



(RESEARCH ARTICLE)



## The effect of service quality on customer loyalty through satisfaction and trust as mediators (survey of nail art brand customers "it's rare" Yogyakarta)

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### Abstract

This research aims to analyze the influence of service quality on customer loyalty through satisfaction and trust as mediators for customers of the It's Rare brand Nail Art salon. This type of research is causality research which is tested statistically using Smart PLS. The sample for this research was 205 respondents who met the research criteria. Obtaining data from distributing questionnaires which were distributed via Google Form. The research results show that service quality has a significant effect on customer satisfaction, customer trust and customer loyalty. Customer satisfaction and customer trust can also have a significant effect on customer loyalty. By mediation, the research results found that customer satisfaction and customer trust were able to mediate the influence of service quality on customer loyalty.

**Keywords:** Customer trust; Customer satisfaction; Service quality; Customer loyalty

### 1. Introduction

The beauty industry has experienced rapid growth in recent years, encompassing a wide range of cosmetic products and beauty services. Statista data (2022) reports that globally, the growth of cosmetics and beauty products will again increase by approximately 6.46% in 2021. This reflects the increasing customer interest in beauty products and services around the world. Furthermore, Indonesia is one of the countries with significant growth in the beauty industry. Statista data (2022) reports that Indonesia is the country with the second largest number of customers in the world in terms of beauty product usage which in 2021, beauty product usage in Indonesia reached a value of \$4.15 billion and ranked second after India with a usage of \$5.88 billion, this achievement still shows the size of the beauty market in Indonesia.

Nail art is one of the most popular and in-demand beauty products. More and more people are interested in beautifying their nails with various creative designs and techniques. In this case, maintaining customer loyalty is important and this is a big challenge. Customer loyalty is the key to success in running a business (Agarwal & Dhingra, 2023). Brand loyalty consists of continuous and cross-purchase of a particular brand and brand reference. (Kosiba et al., 2018). Loyal customers are those who regularly choose products or services from a particular brand or business.

According to Kotler & Keller (2016) customer loyalty involves repeat purchases, persistent selection of the brand, and the likelihood of giving positive references about the brand to friends and family. In the context of the nail art business, customer loyalty means that loyal customers will not only return for nail art services periodically, but may recommend a particular salon or employee to others. However, a frequent problem is the emergence of new competitors offering similar products. This is an important concern for companies including It's Rare in building and maintaining loyalty, because consumers are vulnerable to switching to using other products.

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It's Rare Nail Art Salon is a nail art service business established in May 2022 and located in Condong Catur, Sleman, Special Region of Yogyakarta (DIY). This business is engaged in nail art services or special nail salons with the main product being hand and foot nail art services, and supporting products are custom painting with various types of designs. It's Rare Nail Art Salon customers are quite varied ranging from students, college students, to elderly women and men. It's Rare is developing well amidst the pandemic with a total of 10 branches including 8 DIY, 1 in Klaten, and 1 in Kendal.

Business competition is getting tougher, customers are faced with many product choices in this industry. Customers easily switch if the company does not provide quality service according to customer needs (Kotler & Keller, 2016). This situation is a serious challenge for It's Rare Nail Art in maintaining and expanding the customer base. Therefore, it is important to understand the factors that influence customer loyalty, one of which is service quality. Service quality is very important to improve in the face of competitive competition (Giao & Vuong, 2020). Service quality is important to improve in the face of competitive competition (Giao & Vuong, 2020), because it can affect customer loyalty (Agarwal & Dhingra, 2023).

Service quality as perceived quality that depends on how customers assess the value of the product (Palmer, 2014). Providing high-quality nail art services, It's Rare brand Nail Art Salon strives to create strong relationships with customers. It's Rare brand Nail Art Salon understands the importance of innovation in nail art designs and techniques to remain attractive to customers. In this regard, It's Rare brand Nail Art Salon requires employees who have high expertise and skills in applying nail art designs and techniques. Customers who receive high-quality service are more likely to maintain a relationship with their existing service provider. (Kotler & Keller, 2016; Zeithaml et al., 1996).. Therefore, investing in improving the quality of nail art services will help It's Rare Nail Art build a loyal customer base.

Previous findings by Venkatakrisnan et al. (2023); Agarwal & Dhingra (2023) show that service quality has a significant effect on customer loyalty. These results contradict research by Chao et al. (2023); Hsu & Lin (2023) which shows that service quality has no significant effect on customer loyalty. Referring to previous research between service quality and customer loyalty, there are still inconsistencies in the results of research from previous researchers. Therefore, it is necessary to conduct further studies that consider mediating variables such as satisfaction and trust can help explain the complex relationship between service quality and customer loyalty.

It's Rare Nail Art can take concrete measures to improve the satisfaction and trust of their customers, thereby strengthening customer loyalty and overcoming fierce business competition. Customer satisfaction acts as a mediating variable between service quality and customer loyalty (Venkatakrisnan et al., 2023). According to Pan & Nguyen (2015) customer satisfaction depends not only on the absolute quality of the service or product provided, but on a comparison with their expectations or previous experiences. Customers not only consider the final result or service received, but also compare it with their previous expectations.

Customers who feel satisfied with the service they receive are more likely to trust the company more and are more likely to become loyal customers (Agarwal & Dhingra, 2023). In the context of It's Rare Nail Art, ensuring that customers feel satisfied with their nail art results and experience is key to increasing their likelihood of returning. Previous findings show that customer satisfaction mediates the influence between service quality and customer loyalty (Hsu & Lin, 2023; Chao et al., 2023).

Trust can act as a mediating variable between service quality and customer loyalty (Chao et al., 2023). Trust can act as a link that connects customers' experiences with the quality of service they receive with the level of loyalty they show towards the company. According to Kim et al. (2009) trust will be built if customers believe in the reliability of the company. Meanwhile, according to the theory of trust commitment, trust is very important to maintain long-term relationships between customers and businesses (Morgan & Hunt, 1994). Trust creates stability and reliability in the relationship, helping to strengthen the customer's bond with the company. Customers who feel that It's Rare Nail Art is reliable and provides high-quality services can build strong trust. In this case, customer trust can be influenced by how well the company and its employees can meet their expectations and the extent to which they feel they are treated fairly and honestly.

Customers who believe that It's Rare Nail Art provides high-quality and reliable services are more likely to feel comfortable and more likely to become loyal customers. Through this, it can create long-term relationships with their customers, increase loyalty, and support the growth of their business over a longer period of time. Previous findings by Chao et al. (2023); Shankar & Jebarajakirthy (2019) that trust mediates the influence between service quality and customer loyalty.

Referring to the previous presentation shows that understanding that the relationship between service quality, trust, satisfaction, and customer loyalty is dynamic and complex in the context of It's Rare brand Nail Art Salon services is essential to guide salon owners in improving marketing strategies, employee training, and customer management. Good service quality can increase customer trust and satisfaction, which in turn strengthens their loyalty. However, if one of these elements is lacking, such as disappointing service quality or customer dissatisfaction can undermine trust and reduce customer loyalty. This research is expected to make a meaningful contribution to the development of the nail art industry, especially the It's Rare brand Nail Art Salon services and enrich knowledge in the fields of marketing and customer management.

## 2. Theoretical Background

### 2.1. Stimulus-Organism-Response Theory (S-O-R)

The S-O-R framework was proposed by environmental psychologists such as Mehrabian & Russell (1974) The S-O-R theory consists of three elements: stimulus, organism, and response (Tang et al., 2015). According to the framework, cues (stimulus) from the environment can prompt an internal assessment of one's state (organism) (Zhu et al., 2020). This assessment leads to positive or negative behavior (response) to the stimuli (Tang et al., 2015).

The first component is the stimulus which refers to the motivation or external force that drives a person (Alsaggaf & Althonayan, 2018). Stimulus is a component of external influences that can affect a person's mental and cognitive health (Zhu et al., 2020). The organism component itself refers to changes in affective and cognitive states caused by the stimulus component (Olfat et al., 2019). Feelings of pleasure or displeasure, encouragement or discouragement, and dominance or submission to a certain object form a person's affective state (Alsaggaf and Althonayan, 2018). In addition, an organism's behavior responds to external stimuli actively, rather than passively from stimulus to response (Zhu et al., 2020). The last component of the S-O-R theory is the response which refers to the final positive or negative consequences of the stimuli (Suh & Prophet, 2018).

In this study, high service quality serves as a stimulus that affects customer perceptions of the company or brand. Good service quality can create customer satisfaction and trust (Chao et al., 2023). Customers will feel satisfied and trust if they have experiences with services that match or exceed expectations and believe that the company will provide the promised service with fixed quality without disappointment. Customer satisfaction and trust (organism) lead to the final response, namely customer loyalty. Customers who are satisfied with service quality and trust the company tend to be loyal. Customer loyalty includes a variety of positive actions such as repeat purchases, recommending products or services to others, and sharing positive experiences with others (Kotler & Keller, 2016). The S-O-R model in this study is as follows.

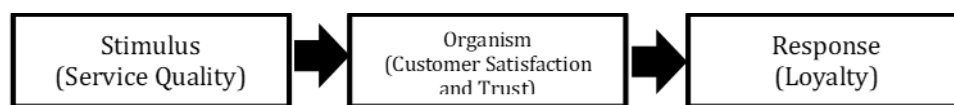


Figure 1 S-O-R Model

### 2.2. Influence between Variables

#### 2.2.1. The Effect of Service Quality on Customer Loyalty

According to Parasuraman et al. (1988) service quality comes from customer assessments of predictable and real services. In the context of It's Rare brand nail art services, consistency in delivering high service quality is very important. Customers want to know that they can count on consistent results every time they visit an It's Rare brand nail art salon. If service quality remains high from visit to visit that can increase customer loyalty, repeat purchases, and avoid switching to competitors (Venkatakrisnan et al., 2023). Previous findings show that consistent and high service quality has a significant positive impact on customer loyalty (Agarwal & Dhingra, 2023; de Oña, 2021). Referring to this explanation, the hypothesis formulation is as follows.

H1: service quality has a significant positive effect on customer loyalty

#### 2.2.2. The Effect of Service Quality on Customer Satisfaction

Previous literature on service quality in various service industries can be used to examine customer responses regarding the quality of service provided (Haron et al., 2020). High service quality in nail art includes the ability of the

nail artist to produce satisfactory and beautiful designs according to the customer's wishes. The product provides long-lasting color and healthy nails resulting in customer satisfaction. Customers feel satisfied because the end result matches their expectations or even exceeds them (Phuong & Trang, 2018). Some previous findings show that high service quality can affect customer satisfaction. (Puspitasari et al., 2023; Hsu & Lin, 2023; Boonlertvanich, 2019). Referring to this explanation, the hypothesis formulation is as follows.

H2: service quality has a significant positive effect on customer satisfaction

### *2.2.3. The Effect of Service Quality on Customer Trust*

Consistent service quality creates customer trust (Shankar & Jebarajakirthy, 2019). Companies that are able to maintain standards of integrity, such as clear pricing, products used, and treatment processes, customers feel confident that they are being treated honestly. This transparency builds trust as customers feel confident in the nail artist's ability and credibility. According to Giao & Vuong (2020) customer trust can be shaped by high service quality. Previous findings also show that service quality can increase customer trust (Boonlertvanich, 2019; Shankar & Jebarajakirthy, 2019). Referring to this explanation, the hypothesis formulation is as follows.

H3: service quality has a significant positive effect on customer trust

### *2.2.4. The Effect of Customer Satisfaction on Customer Loyalty*

Satisfaction is the overall feeling of customer pleasure resulting from perceived results in relation to expectations and desires (Kotler & Keller, 2016). Customer satisfaction can be measured by customers' emotional and affective responses to post-consumption service experiences (González, 2015). Customers who feel satisfied with the results and experience of nail art services tend to make regular repeat purchases. In this case, customer satisfaction creates the impetus to make repeat purchases and avoid trying a new nail art salon or looking for another nail artist which is a clear sign of customer loyalty. Findings by (Boonlertvanich, 2019) showed that customers who feel satisfied with the service provided can increase loyalty to a service. More recently the findings by Venkatakrishnan et al. (2023); Puspitasari et al. (2023) that trust can affect customer loyalty. Referring to this explanation, the hypothesis formulation is as follows.

H4: customer satisfaction has a significant positive effect on customer loyalty

### *2.2.5. The Effect of Customer Trust on Customer Loyalty*

Customer trust in It's Rare brand nail art services is the main key to building and maintaining customer loyalty. Trust is a continuous reaction that builds after post-purchase evaluation (Palmer, 2014). This makes customers believe that the service provider will not act opportunistically. The service provider is considered trustworthy because the customer feels safe and confident to continue his relationship with him. (Saleem et al., 2017). Customers who have trust in the nail art business feel comfortable and safe in transactions. Trust creates a strong emotional connection between the customer and the business, which is the foundation of long-term customer loyalty. Previous findings by Boonlertvanich (2019); Shankar & Jebarajakirthy (2019) that customer loyalty can be influenced by high customer trust. Referring to this explanation, the hypothesis formulation is as follows.

H5: customer trust has a significant positive effect on customer loyalty

### *2.2.6. The Effect of Service Quality on Customer Loyalty Mediated by Customer Satisfaction*

Previous literature has established that customer satisfaction plays a mediating role between service quality and customer loyalty in all types of services (Agarwal & Dhingra, 2023). Customer satisfaction is a direct result of good service quality (Kotler & Keller, 2016). When customers feel that the nail art service provided meets or exceeds expectations can encourage customers to be satisfied with their experience. Satisfied customers are likely to return to use nail art services again in the future and recommend the business to their friends and family, which can expand the customer base. Previous research by Hsu & Lin (2023); Chao et al. (2023) that satisfaction mediates the influence between service quality and customer loyalty. Referring to this explanation, the hypothesis formulation is as follows.

H6: customer satisfaction mediates the effect of quality on customer loyalty

### *2.2.7. The Effect of Service Quality on Customer Loyalty Mediated by Customer Trust*

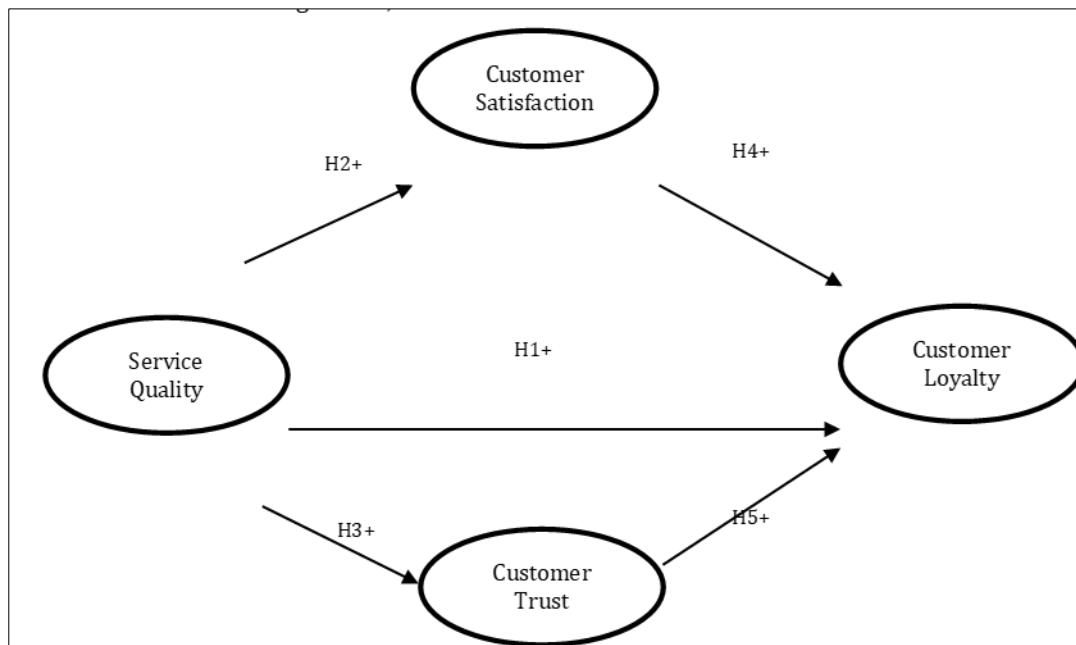
Trust is key in long-lasting business-customer relationships (Kotler & Keller, 2016). Nail art customers who trust the business tend to feel comfortable, secure and believe that the business will provide good service even in unexpected

situations. Customers tend to become more trusting of nail art businesses because they feel that they are reliable and can deliver satisfactory results every time. In this case, trust is an important part of customer loyalty (Boonlertvanich, 2019). Previous findings show that trust can influence consumer loyalty through satisfaction (Shankar & Jebarajakirthy, 2019; Boonlertvanich, 2019) Referring to this explanation, the hypothesis formulation is as follows.

H7: customer satisfaction mediates the effect of service quality on customer loyalty

### 2.3. Thinking Framework Model

This study analyzes the effect of service quality on customer loyalty involving mediating variables, namely customer satisfaction and trust. Referring to this, the framework model is as follows



**Figure 2** Thinking Framework Model

**Source:** Agarwal & Dhingra (2023); Shankar & Jebarajakirthy (2019); Boonlertvanich (2019)

### 3. Methods

This research is a type of causality research that examines the cause and effect between two or more variables (Creswell, 2014). Sampling based on non-probability sampling is a sampling method in which each member of the population does not have the same possibility to be selected as part of the sample. Sampling is based on purposive sampling technique or based on certain criteria, namely: 1) aged > 18 years; 2) customers have used It's Rare brand Nail Art Salon products at least in the last 1 month.

Research data is primary data obtained directly from research subjects and is usually specific and relevant to the research questions asked and distributed through online questionnaires. The questionnaire is divided into two parts, namely: 1) the first part is about the respondent's personal data; 2) the second part contains research questions to determine respondents' perceptions of service quality variables; customer satisfaction; customer trust; and customer loyalty. The questionnaire was distributed using a google form distributed by employees working in 10 branch offices, namely 8 in DIY, 1 in Klaten, and 1 in Kendal to customers of the It's Rare brand Nail Art Salon. This test is tested through Smart PLS with three stages of testing: outer model test, inner model and hypothesis testing. Hypothesis testing is used to analyze the influence between the variables studied and prove the proposed hypothesis. This test is carried out multivariately through smart PLS with the criteria that the P-Value value  $\leq 0.05$ , the research hypothesis is accepted (Hair et al., 2017).

**Table 1** Operational Definition and Measurement of Research Variables

Variables	Definition	Item	Indicator	Statement	Source
Service Quality	The level of excellence of the services It's Rare provides to customers	KL1	Tangibles	a. It's Rare brand Nail Art is neat for me	Parasuraman et al. (1988)
		KL2		b. Nail Art brand It's Rare is clean to me	
		KL3		c. Nail Art brand It's Rare is convenient for me	
		KL4	Reliability	The It's Rare brand Nail Art service provided met my expectations.	
		KL5	Responsiveness	Employees are responsive to complaints or problems submitted and try to resolve them as quickly as possible	
		KL6	Assurance	Employees have high knowledge and expertise in various nail art techniques	
		KL7	Empathy	Employees are attentive and empathetic to customers' feelings during the nail art service process.	
Customer Satisfaction	The level of customer satisfaction or delight with the services provided by It's Rare	KP1	Fun	I am happy with my nail art experience at Nail Art brand It's Rare.	Miao et al. (2021); Al-dweeri et al. (2019)
		KP2	Expectations met	The It's Rare brand Nail Art service provided met my expectations	
		KP3	Recommendation	I would recommend It's Rare brand Nail Art to others	
		KP4	Overall Satisfied	Overall, I am satisfied with the nail art service provided.	
Customer Trust	Customer confidence and trust in It's Rare's integrity, ability, and goodwill in providing services.	KY1	Credibility	I trust the competence of It's Rare Nail Art brand employees in nail art techniques.	Sadeghi et al. (2018); Ben Mansour (2016)
		KY2	Integrity	I believe that It's Rare Nail Art brand maintains ethical standards and professionalism in providing nail art services.	
		KY3	Virtue	It's Rare Nail Art brand employees are always friendly, courteous and attentive to my needs.	
		KY4	Problem orientation	It's Rare employees make an effort to carefully understand my concerns and preferences before providing recommendations or advice.	
Customer Loyalty	The level of customer loyalty to It's Rare	LO1	Buyback	I plan to use the nail art service at It' Rare salon again in the future	Ganesh et al. (2000)
		LO2	Loyalty	I feel an emotional bond with It's Rare Nail Art brand that makes me want to remain a loyal customer.	

		L03	Not price sensitive	I don't pay much attention to price when choosing It's Rare Nail Art brand, as long as the quality is satisfactory.	
		L04	Resistant to persuasion	I am not tempted by lower price offers from other nail art salons and remain loyal to my choice.	
		L05	Spread positive information	I like to share positive stories about this It's Rare Nail Art brand on social media or online review platforms	

## 4. Results and discussion

### 4.1. Respondent Characteristics

The research data was obtained through the distribution of questionnaires distributed online via google forms. A total of 205 respondents who met the research criteria were customers of It's Rare brand Nail Art salons spread across 10 branches, namely 8 branches in DIY, 1 in Klaten, and 1 branch in Kendal. The characteristics of the respondents were tested by descriptive statistics to provide an overview of the demographic and socioeconomic characteristics of It's Rare brand Nail Art salon customers. The results in Table 2 show that most respondents were female (163 respondents; 79.5%), aged 18 years to 25 years (118 respondents; 57.6%), had an undergraduate or postgraduate education (141 respondents; 68.8%), and worked as students (69 respondents; 33.7%), followed by self-employed (48 respondents; 23.4%).

**Table 2** Description of Respondents (N=205)

Characteristics	Category	Frequency	%
Gender	Male	42	20.5
	Female	163	79.5
Age	18-25	118	57.6
	26-30	43	21.0
	31-35	32	15.6
	36-40	12	5.9
Education	SD	6	2.9
	SMP	17	8.3
	SMA/SMK	41	20.0
	Bachelor/Postgraduate	141	68.8
Jobs	Student/MHS	69	33.7
	PNS	26	12.7
	SOE Peg	39	19.0
	Private Peg	23	11.2
	Self-employed	48	23.4
Total		205	100%

#### 4.2. Outer Model Test Results

The outer model test is carried out to test the feasibility of the instrument with three methods, namely: convergent validity, composite reliability, and discriminant validity. The research results in Table 3 show that the convergent validity evaluation on the four main variables, namely service quality, customer satisfaction, customer trust and customer loyalty, has a loading factor value > 0.50, so these results can be concluded that the research data meets the convergent validity criteria. The second evaluation is composite reliability with a Cronbach Alpha value > 0.60 and  $\rho_c$  value > 0.70. These results indicate that the research data meets the composite reliability criteria. The last evaluation is discriminant validity with an AVE value > 0.50, which means that the research data meets the discriminant validity criteria. Based on the outer model results, it shows that the research data meets the criteria for research instruments, so it is feasible to carry out further testing, namely the inner model test.

**Table 3** Outer Model Test Results

Variables	Item	Loading Factor	Cronbach Alpha	$\rho_c$	AVE	Results
Service Quality Customer Satisfaction	KL1	0.892	0.935	0.948	0.724	Valid and Reliable
	KL2	0.909				
	KL3	0.755				
	KL4	0.796				
	KL5	0.910				
	KL6	0.903				
	KL7	0.775				
Customer Satisfaction	KP1	0.733	0.811	0.878	0.646	Valid and Reliable
	KP2	0.900				
	KP3	0.697				
	KP4	0.867				
Customer Trust	KC1	0.732	0.806	0.874	0.637	Valid and Reliable
	KC2	0.887				
	KC3	0.726				
	KC4	0.834				
Customer Loyalty	LY1	0.728	0.795	0.859	0.550	Valid and Reliable
	LY2	0.807				
	LY3	0.745				
	LY4	0.738				
	LY5	0.684				

#### 4.3. Inner Model Test Results

The inner model test is carried out to evaluate the feasibility of the structural model whether the research model and the tested model are comparable. There are three approaches used, namely: R Square ( $R^2$ ), Q Square ( $Q^2$ ), and Goodness of Fit (GoF). The results of the R test<sup>2</sup> in Table 4 on the customer satisfaction model have a value of  $R^2 = 0.298$  (weak) which means that the variation in customer satisfaction can be explained by service quality by 29.8%, while the remaining 70.2% is explained by other variables not studied. The customer trust model has an R value of  $R^2 = 0.313$  (weak) which means that the variation in customer trust can be explained by service quality by 68.7%, while the remaining 31.3% is explained by other variables not studied. The last model is customer loyalty with a value of  $R^2 = 0.595$  (moderate) which means that variations in customer loyalty can be explained by service quality, customer satisfaction, and customer trust by 59.5%, while the remaining 40.5% can be explained by other variables not studied.



**Table 4** Inner Model Test Results

Model	R <sup>2</sup>	Q <sup>2</sup>	GoF
Customer Satisfaction	0.298 (weak)	0.183 (moderate)	0.452 (strong)
Customer Trust	0.313 (weak)	0.193 (moderate)	0.462 (strong)
Customer Loyalty	0.595 (moderate)	0.318 (moderate)	0.617 (strong)

The Q test results<sup>2</sup> on the customer satisfaction model have a Q value<sup>2</sup> = 0.183 (moderate) which means that service quality can predict customer satisfaction by 18.3%, while the remaining 81.7% can be predicted by other variables. The customer trust model has a Q value of<sup>2</sup> = 0.193 (moderate) which means that service quality can predict customer trust by 19.3%, while the remaining 80.7% can be predicted by other variables. The last model is customer loyalty which has a Q value of<sup>2</sup> = 0.318 (moderate) which means that service quality, customer satisfaction, and customer trust can predict customer loyalty by 31.8% while the remaining 68.2% can be predicted by other variables not studied.

The GoF test results on the customer satisfaction model have a GoF value = 0.452 (strong), the customer trust model has a GoF value = 0.462 (strong), and the customer loyalty model has a GoF value = 0.617 (strong). These results indicate that the research model as a whole has sufficient strength in explaining the relationship between variables, so it is feasible to test the research hypothesis.

**4.4. Hypothesis Test Results**

The next test is to test the hypothesis. This test is used to test the influence between variables. The criteria used are the P-value ≤ 0.05, so there is an influence between variables, so the hypothesis can be accepted. The results of the hypothesis test are as follows.

**Table 5** Hypothesis Test Results

	β	T Stat	P Values	Results
Service Quality -> Customer Loyalty	0.273	4.376	0.000**	H1 accepted
Service Quality -> Customer Satisfaction	0.546	8.570	0.000**	H2 accepted
Service Quality -> Customer Trust	0.560	9.343	0.000**	H3 accepted
Customer Satisfaction -> Customer Loyalty	0.296	2.064	0.040*	H4 accepted
Customer Trust -> Customer Loyalty	0.298	2.132	0.033*	H5 accepted
Service Quality -> Customer Satisfaction -> Customer Loyalty	0.162	2.052	0.041*	H6 accepted
Service Quality -> Customer Trust -> Customer Loyalty	0.166	2.111	0.035*	H7 accepted

Notes: \*\* significant at α 0.01 (1%); \* significant at α 0.05 (5%).

The research results in Table 4.6 show that the effect of service quality on customer loyalty has a value of β = 0.273 and P-Value = 0.000 <0.05. These results indicate that service quality has a significant positive effect on customer loyalty, so H1 is accepted. The effect of service quality on satisfaction has a value of β=0.546 and P-Value=0.000 <0.05, which means that service quality has a significant positive effect on customer satisfaction, so H2 is accepted. Meanwhile, the effect of service quality on customer trust has a value of β = 0.560 and P-Value = 0.000 <0.05. This means that service quality has a significant positive effect on customer trust, so H3 is accepted.

The results of the study tested the effect of customer satisfaction on customer loyalty which has a value of β = 0.296 and P-Value = 0.040 <0.05. This means that customer satisfaction has a significant positive effect on customer loyalty, so H4 is accepted. Meanwhile, the effect of customer trust on customer loyalty has a value of β = 0.298 and P-Value = 0.033 <0.05, which means that customer trust has a significant positive effect on customer loyalty, so H5 is accepted.

The results of research on the effect of customer satisfaction mediation variables between service quality and customer loyalty have a value of β = 0.162 and P-Value = 0.041 <0.05, which indicates that customer satisfaction is able to mediate the influence between service quality on customer loyalty significantly, so H6 is accepted. Meanwhile, the effect of the

mediating variable trust has a value of  $\beta = 0.166$  and P-Value =  $0.035 < 0.05$ , which means that customer trust is able to mediate the effect between service quality and customer loyalty, so H7 is accepted.

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## 5. Discussion

### 5.1. The Effect of Service Quality on Customer Loyalty

Service quality refers to how well a product or service meets or exceeds customer expectations. The results showed that service quality has a significant influence on customer loyalty. These results are consistent with the hypothesis proposed, so H1 is accepted. This research is in line with the findings by Agarwal & Dhingra (2023) that there is a significant influence between service quality and customer loyalty. Some previous findings provide similar results. For example, findings by Venkatakrisnan et al. (2023); de Oña (2021) that service quality can significantly increase customer loyalty.

Service quality plays a very important role in the nail art salon industry. This study found that employees of It's Rare brand Nail Art salon are able to provide high quality services. Employees are very responsive to complaints and try to solve problems that occur during the process of providing services to customers. Employees who work also have more knowledge and have empathy. This condition can provide a sense of comfort and fulfill what is expected (Slack & Singh, 2020). In this case, customers tend to remain loyal to nail art salons that provide high quality services. Thus, good service quality in nail art salons on the It's Rare brand can help retain customers, build brand loyalty, and improve business reputation in the nail art industry.

### 5.2. The Effect of Service Quality on Customer Satisfaction

In a business context, service quality is very important because it can affect customer satisfaction. The results showed that service quality has a significant effect on customer satisfaction, so H2 is accepted. Similar to the findings by Haron et al. (2020); Boonlertvanich (2019) that customer satisfaction can be improved through service quality. Recent findings by Venkatakrisnan et al. (2023) support these results because service quality can be influential in increasing customer satisfaction.

The results showed that most customers were very satisfied with the nail art services they received at It's Rare brand Nail Art salon. The majority of customers feel that the services provided by It's Rare brand Nail Art salons meet or even exceed their expectations. Customers' statements saying that It's Rare brand Nail Art salon services are neat, clean, and comfortable for them, indicate that high service quality has been achieved. In addition, the results show that employees of It's Rare Nail Art salon are responsive to complaints or problems submitted by customers and try to solve them quickly. Employees have high knowledge and expertise in various nail art techniques. In addition, employees are attentive and empathetic to customers' feelings during the nail art service process. When customers' expectations are met, they tend to feel satisfied with the service they receive at the salon (Puspitasari et al., 2023).

### 5.3. The Effect of Service Quality on Customer Trust

Service quality plays an important role in building and maintaining customer trust. The results showed that service quality has an effect on customer trust, so H3 is accepted. The results of this study are in line with the findings by Gao & Vuong (2020) that service quality has a positive impact on customer trust. Similar to some previous findings. For example, research conducted by Haron et al. (2020); Boonlertvanich (2019) that there is a significant influence between service quality and customer trust.

According to Shankar & Jebarajakirthy (2019) consistent and high-quality service creates reliable expectations for customers. In this study found that employees are more responsive to customer needs and problems. It's Rare brand Nail Art salon employees really care and pay attention to customer interests when designing and painting nails. A quick and effective response when designing and painting nails can build customer trust. Customers who feel valued, cared for, and served well will have high trust. Customers feel confident because the results of attractive and unique nail designs can increase confidence in terms of one's appearance because they feel more authentic.

### 5.4. The Effect of Customer Satisfaction on Customer Loyalty

Customer satisfaction reflects the extent to which customers feel happy and satisfied with their experience in interacting with a business. The results showed that customer satisfaction has a significant effect on customer loyalty, so H4 is accepted. The results of this study are in line with the findings by Agarwal & Dhingra (2023); Puspitasari et al. (2023) that there is a significant influence between customer satisfaction and customer loyalty. Similar to the findings by Chao

et al. (2023) that customer satisfaction has a positive impact on increasing customer loyalty. Findings by Venkatakrishnan et al. (2023) provide similar results that customer loyalty can be formed by high satisfaction.

The results showed that most customers were very satisfied with the nail art services they received at It's Rare brand Nail Art salon. The majority of customers feel happy with their experience because the services provided by It's Rare meet or even exceed their expectations. In addition, customers would recommend It's Rare brand Nail Art salon to others. The results of this finding indicate that respondents are satisfied with the services provided, When customer expectations are met, they tend to feel satisfied with the services they receive, so it can positively affect the level of customer loyalty (González, 2015).

### **5.5. The Effect of Customer Trust on Customer Loyalty**

Customer trust is a key factor in building long-term relationships between customers and brands or companies. (Palmer, 2014). The results showed that customer trust affects customer loyalty. This finding is supported by Chao et al. (2023); Zhang et al. (2023) that customer trust can significantly increase customer loyalty. Similar to the findings by Boonlertvanich (2019); Shankar & Jebarajakirthy (2019) that customer loyalty can be increased through high trust.

The results show that customers feel confident in the competence of employees in nail art techniques and believe that It's Rare brand Nail Art salons maintain high standards of ethics and professionalism in providing services. It's Rare brand Nail Art salon employees are always friendly, courteous and attentive to their needs, and try to carefully understand problems and preferences before making recommendations or suggestions, indicating that the relationship between customers and employees at It's Rare brand Nail Art salon is based on strong trust. These findings suggest that customer trust in employees and It's Rare brand Nail Art salons is an important factor in building and maintaining customer loyalty. Customers tend to become loyal because they believe that they will always receive high-quality service and get the attention they need every time they visit (Saleem et al., 2017). Thus, customer trust in employees and the It's Rare brand Nail Art salon has a significant impact on the level of customer loyalty.

### **5.6. The Effect of Service Quality on Customer Loyalty Mediated by Customer Satisfaction**

The results showed a significant relationship between service quality at Nail Art brand It's Rare and customer loyalty, and customer satisfaction mediates this relationship, so H6 is accepted. These results are in line with research by Hsu & Lin (2023) that customer satisfaction is able to mediate the effect between service quality and customer loyalty. Findings by Chao et al. (2023) also provide similar results that customer satisfaction is a link between service quality and customer loyalty.

This study found that customers are satisfied with the quality of service they receive at the It's Rare brand Nail Art salon, such as the services provided by employees at the salon match customer expectations, and employees are also responsive to complaints or problems submitted, and have high knowledge and expertise in various nail art techniques. Customer satisfaction, which is reflected because customers feel happy with the nail art experience at the It's Rare brand Nail Art salon, the services provided meet their expectations. Customers will recommend the salon to others, and overall feel satisfied with the service provided. Satisfied customers tend to have a higher level of loyalty towards the salon. Customers plan to use the salon's nail art services again in the future, feel emotionally attached to the brand, do not pay much attention to price when choosing, are not tempted by lower price offers from other nail art salons, and like to share positive stories about their experience on social media or online review platforms. Thus, customer satisfaction acts as an intermediary linking service quality with customer loyalty.

### **5.7. The Effect of Service Quality on Customer Loyalty Mediated by Customer Trust**

The results showed a significant influence between service quality at Nail Art brand It's Rare and customer loyalty through customer trust as a mediating variable. These results are consistent with the hypothesis proposed, so H7 is accepted. This research is supported by the findings of Shankar & Jebarajakirthy (2019) that service quality affects customer loyalty through customer trust. Similar to the findings by Boonlertvanich (2019) that trust mediates the influence between service quality on customer loyalty.

The results of this study found that customers were satisfied with the quality of service when visiting the It's Rare brand Nail Art salon. The impression conveyed by employees in providing nail art services is seen as neat, clean, and comfortable for customers. This encourages customers to become more confident in the competence of employees in nail art techniques. Customers believe that It's Rare brand Nail Art salons maintain ethical standards and professionalism in providing services. Customers who believe in the competence and professionalism of employees, and tend to have a higher level of loyalty to the salon.

## 6. Conclusion

This study aims to analyze the effect of service quality on customer loyalty through satisfaction and trust as mediators in It's Rare brand Nail Art salon customers. Referring to the discussion presented earlier, it can be concluded that service quality affects customer satisfaction, trust and loyalty. Researchers also found that customer satisfaction and trust affect customer loyalty. This study found that mediation of customer satisfaction and trust can mediate the effect of service quality on customer loyalty.

This study has research limitations that focus on It's Rare brand Nail Art salon customers, so the research results cannot represent other nail art salons. Therefore, further research needs to be conducted at nail art salons so that the research results can represent the research results objectively. In addition, the questionnaire given to respondents only focuses on questions related to the characteristics of the respondents and statement items related to each variable studied, researchers cannot find out the reasons underlying the filling out of a more in-depth questionnaire, so further research needs to add open questions to the questionnaire sheet in each research variable to find out the in-depth reasons of the respondents regarding the reasons for the answers chosen.

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## Compliance with ethical standards

### *Disclosure of conflict of interest*

No conflict of interest to be disclosed.

### *Statement of informed consent*

Informed consent was obtained from all individual participants included in the study.

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