyalty as a progressive process—from prospect to customer, client, supporter, and ultimately advocate¹³. In this study, customer loyalty is measured through five indicators:

- a) Repurchase intention: the intention to buy again signals sustained behavioral commitment and trust in product and service quality.
- b) Willingness to recommend: voluntary referrals indicate advocacy and emotional engagement with the brand.
- c) Brand preference: consistent preference over competitors reflects perceived competitive advantage and resistance to switching.
- d) Perceived need fulfillment: loyalty strengthens when customers believe the brand

¹² Jill Griffin, *Customer Loyalty: How to Earn It, How to Keep It* (New York: Lexington Books, 1995)

¹³ Paresh P. Pande and Prafulla A. Pawar, "Assessing the Concept of Loyalty: A Focused Literature Review," *International Journal of Novel Research in Marketing Management and Economics* 5, no. 2 (May–August 2018): 81–86.

comprehensively satisfies functional and value-based needs.

- e) Long-Term commitment: ongoing relational commitment demonstrates mature loyalty grounded in repeated positive experiences.

4) Hypothesis Development

Prior studies consistently identify service quality as a primary determinant of customer satisfaction across service industries¹⁴. Empirical evidence from aviation¹⁵, public services, food and beverages¹⁶ and retail sectors demonstrates that improvements in reliability, responsiveness, and professionalism significantly enhance customer satisfaction¹⁷. These findings support the assumption that service quality functions as a direct antecedent of satisfaction. Therefore:

HI: Service quality significantly influences customer satisfaction in Muslim fashion boutiques

Customer satisfaction has also been widely recognized as a key predictor of loyalty^{18,19}. Studies in e-commerce and retail show that satisfied customers exhibit stronger repurchase intentions and greater willingness to recommend a brand²⁰. Prior research at BMT Mitra Ummat indicates that tangible resources and employee empathy significantly shape customer satisfaction, while reliability, responsiveness, and assurance showed no

¹⁴ RM Yordan Antanegoro, Djasuro Surya, dan Fauzi Sanusi, "Analisis Pengaruh Inovasi Produk, Inovasi Layanan dan Kualitas Pelayanan Terhadap Kepuasan dan Loyalitas Nasabah," *Jurnal Riset Bisnis dan Manajemen Tirtayasa (JRBTM)* 1, no. 2 (November 2017): hlm. 167-178.

¹⁵ A. A. A. P. Wendha, I. K. Rahyuda, dan I. G. A. K. G. Suasana, "Pengaruh kualitas layanan terhadap kepuasan dan loyalitas pelanggan Garuda Indonesia di Denpasar," *Jurnal Manajemen, Strategi Bisnis, dan Kewirausahaan* 7, no. 1 (2013): 19–28.

¹⁶ Muh. Hamzah and Metalis Putri Pratiwi, "Pengaruh Inovasi Produk dan Kualitas Pelayanan Terhadap Kepuasan Pelanggan King Geprek Sumberanyar," *Journal of Artificial Intelligence and Digital Business (RIGGS)* 4, no. 3 (2025): 1665, <https://journal.ilmudata.co.id/index.php/RIGGS>.

¹⁷ S. W. Putro, "Pengaruh kualitas layanan dan kualitas produk terhadap kepuasan pelanggan dan loyalitas konsumen Restoran Happy Garden," *Jurnal Strategi Pemasaran* 2, no. 1 (2014): 1–9.

¹⁸ Kyeongmi Yum dan Byungjoon Yoo, "The Impact of Service Quality on Customer Loyalty through Customer Satisfaction in Mobile Social Media," *Sustainability* 15, no. 15 (2023): 11214.

¹⁹ Antanegoro, Analisis Pengaruh Inovasi Produk, 167

²⁰ Zakia Akmalia and Ahmad Ajib Ridlwan, "Pengaruh Etika Pemasaran Islami dan Kualitas Layanan Terhadap Loyalitas Pelanggan Fashion Muslim E-Commerce Shopee dengan Kepuasan sebagai Variabel Mediasi," *Jurnal Ekonomika dan Bisnis Islam* 5, no. 3 (2022): 200.

significant impact²¹. Thus:

H2: Customer satisfaction significantly influences customer loyalty.

Beyond its indirect effect through satisfaction, several studies report that service quality also exerts a direct positive influence on customer loyalty²². Empirical evidence, including research conducted in Malaysia on e-government services, identifies service quality as a significant predictor of loyalty²³. These findings suggest that superior service performance may directly foster customer commitment, independent of satisfaction mechanisms. Accordingly, the third hypothesis is formulated as follows:

H3: Service quality significantly influences customer loyalty.

Finally, the Service Quality–Customer Satisfaction–Customer Loyalty (SQ–CS–CL) framework suggests a mediating mechanism. Satisfaction translates positive service evaluations into long-term commitment^{24,25}. Therefore:

H4: Customer satisfaction mediates the effect of service quality on customer loyalty.

C. Research Method

This descriptive study adopts an associative-quantitative approach to examine the causal relationship between service quality, customer satisfaction and customer loyalty in the Muslim fashion industry. The data were collected using a structured questionnaire with a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). The research instrument was developed based on the indicators used in previous studies^{26,27}, and its validity and

²¹ Fuad Hasyim, Trisma Kamelia, and Dea Primi Purnamasari. "Determinants of Customer Satisfaction of BMT Mitra Ummat With SERVQUAL Approach." *AL-IQTISHOD: Jurnal Pemikiran dan Penelitian Ekonomi Islam* 11, no. 1 (January 2023): 143–167. <https://doi.org/10.37812/aliqtishod>

²² James Pérez-Morón et al., "Effect of Service Quality and Customer Satisfaction on Customer Loyalty: A Case Study of Starbucks in Malaysia," *International Journal of Tourism and Hospitality in Asia Pacific (IJTHAP)* 5, no. 1 (2022): 62–74.

²³ Abdullah Alkraihi dan Nisreen Ameen, "The Impact of Service Quality, Trust and Satisfaction on Young Citizen Loyalty towards Government E-Services," *Information Technology & People* 35, no. 4 (2022): 1239–1270, <https://doi.org/10.1108/ITP-04-2020-0229>

²⁴ Akmalia and Ridwan, "Pengaruh Etika Pemasaran Islami," 200.

²⁵ Muhammad Anhar Hidayat, Abdul Rasyid, dan Fahrudin Pasolo, "Service Quality on Customer Loyalty: Mediation of Customer Satisfaction," *Advances in Business & Industrial Marketing Research* 2, no. 3 (2024): 150–163, <https://doi.org/10.60079/abim.v2i3.158>

²⁶ Oliver, "Cognitive Model," 462.

²⁷ Parasuraman, Zeithaml, and Berry, "SERVQUAL," 15.

reliability were tested. The study population comprised all Deequeena Collection customers in Sleman, Yogyakarta. Non-probability purposive sampling was utilised to select respondents who were at least 17 years of age and had made at least two purchases in the preceding three-month period. This technique was chosen to ensure that respondents had sufficient experience to evaluate service quality, satisfaction, and loyalty accurately. Given the absence of a complete customer sampling frame and the study's focus on testing causal relationships rather than population generalisation, purposive sampling was deemed appropriate.

The data analysis was conducted utilising Partial Least Squares–Structural Equation Modeling (PLS-SEM) using SmartPLS 3. The analysis stages comprised the evaluation of the measurement model (outer model) through factor loading testing, Average Variance Extracted (AVE), Cronbach's Alpha, and Composite Reliability, as well as the evaluation of the structural model (inner model) through R-square values and the testing of the significance of path coefficients using the bootstrapping technique. The present study set out to investigate the significance of the indirect effect of customer satisfaction in the relationship between service quality and customer loyalty, by conducting mediation testing.

D. Result and Discussion

I. Result

a) Respondent Characteristic

This study involved 105 active customers of Deequeena Collection, a Muslim fashion boutique in Sleman, Yogyakarta. After data screening for missing values and outliers, five responses were excluded, resulting in 100 valid samples for SmartPLS analysis. However, those five responses may still be included in the descriptive demographic analysis because demographic variables are typically unaffected by the missing values or outlier issues identified in the measurement items. Respondent demographic characteristics are presented in Table 2.

Table I. Respondent's Characteristic

Features	Category	Quantity (n)	Percentage (%)
Gender	Women	100	95.24
	Male	5	4.76
Age	< 20 years old	7	6.67
	20–30 years	39	37.14
	31–40 years	21	20.00
	> 40 years old	38	36.19
Shopping Frequency	Rarely (1 time in 6 months)	4	3.81
	Sometimes (1–3 times in 3 months)	88	83.81
	Often (1–2 times a month)	13	12.38
	Very Frequent (> 2 times a month)	0	0.00
Total Responden		105	

Source: Google Form (2025)

The gender distribution is overwhelmingly female (95.2%), with males representing a mere 4.8% of the population. This imbalance is consistent with the extant research, which indicates that Muslim fashion boutiques primarily target female consumers. The age distribution of the population is concentrated within adult groups. The demographic composition of the respondents is as follows: 37.1% of respondents are aged between 20 and 30, with 36.2% of respondents being above 40. Collectively, these groups constitute over two-thirds of the sample. The 31–40 age group constitutes 20% of the sample, while respondents under the age of 20 represent 6.7%. This pattern suggests that the majority of participants are within the productive age range, a demographic typically characterised by stable purchasing power and well-established fashion preferences. With regard to the frequency of shopping, the majority (83.8%) of respondents purchase occasionally, defined as one to three times within a three-month period. A smaller segment (12.4%) of the population shops more frequently, at one to two times per month. A mere 3.8% of respondents indicated that they rarely shopped, with no respondents reporting purchases exceeding twice per month. The findings of this study indicate that customers exhibit a periodic rather than intensive buying pattern.

b) Measurement Model (Outer Model)

I) Convergent Validity and Construct Reliability

Convergent validity was assessed by examining outer loading values. Based on Table SmartPLS cross-sectional guidelines, indicators with outer loadings above 0.70 demonstrate strong construct contribution²⁸. All indicators demonstrate loadings above the 0.70 threshold (as shown in table 3), indicating strong correlations between indicators and their respective latent constructs²⁹.

Table 2. Convergent Validity & Construct Reliability

Indicators	Convergent Validity
Service Quality ($\alpha=0.858$, $CR=0.898$, $AVE=0.638$)	
SQ1	0.757
SQ2	0.807
SQ3	0.791
SQ4	0.803
SQ5	0.834
Customer Loyalty ($\alpha=0.834$, $CR=0.890$, $AVE=0.669$)	
CL1	0.758
CL2	0.842
CL3	0.869
CL4	0.798
Customer Satisfaction ($\alpha=0.876$, $CR=0.910$, $AVE=0.670$)	
CS1	0.730
CS2	0.877
CS3	0.832
CS4	0.807
CS5	0.840

Source: SmartPLS 3 (2025)

Reliability was assessed using Composite Reliability and Cronbach's Alpha, with all constructs exceeding the 0.70 threshold, indicating strong internal consistency³⁰.

²⁸ John F. Hair, Jeffrey J. Risher, Marko Sarstedt, dan Christian M. Ringle, "When to Use and How to Report the Results of PLS-SEM," *European Business Review* 31, no. 1 (2019): 2–24.

²⁹ John F. Hair, G. Tomas M. Hult, Christian M. Ringle, dan Marko Sarstedt, *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)*, 2nd ed. (Thousand Oaks, CA: Sage Publications, 2017).

³⁰ Hair et al., "When to Use," 10.

Additionally, all constructs report AVE values above 0.50, confirming adequate convergent validity³¹. Therefore, the measurement instrument is reliable and appropriate for accurately assessing the study variables.

2) **Discriminant Validity**

Discriminant validity was assessed using the Fornell–Larcker criterion and cross-loadings. Discriminant validity determines whether constructs are empirically distinct from one another. Following Fornell and Larcker (1981), validity is established when the square root of each construct’s AVE exceeds its correlations with other constructs³². The results show that the diagonal values representing the square root of AVE (e.g., Service Quality = 0.757) are higher than their correlations with Satisfaction (0.637) and Loyalty (0.653). This confirms adequate discriminant validity.

Table 3. Discriminant Validity

Indicators	Service Quality	Customer Loyalty	Customer Satisfaction
X.1	0.757	0.653	0.637
X.2	0.807	0.631	0.594
X.3	0.791	0.598	0.550
X.4	0.803	0.558	0.485
X.5	0.834	0.613	0.611
Y.1	0.581	0.758	0.658
Y.2	0.665	0.842	0.599
Y.3	0.679	0.869	0.658
Y.4	0.583	0.798	0.667
Z.1	0.642	0.595	0.730
Z.2	0.596	0.705	0.877
Z.3	0.465	0.597	0.832
Z.4	0.581	0.627	0.807
Z.5	0.661	0.689	0.840

Source: SmartPLS 3 (2025)

Furthermore, cross-loading analysis supports this conclusion. Each indicator loads

³¹ Claes Fornell dan David F. Larcker, “Evaluating Structural Equation Models with Unobservable Variables and Measurement Error,” *Journal of Marketing Research* 18, no. 1 (1981): 39–50.

³² Fornell and Larcker, “Evaluating Structural Equation Models,” 45.

highest on its intended construct compared to other constructs, consistent with Henseler's recommendations³³. Overall, the measurement model demonstrates satisfactory discriminant validity.

c) **Structural Model (Inner Model)**

I) **R-Square**

Nilai R² assesses the explanatory power of the structural model. Customer Satisfaction reports an R² of 0.527, indicating that 52.7% of its variance is explained by service quality, reflecting moderate explanatory power. The adjusted R² (0.522) shows minimal difference, confirming model stability. Customer Loyalty demonstrates an R² of 0.703, meaning 70.3% of its variance is explained by service quality and satisfaction. This value indicates strong predictive accuracy. The adjusted R² of 0.697 further confirms the model's robustness and absence of overfitting.

Table 4. R-Square

Endogeneous Variables	R-Square	Adjusted R Square	Predictive Strength Interpretation
Customer Loyalty	0.703	0.697	Strong
Customer Satisfaction	0.527	0.522	Moderate

Source: SmartPLS 3 (2025)

d) **Hypothesis Testing (Path Coefficient dan Significance)**

Hypothesis testing was conducted using path coefficients and significance values obtained from PLS-SEM. Path coefficients indicate the strength and direction of relationships between latent constructs, while statistical significance is determined by p-values (< 0.05) and t-statistics (> 1.96), following Hair et al. (2019)³⁴.

I) **Direct Effects**

Direct effects were evaluated using path coefficients and their significance levels in the PLS-SEM model. Significance was determined based on p-values below 0.05 and t-

³³ Jörg Henseler, Christian M. Ringle, and Marko Sarstedt, "A New Criterion for Assessing Discriminant Validity in Variance-Based Structural Equation Modeling," *Journal of the Academy of Marketing Science* 43 (2015): 115–135, <https://doi.org/10.1007/s11747-014-0403-8>

³⁴ Hair et al., "When to Use," 10.

statistics above 1.96. The results indicate that all direct relationships are positive and statistically significant. Service quality significantly influences customer satisfaction ($\beta = 0.726$, $t = 4.681$, $p < 0.001$), demonstrating that higher perceived service performance substantially increases satisfaction levels. Service quality also has a significant direct effect on customer loyalty ($\beta = 0.412$, $t = 5.367$, $p < 0.001$), indicating that improved service quality directly strengthens loyal behavior.

Table 5. Direct Effects

Paths	Path Coefficient	TStatistics (O/STDEV)	P-Values	Interpretation
Kualitas Layanan -> Loyalitas	0.4120	5.3670	0.0000	Significant
Kualitas Layanan -> Kepuasan	0.7260	4.6810	0.0000	Significant
Kepuasan -> Loyalitas	0.4910	5.6180	0.0000	Significant

Source: SmartPLS 3 (2025)

Furthermore, customer satisfaction significantly affects customer loyalty ($\beta = 0.491$, $t = 5.618$, $p < 0.001$). This finding confirms that satisfied customers are more likely to exhibit repeat purchase intentions and long-term commitment.

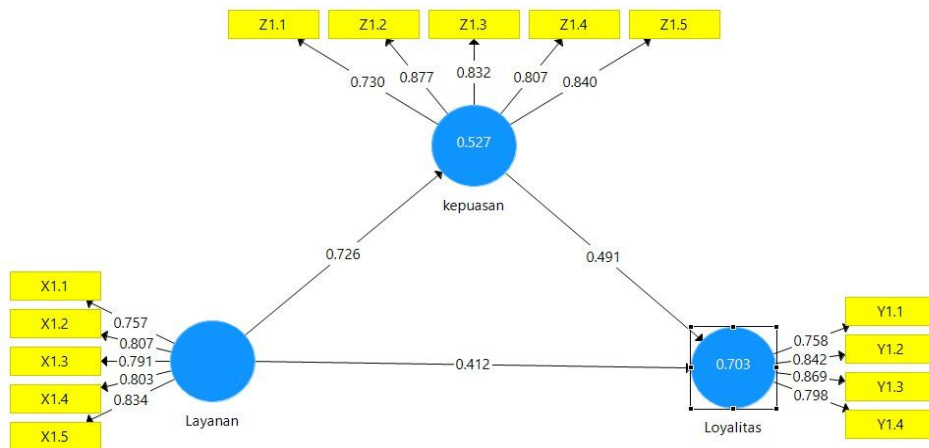


Figure I. Structural Model

2) Indirect Effect

The specific indirect effects analysis shows that service quality significantly influences customer loyalty through satisfaction ($\beta = 0.356$, $p = 0.001$). The t-statistic exceeds 1.96, confirming statistical significance. This indicates that satisfaction acts as a meaningful mediator linking service quality to loyalty. In practical terms, improved service quality enhances satisfaction, which subsequently strengthens customer loyalty. The finding supports marketing literature positioning satisfaction as a central mechanism in loyalty formation.

Table 6. Hasil Uji Efek Tidak Langsung (Mediasi)

Indirect Effect	Path Coefficient (O)	T-Statistics	P-Values	Interpretation
Kualitas Layanan -> Kepuasan -> Loyalitas	0.356	3.301	0.001	Significant Mediation

Source: SmartPLS 3 (2025)

2. Discussion

a) The Effects of Service Quality on Customer Satisfaction and Customer Loyalty

The findings indicate that service quality has a strong positive effect on customer satisfaction ($\beta = 0.726$). This suggests that customers evaluate interaction quality, responsiveness, accuracy, and store environment as central determinants of satisfaction. The result reinforces the SERVQUAL framework and the view that consistent, customer-oriented service significantly enhances satisfaction. Prior studies across retail^{35,36} and service sectors³⁷ similarly confirm that service quality remains a primary driver of customer satisfaction. Service quality also exerts a direct positive effect on loyalty ($\beta = 0.412$). In the context of a Muslim fashion boutique, this direct effect may stem from perceived value alignment, interpersonal warmth, and credibility consistent with modest fashion preferences. Thus, loyalty formation reflects not only rational

³⁵ Sari dan Razak, "Pengaruh Kualitas Produk...", hlm 6

³⁶ Putro, "Pengaruh kualitas layanan...", hlm 6.

³⁷ Wendha, Rahyuda, dan Suasana, "Pengaruh kualitas layanan...", hlm 6.

evaluation but also emotional experience and perceived value embedded in service encounters.

2) The Effects of Customer Satisfaction on Customer Loyalty

Customer satisfaction significantly influences loyalty ($\beta = 0.491$), indicating that customers whose expectations are met or exceeded are more likely to maintain long-term relationships with Deequena Collection. This finding aligns with relationship marketing theory, which positions satisfaction as a prerequisite for customer commitment. Prior research also shows that marketing elements can enhance satisfaction and subsequently strengthen loyalty^{38,39,40}. In the Muslim fashion context, satisfaction is shaped not only by service quality but also by religious image, moral credibility, and emotional experience.

3) The Mediating Effect of Customer Satisfaction

The indirect effect of service quality on loyalty through satisfaction is significant ($\beta = 0.356$, $p = 0.001$), indicating partial mediation. Service quality influences loyalty both directly and indirectly via satisfaction, consistent with PLS-SEM logic that positions satisfaction as a psychological mechanism linking service performance to loyalty outcomes. This pattern aligns with prior studies showing that service quality and related factors, such as product innovation, strengthen loyalty through satisfaction as an intervening variable⁴¹. Similar findings across retail and institutional contexts confirm that satisfaction functions as a key mediating pathway⁴². The mediation effect suggests a dual influence: service quality can generate immediate loyalty through positive impressions while simultaneously fostering long-term loyalty through cumulative satisfaction. In value-based markets such as Muslim fashion retail, satisfaction reinforces both emotional attachment and value alignment.

4) Theoretical and Practical Implications

From a theoretical perspective, this study reinforces that service quality is a key driver

³⁸ Alkrajji and Ameen, "Impact of Service Quality", 1245.

³⁹ Rosidah, "Pengaruh Kualitas Produk," 6

⁴⁰ Hidayat, Rasyid, and Pasolo, "Service Quality on Customer Loyalty," 15.

⁴¹ Septiani, Lestari, dan Saputra, "Pengaruh Inovasi Produk dan Kualitas Pelayanan," 6.

⁴² Siswadi, Hari, dan Sufrin, "Pengaruh kualitas layanan...", 5.

of customer satisfaction and loyalty in value-based, religiously oriented markets. It extends existing theory by empirically demonstrating how service quality operates within the Muslimah community in Ngaglik, Sleman. Practically, findings highlight that enhancing service elements—such as staff friendliness, responsiveness, accurate information, and a comfortable boutique environment—directly strengthens loyalty. Integrating digital service innovations can further enhance these outcomes..

E. Conclusion

The study confirms that service quality at Deequeena Collection is the primary determinant of satisfaction and loyalty. Positive interactions, timely service, and a pleasant boutique atmosphere generate both functional and emotional value, fostering strong customer-brand relationships. Satisfaction acts as a crucial mediator linking service experiences to loyalty, encouraging repeat purchases, recommendations, and long-term engagement. Beyond mediation, service quality also exerts a direct effect on loyalty, reflecting that emotional perceptions—warmth, credibility, and value alignment—can independently foster attachment. Overall, the research demonstrates a robust, reinforcing pattern: high-quality service drives satisfaction, satisfaction mediates loyalty, and certain service dimensions directly cultivate loyalty. In a competitive Muslim fashion industry, these insights emphasize that consistent, value-aligned service experiences are essential for sustaining enduring customer relationships and competitive advantage.

F. References

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