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Original Article

Unveiling the Dominant Role of Satisfaction and Trust in Shaping Customer Loyalty: An Empirical Study of Four-Wheel Automotive Refinancing Services in Indonesia

Irma Hayani[1*], Tanti Novianti[2], Netti Tinaprilla[3]

[1-3]Institute Pertanian Bogor, Indonesia
Email: [1)] irmahayani@apps.ipb.ac.id, [2)] tantinovianti@apps.ipb.ac.id, [3)] netti_tinaprilla@apps.ipb.ac.id

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Abstract

This research examines how customer satisfaction and trust impact customer loyalty within Indonesia's four-wheel automotive refinancing sector. Through a quantitative survey approach, information was gathered from 119 participants who had previously utilized refinancing services at PT X, an organization associated with a prominent automotive manufacturer. The study employed the SERVQUAL framework to measure service quality, complemented by Importance Performance Analysis (IPA) and Customer Satisfaction Index (CSI) to gauge customer attitudes and satisfaction rates. Partial Least Square Structural Equation Modeling (PLS-SEM) was utilized to analyze the interconnections between satisfaction, trust, and loyalty variables. Results demonstrate that customer satisfaction significantly and positively influences both trust and loyalty, with trust also showing a substantial impact on loyalty. Empathy and responsiveness were identified as critical service dimensions needing enhancement. The overall CSI value of 79.8% indicates customers are "satisfied" with current services. The research emphasizes that improving essential service characteristics can markedly enhance customer loyalty and retention in automotive refinancing, offering practical recommendations for strategic decision-making in this industry sector.

Keywords: Automotive Refinancing, Customer Loyalty, Customer Satisfaction, Service Quality, Trust.

1. Introduction

Indonesia, recognized for its vast automotive market in Southeast Asia. has long attracted the attention of global automotive players. In this case, the significance of the national automotive industry has become embedded in the strategic plans of many international companies (Iskandar & Ariffin, 2019). The domestic four-wheel automotive segment often displays complex and volatile trends; while growth projections remain positive, there have been periods marked by challenges that resulted in outcomes below expectations.

Based on the data, Indonesia's car sales began at a high level in 2013 with approximately 1.229.811 units (Databoks.katadata.id, 2023). Between 2013 and 2019, annual new car sales consistently exceeded one million units. However, a significant decline occurred in 2020, when sales fell to 532.027 units, the lowest in the period, due to the COVID-19 pandemic. Although sales recovered to 1.048.040 units by 2022, 2023 saw another decline to 1.005.802 units, a decrease of around 4% from the previous year, indicating ongoing challenges in the automotive sector.

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Despite this. Toyota has remained the best-selling brand, achieving 329.498 units sold in 2022 (Gaikindo, 2022). Toyota's annual sales rose from 182.665 units in 2020 to 325.395 units in 2023, confirming its leading market position. As one of the dominant brands globally and in Indonesia. Toyota's reputation for reliability and quality has supported consumer trust and purchasing decisions. PT X, an official financing partner for Toyota vehicles, plays a crucial role in supporting both initial purchases and repeat financing (retention).

Recent trends show an increasing proportion of consumers choosing to refinance their vehicles. Internal data from PT X (2024) indicate that refinancing rates grew from 15% in 2020 to 25% in 2024. For peer companies, the average retention rate is also around 25%, while the figure for similar companies in Thailand reaches up to 50%. This presents a significant opportunity for PT X to improve retention strategies and unlock further growth potential. Notably, the acquisition cost for repeat (retention) customers is only about 44.88% of the cost for acquiring new customers, with incentive expenses dropping from 64.72% for new customers to 48.08% for refinancing (PT X, 2023).

The rise of environmentally friendly vehicles such as electric and hybrid cars, has also influenced purchasing behavior and created new opportunities for financing firms (Ahmadian et al., 2023). Green values, prosocial attitudes, and targeted communication campaigns significantly affect consumer intent to purchase eco-friendly vehicles (Zaslya Musa & Hartono, 2023). Policy changes, such as the elimination of fuel subsidies and regulatory restrictions on older vehicles, are also shaping the market landscape.

Additionally, the financing industry has experienced consolidation. with the number of companies declining from 185 in 2018 to 153 in 2022, yet equity has grown from IDR 118.94 trillion to IDR 148.41 trillion in the same period (OJK, 2022). This demonstrates improved financial resilience and opens opportunities for growth through market share acquisition.

Given the context, there is a pressing need to analyze the factors influencing refinancing decisions, satisfaction, trust, and loyalty among consumers. Prior studies highlight the importance of customer involvement and emotional connection in retention (Gao et al., 2023; Kandampully et al., 2015), the strategic value of loyalty (Datta et al., 2018; Lovemore et al., 2023), and the differentiation between acquisition and retention strategies. Therefore, understanding these factors is crucial for PT X and similar companies to formulate effective retention strategies, reduce acquisition costs, and achieve sustainable growth in Indonesia's automotive financing market.

2. Literature Review

2.1. Automotive Industry Dynamics in Indonesia

The four-wheel automotive industry is a cornerstone of Indonesia's economic development, contributing substantially to job creation, manufacturing, and GDP growth (Gaikindo, 2021). The sector's ripple effects extend to logistics and related services which bolstering national economic stability. Adoption of Industry 4.0 technologies is becoming essential for competitiveness and efficiency (Javaid et al., 2023), while effective industrial policies play a crucial role in fostering innovation and vendor performance, as seen in both Indonesia and comparable markets (Iskandar & Ariffin, 2019).

2.2. Customer Satisfaction

The contentment of the customer arises from the positive feelings experienced after using a product or service, which is affected by whether the product or service meets their expectations (Kotler, 2003). According to Parasuraman et al. (1988), satisfaction is measured

using the SERVQUAL model, which includes dimensions such as reliability, assurance, tangibles, empathy, and responsiveness. Research shows a strong connection between these factors of service quality and satisfaction across different industries, including education, retail (Foedjiawati & Samuel, 2005), automotive finance (Prajawantoro & Susanti, 2016), and food service (Hardiansyah (2019). Digital communication, especially e-WOM, also enhances satisfaction and purchase intentions (Putranti & Pradana, 2015).

2.3. Customer Trust

Trust is foundational to stable business-consumer relationships (Purwanto, 2014 in Morgan & Hunt, 1994; Surapati et al., 2020). It develops over time, built on ability, benevolence, and integrity (Mayer et al., 1995), and is central to relationship marketing and retention. Trust goes beyond satisfaction, being a stronger predictor of loyalty (Ranaweera & Prabhu, 2003; Gul, 2014; Nguyen et al., 2013). In service and food sectors, institutional and general trust also influence brand perception and the adoption of new technologies (Hobbs & Goddard, 2015; Patrick, 2002).

2.4. Customer Loyalty

Customer loyalty reflects an enduring commitment to repurchase. resist competitor offers, and recommend the brand (Kotler & Keller, 2016). Loyalty theory integrates social exchange, psychological ownership, and emotional connectivity (Ramaseshan & Stein, 2014). Loyalty is further reinforced by brand values, social media engagement (Yadav & Rahman, 2018). and shared values (Chaney & Martin, 2017), making it a multifaceted outcome of satisfaction and trust.

2.5. Retention Strategies

Retention strategies focus on keeping and growing customer relationships, emphasizing "keep and grow" as more profitable than new customer acquisition (Singh & Khan, 2012). Approaches include social exchange theory, agency theory, and dynamic capabilities, all of which stress the importance of long-term relationship value and adaptive marketing.

2.6. Service Quality and Trust Affecting Loyalty

Prior studies consistently confirm that service quality and trust are key drivers of customer loyalty (Aryani & Rosinta, 2011; Mahendra Kusuma & Sukaatmadja, 2018; Widyastuti & Zainuddin, 2015).

2.7. Importance Performance Analysis (IPA)

IPA is a widely used tool for evaluating service attributes by mapping perceived importance against actual performance (Alfiatussyuaidah & Putra, 2022; Farahdina et al., 2021; Martilla & James, 1977; Sundram & Abdul Gani, 2022). It identifies priority areas for improvement and is often combined with SERVQUAL.

2.8. Customer Satisfaction Index (CSI)

CSI offers a comprehensive assessment of contentment by analyzing the proportion of customers who are happy with specific features of a product or service (Syukri, 2014; Tjiptono, 2014). CSI enables management to target improvements for enhanced service quality.

2.9. Partial Least Squares-Structural Equation Modeling (PLS-SEM)

PLS-SEM is a powerful method for illustrating complex relationships among latent variables (Cepeda-Carrion et al., 2012; Hair et al., 2017). It is widely used in service quality, satisfaction, and loyalty research across sectors (Boachie & Tetteh, 2021; Koay et al., 2022; Vergara Schmalbach et al., 2018).

2.10. Previous Studies Overview

Numerous previous studies in various sectors have examined the interrelations of service quality, satisfaction, trust, and loyalty using PLS-SEM (Anjani et al., 2022; Damaianti et al., 2022; Hadiyanto, 2021; Hennequin et al., 2023; Liao et al., 2017; Nuraini & Hendratmi, 2021; Pawarti et al., 2022; Prastiwi et al., 2019; Saari et al., 2020; Sari & Hariyana, 2019; D. Singh et al., 2022; Tegowati et al., 2020; Wardani & Kurnianingsih, 2023; White & Sintov, 2017). The importance of integrating service quality, satisfaction, trust, and loyalty within a united strategic framework is emphasized in these research results.

2.11. Theoretical Framework

This study's framework (see Figure 1) links service quality (measured by SERVQUAL) to customer satisfaction and trust, which ultimately drive customer loyalty. Analytical tools include CSI, IPA, and PLS-SEM, facilitating a comprehensive evaluation of customer experience and loyalty determinants in automotive finance.

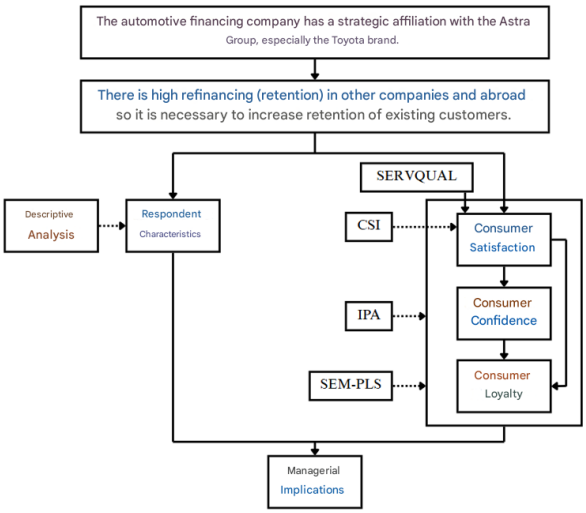

Figure 1. Theoretical Framework

2.12. Hypotheses

This research puts forward the following hypotheses: **H1** states that customer satisfaction significantly influences customer loyalty. **H2** posits that customer satisfaction significantly influences customer trust. Furthermore. **H3** suggests that customer trust significantly influences customer loyalty. These three hypotheses form the basis for examining the interrelationships among satisfaction. trust. and loyalty within the context of automotive financing.

2.13. Conceptual Framework

The visual representation in Figure 2 depicts the connections among customer satisfaction, customer trust, and customer loyalty within the automotive finance sector. Customer satisfaction is measured using five SERVQUAL dimensions including reliability, assurance, tangibles, empathy, and responsiveness which are expected to affect both customer trust and loyalty.

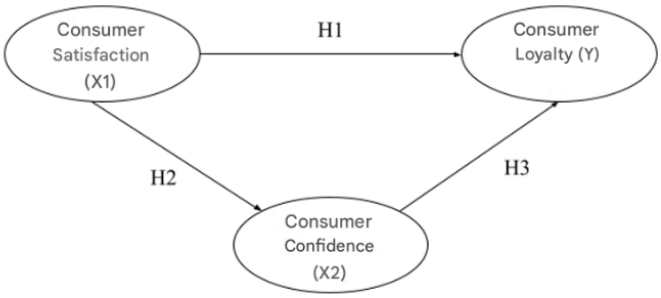

Figure 2. Conceptual Framework

2.14. PLS-SEM Model

The research model based on Partial Least Squares Structural Equation Modeling (PLS-SEM) is presented in Figure 3. This model visualizes the hypothesized direct effects among the latent variables and will be tested using SEM-PLS to validate the relationships among satisfaction, trust, and loyalty.

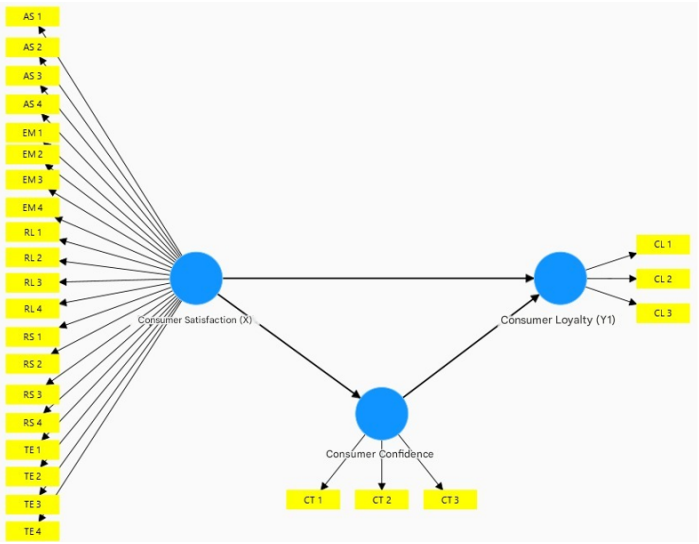

Figure 3. PLS-SEM Model

2.15. Operational Variables

The operationalization of variables in this study is structured as follows. Customer satisfaction is measured through five SERVQUAL dimensions: reliability (with indicators such as service consistency, appropriate pricing, punctuality, and staff professionalism; for example, "*The service I receive is consistent in every visit*"), assurance (trust in the company's integrity, data privacy, staff credibility and competence; e.g., "*I trust the company to act with integrity and honesty*"), tangibles (comfort of facilities, clarity of promotional and communication materials, neat staff appearance; e.g,. "*The facilities provided make me feel comfortable*"), empathy (personal attention, personalized service, accessibility, fairness; e.g,. "*I receive personal attention that makes me feel valued*"), and responsiveness (quick response, flexibility, effective problem solving, and fast answers; e.g,. "*Staff respond to my requests quickly and efficiently*").

Customer trust is measured with three dimensions: ability (company's competence to deliver good service; e.g,. "*I believe PT X can provide quality service*"), benevolence (company's willingness to offer financing schemes that match customer needs; e.g,. "*PT X offers financing schemes suitable to my needs*"), and integrity (transparency and honesty in

the company's offerings; e.g,. "*The company provides transparent and honest financing offers*").

Customer loyalty is assessed using three indicators: repeat purchase intention (e.g,. "*I will use PT X's automotive finance services again*"), retention (positive advocacy, e.g,. "*I will speak positively about PT X*"), and referrals (likelihood of recommending, e.g,. "*I will recommend PT X to others*"). All statements are evaluated using a Likert-scale questionnaire to capture how customers perceive the service quality and relationship with the automotive finance company.

3. Methods

The study utilized a quantitative survey method to examine how service quality, customer satisfaction, trust, and loyalty are interconnected in automotive financing companies within the Astra Group, particularly those dealing with Toyota vehicles. Data collection was conducted in multiple cities with high financing activity, including Jakarta, Surabaya, Bandung, and Medan, during July–September 2024.

3.1. Sampling Technique and Sample Size

All individuals included in the study were customers who have utilized the financial services of the company for a minimum of twelve months and have engaged regularly with the organization. Participants were chosen intentionally according to specific criteria. The required minimum sample size was determined using Slovin's formula (Suliyanto, 2018):

$$n = \frac{N_1}{1+Ne^2}$$

$$n = \frac{500000}{1+500000(0.1)^2}$$

n = 99.98 ≈ rounded up to **100**

where n is the sample size, N is the population (500.000), and e is the margin of error (0.1). Thus. the required sample was 100 respondents.

3.2. Data Collection and Instrumentation

Information was gathered through a carefully crafted questionnaire that was based on SERVQUAL and other aspects of customer behavior. This questionnaire assessed five different service quality aspects, such as reliability, assurance, tangibles, empathy, and responsiveness, as well as satisfaction, trust, and loyalty. These aspects were rated on a Likert scale. Prior to the official survey, a trial run was conducted to confirm the clarity and validity of the questions. Responses were gathered through online platforms as well as in-person at specific locations such as offices and dealerships.

3.3. Analysis Techniques

The researchers utilized descriptive statistics to analyze the characteristics and responses of the participants. The researchers employed Partial Least Squares Structural Equation Modeling (PLS-SEM) using SmartPLS 4.0 to investigate the relationships between various variables, following the recommended guidelines by Hair et al. (2017). This method is suitable for complex models and small to moderate sample sizes. and is robust to deviations from normality (Hair et al., 2019).

3.4. Importance Performance Analysis (IPA)

IPA was applied to identify service attributes that are both important to customers and require performance improvement (Azzopardi & Nash, 2013). For each attribute, mean scores

of importance and performance were computed and plotted on a two-dimensional matrix, classifying them into four quadrants to prioritize managerial actions.

$$MIS = \frac{\sum_{i=1}^{n} Yi}{n}$$

$$MPS = \frac{\sum_{i=1}^{n} Xi}{n}$$

$$WF = \frac{MIS}{Total\ MIS}$$

$$WS = MPS \times WF$$

$$CSI = \frac{WS}{HS} \times 100\%$$

where MIS is the mean importance score, MPS is the mean performance score, WF is the weight factor, WS is the weighted score, and HS is the highest scale value, CSI scores were interpreted using the established satisfaction categories.

3.5. Data Processing

Data editing, coding, scoring, entry, and cleaning were performed before analysis. Both descriptive and inferential analyses were conducted to address the research objectives. Model validity and reliability were assessed using standard PLS-SEM metrics.

4. Results and Discussion

4.1. Respondents Profile

This study shows a wide range of demographic and socio-economic traits among the participants. Most of them are between the ages of 41 and 60, and the majority have completed at least a bachelor's degree. Male respondents account for 83% of the sample, and the dominant occupations are entrepreneur and private employee. The largest income bracket is IDR 10–20 million per month. Most respondents are located in major urban centers such as Jabodetabek and Sumatra. In terms of engagement, most have been customers for 1–5 years, possess at least two financing contracts, and primarily refinance Multi-Purpose Vehicles (MPVs) and SUVs. This summary establishes the fundamental background for examining the connections among contentment, confidence, and allegiance in the following segments.

4.2. Importance Performance Analysis (IPA) to Evaluate Service Performance

The Importance Performance Analysis (IPA) was conducted to assess how well the service attributes of automotive refinancing meet customer expectations. Respondents evaluated 20 indicators on both importance and performance using a five-point Likert scale. The overall conformity score between performance and importance was 97.22%, indicating that most service attributes are perceived as highly aligned with customer expectations. Based on the Cartesian diagram (see Figure 4: Cartesian Diagram of IPA Results), the indicators were distributed across four quadrants.

Quadrant I ("Main Priority") identified areas for improvement, specifically infrastructure, accessibility, quick response, and problem resolution, as these had high importance but comparatively lower performance scores. Quadrant II ("Keep Up the Good Work") included trust, data privacy, staff credibility, and staff competence, which were rated highly both in importance and performance, suggesting these should be maintained. Quadrant III ("Low Priority") featured attributes such as pricing, promotional materials, and communication, which had relatively lower importance and performance. Quadrant IV ("Possible Overkill") encompassed service consistency, timeliness, professionalism, and staff

appearance, which, while performed well, were deemed less critical by respondents. Overall, the IPA results indicate that most service attributes meet customer expectations, but targeted improvements in infrastructure, accessibility, and responsiveness could further enhance satisfaction.

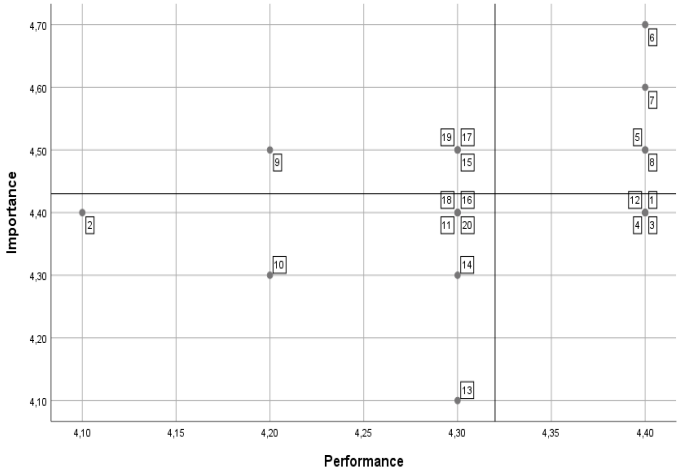

Figure 4. Cartesian Diagram of IPA

4.3. Customer Satisfaction Index (CSI) Measurement

The Customer Satisfaction Index (CSI) analysis was conducted to quantify overall customer satisfaction with automotive refinancing services. The calculated CSI value reached 86% (see Table 1: CSI Analysis Results), indicating that customers are generally very satisfied with the services provided. This score suggests that, on average, customer expectations have been met by the company. However, there remain several service attributes with relatively lower weighted scores, such as pricing, promotional materials, personal attention, and service personalization, each registering a weighted score of 0.20.

These areas present opportunities for further improvement, particularly in aligning perceived value with pricing, enhancing the informativeness of promotional materials, and offering more tailored interactions. In contrast, attributes related to trust, data privacy, staff credibility, and staff competence demonstrated higher weighted scores (0.22–0.23), reflecting strong customer confidence in the company's professionalism and reliability. Sustaining excellence in these areas is crucial for retaining customer trust, and enhancing weaker aspects could result in increased overall contentment.

Table 1. CSI Analysis Results

Indicator	Mean Expected Score (MIS)	Weight Factor (WF)	Mean Reality Score (MSS)	Weight Score (WS)
Service Consistency (RL1)	4.42	0.05	4.39	0.22
Pricing (RL2)	4.42	0.05	4.06	0.20
Punctuality (RL3)	4.39	0.05	4.44	0.22
Professionalism (RL4)	4.43	0.05	4.42	0.22
Trust (AS1)	4.50	0.05	4.41	0.22
Data Privacy (AS2)	4.71	0.05	4.38	0.23
Staff Credibility (AS3)	4.55	0.05	4.39	0.23
Staff Competencies (AS4)	4.55	0.05	4.39	0.23
Infrastructure (TE1)	4.48	0.05	4.22	0.21
Promotional Material (TE2)	4.30	0.05	4.21	0.20

Indicator	Mean Expected Score (MIS)	Weight Factor (WF)	Mean Reality Score (MSS)	Weight Score (WS)
Communication Material (TE3)	4.44	0.05	4.29	0.21
Staff Appearance (TE4)	4.42	0.05	4.37	0.22
Personal Attention (EM1)	4.07	0.05	4.27	0.20
Personalization Services (EM2)	4.26	0.05	4.26	0.20
Accessibility (EM3)	4.48	0.05	4.32	0.22
Fair Service (EM4)	4.43	0.05	4.29	0.21
Quick Response (RS1)	4.50	0.05	4.32	0.22
Service Flexibility (RS2)	4.44	0.05	4.26	0.21
Problem Solving (RS3)	4.50	0.05	4.29	0.22
Speed in Responding to Questions (RS4)	4.43	0.05	4.25	0.21
Amount	88.71	1.00	86.24	4.31
CSI = (Total Weight / 5) × 100%				86%

Source: data in processing. 2025

4.4. Outer Model Evaluation

To determine the accuracy and dependability of measurement tools for each component in the study model, an assessment was performed. The examination concentrated on three key elements: convergence reliability, discrimination potential, and structure consistency.

4.4.1 Convergent Validity

Convergence validity was evaluated by examining the outer loading values of each indicator on its related latent construct. As illustrated in Table 2, the majority of indicators displayed outer loading values exceeding the 0.7 threshold, suggesting a strong relationship between the indicators and their respective constructs. Specifically, customer trust (CT) indicators (CT1–CT3) recorded loadings between 0.896 and 0.927, customer satisfaction (CS) indicators (such as AS1–AS4, EM1–EM4, RL1–RL4, RS1–RS4, TE1–TE4) generally ranged from 0.692 to 0.853, and customer loyalty (CL) indicators (CL1–CL3) exhibited loadings above 0.92. Although a few indicators (RL1 and RL2) fell slightly below 0.7, they were retained since the average variance extracted (AVE) for their constructs remained above the minimum criterion.

Table 2. Outer Loading Values

Indicator	Construct	Outer Loading
AS1	Customer Satisfaction	0.803
AS2	Customer Satisfaction	0.758
AS3	Customer Satisfaction	0.813
AS4	Customer Satisfaction	0.853
CL1	Customer Loyalty	0.923
CL2	Customer Loyalty	0.929
CL3	Customer Loyalty	0.937
CT1	Customer Trust	0.896
CT2	Customer Trust	0.927
CT3	Customer Trust	0.915
EM1	Customer Satisfaction	0.701
EM2	Customer Satisfaction	0.767
EM3	Customer Satisfaction	0.747
EM4	Customer Satisfaction	0.846
RL1	Customer Satisfaction	0.692
RL2	Customer Satisfaction	0.686
RL3	Customer Satisfaction	0.807

Indicator	Construct	Outer Loading
RL4	Customer Satisfaction	0.768
RS1	Customer Satisfaction	0.738
RS2	Customer Satisfaction	0.797
RS3	Customer Satisfaction	0.849
RS4	Customer Satisfaction	0.783
TE1	Customer Satisfaction	0.777
TE2	Customer Satisfaction	0.818
TE3	Customer Satisfaction	0.772
TE4	Customer Satisfaction	0.799

Source: data in processing. 2025

4.4.2 Discriminant Validity

Discriminant validity was evaluated through the examination of cross-loadings and AVE values. The results indicated that each indicator had a higher loading on its intended construct compared to other constructs, thereby fulfilling the criteria for discriminant validity. For example, AS1 showed a loading of 0.803 on customer satisfaction, higher than its loadings on other constructs. Additionally, AVE values for customer trust (0.833), customer satisfaction (0.609), and customer loyalty (0.864) all surpassed the 0.5 threshold, confirming adequate discriminant validity.

4.4.3 Construct Reliability

The constructs were evaluated for their reliability using both Cronbach's Alpha and Composite Reliability (CR). All constructs showed high levels of internal consistency and reliability, with both Cronbach's Alpha and CR values surpassing 0.9, detailed in Table 3.

Table 3. Construct Reliability

Construct	Cronbach's Alpha	Composite Reliability
Customer Trust (CT)	0.900	0.937
Customer Satisfaction (CS)	0.966	0.969
Customer Loyalty (CL)	0.922	0.950

Source: data in processing. 2025

In summary, the external model in this research shows acceptable levels of convergent validity, discriminant validity, and reliability, suggesting that the measurement model is suitable for additional structural examination.

4.5. Inner Model Evaluation

This study primarily examined the internal model by analyzing the connections between hidden variables using the path coefficient method in SEM-PLS. The analysis examined the direction, strength, and statistical significance of the direct and indirect effects among the variables including Customer Satisfaction (CS), Customer Trust (CT), and Customer Loyalty (CL).

4.5.1 Path Coefficient

The path coefficient results (see Table 4) show that Customer Trust (CT) has a strong and significant positive effect on Customer Loyalty (CL), with a path coefficient of 0.698, t-statistics of 6.444, and a p-value of 0.000. This indicates that higher customer trust substantially increases customer loyalty. Customer Satisfaction (CS) has a very strong effect on Customer Trust (CT), with a path coefficient of 0.788, t-statistics of 20.235, and a p-value of 0.000, highlighting that satisfaction is a critical driver of trust. Additionally, Customer Satisfaction (CS) also has a direct positive effect on Customer Loyalty (CL) (coefficient 0.227,

t-statistics 2.242, p-value 0.025), though this effect is smaller compared to the mediated path through trust.

Table 4. Path Coefficient and Significance Testing

Relationship	Original Sample	T-statistics	P-values
CT → CL	0.698	6.444	0.000
CS → CT	0.788	20.235	0.000
CS → CL	0.227	2.242	0.025

Source: data in processing. 2025

The results of the study validate the importance of trust among customers as a connecting factor in the link between satisfaction and loyalty. While satisfaction can directly foster loyalty, the effect is stronger when trust acts as a mediator.

4.5.2 R-Square (R^2) Coefficient

The coefficient of determination provides an understanding of how much the independent variables explain the variance in the dependent variables. The R^2 for Customer Trust (CT) is 0.621, meaning that Customer Satisfaction accounts for 62.1% of the variance in trust. For Customer Loyalty (CL), the R^2 is 0.789, indicating that the combination of Customer Satisfaction and Customer Trust explains 78.9% of the variance in loyalty. These are considered high values, demonstrating that the model has strong predictive power for both trust and loyalty.

Table 5. Coefficient of Determination (R^2)

Variable	R^2 Value
Customer Trust	0.621
Customer Loyalty	0.789

Source: data in processing. 2025

4.5.3 Direct. Indirect. and Total Effects

Path analysis was conducted to distinguish the direct, indirect, and total effects between constructs. Customer Satisfaction (CS) has a direct effect on Customer Loyalty (CL) (0.227) and an indirect effect via Customer Trust (CT) (0.550), yielding a total effect of 0.777. The results are summarized in Table 6.

Table 6. Direct. Indirect. and Total Effects

Relationship	Direct Effect	Indirect Effect	Total Effect
CS → CL	0.788	-	0.788
CT → CL	0.698	-	0.698
CS → CL (via CT)	0.227	0.550	0.777

The findings indicate that strategies to improve customer satisfaction and trust should be prioritized, as these are the main drivers of customer loyalty. The strong mediation effect underscores the importance of trust as a mechanism that translates satisfaction into enduring loyalty. Overall, the inner model shows robust explanatory power and confirms the theoretical relationships among the key constructs studied.

4.6. Managerial Implications

The results of this research point out various important ways in which PT TAF can enhance customer loyalty by consistently improving their services. The Importance-Performance Analysis (IPA) identified that although customers rate infrastructure,

accessibility, responsiveness, and problem resolution as highly important, actual performance in these areas still lags behind expectations. Therefore, management should prioritize targeted improvements, including the standardization and regular auditing of branch infrastructure, the integration of omnichannel service access, and enhanced digital support for customer convenience. Emphasis should be placed on developing clear Service Level Agreements (SLAs) to ensure prompt response and transparent communication regarding service timelines.

Additionally, fostering a learning organization by documenting best practices in problem resolution and leveraging customer feedback can drive ongoing service innovation. Strategic investments in digital tools such as self-service kiosks, interactive applications, and automated queue management are essential to bridge service gaps, while ongoing staff training and the use of performance-based incentives will help maintain high standards of customer engagement. By addressing these key service attributes and institutionalizing continuous quality improvement, PT TAF can enhance customer satisfaction and loyalty, ensuring sustainable competitive advantage in the automotive financing sector.

4.7. Discussion

This research offers a thorough analysis of the factors that influence customer loyalty in the automotive refinancing industry, focusing specifically on PT TAF. The high overall Customer Satisfaction Index (CSI) score of 86% indicates that the company's services are generally meeting or exceeding customer expectations. This aligns with the notion advanced by Kotler and Keller (2016), who argue that consistent satisfaction is fundamental to fostering loyalty in service industries.

The Importance-Performance Analysis (IPA) revealed that while most service attributes were perceived as highly aligned with expectations (overall conformity score of 97.22%), there remain targeted areas such as infrastructure, accessibility, responsiveness, and problem-solving where performance does not yet fully match customer priorities. Similar findings are reported in prior studies (Azzopardi & Nash, 2013; Parasuraman et al., 1988), which emphasize that continuous improvement in critical service dimensions is essential for maintaining a competitive edge and supporting customer loyalty.

Customer satisfaction was discovered to have a significant impact on customer loyalty, influencing both directly and indirectly in the path analysis conducted using SEM-PLS. Trust played a vital role as a mediating variable in this relationship. The path coefficients demonstrate that while satisfaction can directly encourage loyalty, its effect is substantially amplified when trust is present. This is in accordance with the service quality-loyalty model proposed by Caruana (2002), who highlights trust as a critical mechanism translating satisfaction into sustained behavioral intentions. The high R-squared values for trust (0.621) and loyalty (0.789) in the inner model suggest that the hypothesized relationships are both theoretically and empirically robust.

Moreover, specific service attributes such as pricing, promotional materials, personal attention, and personalization of services though still rated positively, were identified as areas for enhancement. These findings are consistent with the SERVQUAL framework (Parasuraman et al., 1988), which maintains that gaps in customer perception, especially regarding value-for-money and tailored services, can erode overall satisfaction if not addressed. Ensuring continuous alignment between customer expectations and perceived service delivery, particularly in these areas, is therefore critical for reinforcing loyalty.

The empirical evidence further corroborates the Resource-Based View (Barney, 1991) by demonstrating that intangible assets, such as customer trust and staff competence, are significant contributors to sustainable competitive advantage. The high performance in staff

credibility, data privacy, and trust-related dimensions underlines the importance of maintaining and leveraging these intangible assets.

In summary, this study substantiates the theoretical propositions of relationship marketing and service quality by empirically confirming the pivotal roles of satisfaction and trust in cultivating loyalty. For practitioners, it highlights the need for ongoing investment in both operational excellence and relational capital which ensuring not only the fulfillment of customer needs but also the development of strong affective bonds. Addressing areas with relative service gaps, as illuminated by the IPA and CSI analyses, will be essential for maintaining high customer satisfaction and translating it into enduring loyalty in an increasingly competitive automotive financing market.

5. Conclusion

The findings of this research indicate that customer loyalty in the realm of four-wheel automotive refinancing services is heavily influenced by customer satisfaction and trust. By utilizing Importance Performance Analysis (IPA), Customer Satisfaction Index (CSI), and Partial Least Square Structural Equation Modeling (PLS-SEM), the study uncovers that the general customer satisfaction level is quite high, evident in the CSI rating of 86%. The IPA findings indicate that while most service attributes meet customer expectations, there is a need for continuous improvement, especially in areas such as empathy, responsiveness, and pricing. A study of the structural model validates that customer satisfaction has a noteworthy impact on trust and loyalty, and trust plays a crucial role in influencing loyalty positively. These results emphasize the necessity for companies to prioritize service quality enhancement, particularly in building trust and responding to customer needs, in order to foster greater loyalty and long-term engagement. Consistent attention to these critical service dimensions will help companies maintain competitive advantage, ensure customer retention, and achieve sustainable growth within the automotive refinancing sector.

6. References

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