The Influence of Service Innovation and Brand Image on Customer Loyalty in the Indonesian Ride-Hailing Industry

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ABSTRACT: The ride-hailing sector in Indonesia has experienced significant growth, making service innovation and brand reputation crucial for cultivating customer loyalty. This study investigates the effects of service marketing innovation and corporate brand image on customer satisfaction and their subsequent influence on customer loyalty. This research utilises survey data from 261 individuals across three major ride-hailing platforms—Grab, Gojek, and Maxim—employing SmartPLS 4.0 to evaluate the proposed relationships. The findings demonstrate that service marketing innovation and corporate brand image positively influence customer satisfaction, enhancing customer loyalty. Furthermore, trust and perceived value significantly impacted consumer satisfaction and loyalty, highlighting the essential importance of these factors in maintaining competitive advantage in the ride-hailing industry. The study suggests firms must prioritise innovative service strategies and strong brand positioning to foster lasting customer loyalty.

Keywords: Service Marketing Innovation, Corporate Brand Image, Customer Satisfaction, Customer Loyalty, Perceived Value, Trust, Ride-Hailing Services

INTRODUCTION

The rapid expansion of Indonesia's ride-hailing industry has fundamentally transformed urban mobility, with platforms such as Gojek, Grab, and Maxim leveraging digital technologies to offer enhanced convenience and adaptability. As competition intensifies, businesses must innovate technologically and strategically strengthen their marketing efforts to remain relevant (Wibawa et al., 2022). Comprehending customer satisfaction and loyalty is essential in the Indonesian ride-hailing sector, where service innovation is imperative due to shifting consumer expectations and a competitive environment. Innovative marketing strategies and a strong brand identity improve user adoption and contentment, while service marketing advancements and the company's brand image affect these results. Organizations that innovate in service provision and uphold a robust brand presence are more inclined to fulfil customer expectations efficiently, cultivating enduring customer loyalty (Kimura, 2022). This innovation attracts new users and retains existing ones by continuously enhancing their experience, which is crucial in a competitive market with numerous

alternatives (Sun et al., 2020). In particular, as customers' expectations evolve, they seek reliable, affordable, and convenient services from trusted brands.

Indonesia's urban transportation sector has seen a significant increase in online services, with over 224 million internet users and a growing smartphone population. Corporations are leveraging this to offer flexible and efficient alternatives to traditional public transportation, resulting in a competitive and profitable sector in the mobility industry. Data from The Statistics Research Department shows that the number of users in Indonesia's ride-hailing industry is expected to grow by 3.3 million between 2024 and 2028, representing a 3.92% increase, reaching 87.45 million users by 2028 (Lucas Romero, 2024). This rapid growth highlights the need to understand how service marketing innovation and brand image impact customer satisfaction and loyalty within the industry.

Although previous studies have explored the benefits of service marketing innovation in sectors like hospitality (Cabral & Marques, 2023), the unique challenges of the ride-hailing industry in Indonesia, such as regulatory compliance, safety, and traffic management, still need to be explored. Due to user safety and trust issues, service innovation and brand image are particularly relevant in this sector. Heightened public concerns over passenger safety have led companies to adopt security measures, including in-app emergency buttons and driver background checks. Research indicates that safety concerns can influence service usage patterns, especially among female riders (Kacharo et al., 2022). To enhance customer loyalty, companies must prioritise service quality and user safety to foster a sense of security (Young et al., 2019). Additionally, while studies such as those by (Sintani et al., 2019) examine the impact of the marketing mix on customer satisfaction and loyalty within the banking sector, similar thorough investigations in the ride-hailing industry have to be conducted. This research gap highlights the importance of examining how service marketing innovation and corporate brand image enhance customer satisfaction and loyalty in Indonesia's ride-hailing market.

Unlike previous studies focusing primarily on industries such as hospitality and banking, this research explores the unique dynamics of the ride-hailing sector, where rapid digitalisation and evolving customer expectations present distinct challenges and opportunities. Furthermore, by examining multiple platforms—Gojek, Grab, and Maxim—this study provides a comparative analysis highlighting the variations in service innovation and brand strategies across competitors, offering more profound insights into industry-specific factors driving customer loyalty and satisfaction. The findings are expected to contribute to academic literature and practical business strategies, especially for emerging markets with similar characteristics.

The growing competition in Indonesia's ride-hailing industry necessitates a deeper exploration of how service marketing innovation and brand image influence customer satisfaction and loyalty. This study is guided by two theoretical frameworks: Service-Dominant Logic (S-D Logic) and Relationship Marketing Theory. S-D Logic, introduced by (Vargo and Lusch, 2004), posits that service is the fundamental basis of economic exchange, shifting from a goods-centric view to one where value is realised through the service experience and collaborative processes. This approach shifts focus from traditional product logic to a more cooperative and service-centric approach, aiming to increase customer satisfaction. Customers' experiences and feedback are crucial in

shaping service offerings, with an affective commitment to ride-hailing brands significantly influencing service quality perceptions and customer advocacy behaviour (Van Tonder et al., 2023). In addition, this research is based on the relationship marketing theory (Morgan & Hunt, 1994), which emphasizes that trust and commitment are the foundation of strong and sustainable marketing relationships. Morgan and Hunt argue that in relational marketing, trust plays a vital role in driving collaboration and long-term relationships between companies and customers. Relationships built on trust provide a sense of security for customers and encourage long-term loyalty. In the ride-hailing industry, companies that consistently deliver quality services and build trustworthy relationships will likely increase customer satisfaction, ultimately leading to loyalty.

In Indonesia, ride-hailing services, especially those offered by Gojek, Maxim, and Grab, have evolved significantly to meet the high demand for transportation (Malawani et al., 2020). Gojek, Grab, and Maxim are the major players in the online transportation industry in Indonesia, with Gojek and Grab dominating the market share (Arief et al., 2023). These platforms dominate the ride-hailing market in Indonesia, each adopting different strategies to capture market share. Gojek and Grab lead due to their diverse service offerings. Maxim, a newer competitor in the industry, has expanded its operations by emphasizing affordability and efficiency, offering competitive pricing and promotions to attract price-sensitive customers, including ride-hailing and food delivery, payment services, and more. At the same time, Maxim focuses on affordability, offering competitive pricing and promotions (Ernawati et al., 2022; Puji et al., 2022).

This study examines the intricate relationships between Service Marketing Innovation, Corporate Brand Image, Perceived Value, Trust, Customer Satisfaction, and Customer Loyalty and their collective impact on the success and sustainability of ride-hailing platforms. In such a competitive market, service marketing innovation plays a crucial role in attracting and retaining customers (Almunawar et al., 2020), and innovation in service marketing contributes to competitive advantage (Nwachukwu & Vu, 2022). Incorporating functionalities like food delivery and payment integration in ride-hailing applications has proven crucial for user acquisition and retention. Research demonstrates that performance expectancy, social influence, and facilitating conditions substantially impact users' inclinations to employ supplementary features such as food delivery in ride-hailing applications (Surya et al., 2021). In a market with intense competition, a robust brand image helps distinguish a company from its competitors, as consumers frequently depend on brand reputation when selecting services. The success of Gojek and Grab is due to their practical branding efforts that align with local culture and consumer values (Fauzi & Sheng, 2020). The perceived value of the service, including both utilitarian and hedonic dimensions, is essential in influencing customers' intentions to maintain use. Trust in a platform based on quality and reliability significantly boosts customer satisfaction, loyalty, repeat business, and positive word-of-mouth recommendations, ultimately enhancing brand reputation (Ahrholdt et al., 2017). Both customer satisfaction and trust were critical factors that positively affect customer loyalty (Ramadania et al., 2023).

This research is expected to contribute theoretically by expanding the understanding of the relationship between service marketing innovation, brand image, and customer loyalty in the ride-hailing industry and provide practical insights for companies such as Gojek, Grab, and Maxim in developing more effective marketing strategies to increase customer satisfaction and loyalty. This

research expands the theoretical understanding of the influence of service marketing innovation and brand image on customer loyalty. It provides practical recommendations for ride-hailing companies in Indonesia in creating innovative customer-oriented strategies. The results of this study are expected to help stakeholders in the industry identify critical factors that support sustainable growth and competitive advantage in a highly competitive market.

Based on the background discussed, this study formulates the following hypotheses to examine the relationships between the key variables: Service Marketing Innovation is hypothesized to affect Customer Satisfaction and Perceived Value positively. At the same time, Corporate Brand Image is expected to influence Customer Satisfaction and Trust positively. Customer Satisfaction is proposed as a critical driver of Customer Loyalty, with Trust and Perceived Value mediating variables in these relationships. Furthermore, the study posits that Perceived Value and Customer Satisfaction mediate the influence of Service Marketing Innovation on Customer Loyalty, while Trust and Customer Satisfaction mediate the effect of Corporate Brand Image on Customer Loyalty. These hypotheses aim to comprehensively understand how innovation, brand image, perceived value, and trust interplay to shape customer satisfaction and loyalty. This conceptual framework is grounded in a thorough literature review, offering a robust foundation for analyzing the dynamics of these variables.
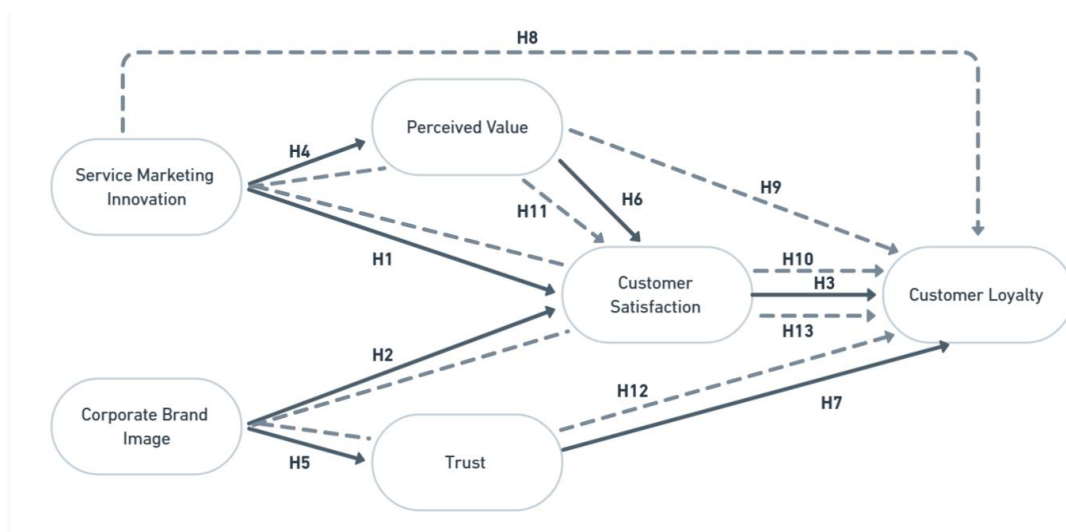

Figure 1. Research Framework

METHOD

This study utilized a quantitative methodology with a causal research design. Primary data was gathered via a questionnaire comprising six critical variables: service marketing innovation, corporate brand image, perceived value, trust, customer satisfaction, and customer loyalty. The questionnaire consisted of 18 items measuring these constructs, and data was collected through online distribution via social media, email, and ride-hailing service platforms, resulting in 261 responses. The convenience sampling technique was chosen due to time and resource constraints and the need to reach ride-hailing service users efficiently. Data collection occurred over one

month in Indonesia, with the questionnaire distributed primarily through WhatsApp to users of Gojek, Grab, and Maxim ride-hailing services. Distribution was conducted across various times of day and user groups to enhance sample diversity. Each variable was assessed using a 5-point Likert scale, ranging from "Strongly Agree" (5) to "Strongly Disagree" (1).

Partial Least Squares Structural Equation Modeling (PLS-SEM) was employed for data analysis using SmartPLS 4.0. PLS-SEM was chosen over covariance-based SEM due to its ability to handle complex models with multiple constructs, its suitability for predictive research, and its robustness with non-normal data distributions. The sample size of 261 respondents exceeds the minimum requirement for PLS-SEM analysis. The evaluation of the measurement model included discriminant validity testing through the Fornell-Larcker criterion. The study's research paradigm, depicted in Figure 1, draws on established indicators from previous research. The measurement items were adapted from validated scales: service marketing innovation indicators (Singhal, 2017). For corporate brand image, three items refer to research indicators (Kharis et al., 2015). Trust with three items refers to previous research indicators (Beverland et al., 2007). Perceived Value was captured using a four-item scale (Hasan et al., 2014), while three indicators are referred to as Customer satisfaction (Nwachukwu et al., 2018) and Customer Loyalty of previous reseach (Susanty & Adisaputra, 2012).

RESULT AND DISCUSSION

Respondents are spread throughout Indonesia. Table 4.1 shows the distribution of respondent criteria. Most respondents are women (62.5%), with an average age range of 17 to 23 years (50.2%). Most 117 out of 261 respondents prefer Go-jek (44.5%) as a ride-hailing company often used.

Table 1. Respondent Characteristics

Category	Item		F	%
Gender	Male		98	37,5%
	Female		163	62,5%
		Total	**261**	**100%**
Age	17 to 23 years old		131	50,2%
	24 to 35 years old		112	42,9%
	36 to 55 years old		17	6,5%
	More than 55 years old		1	0,4%
		Total	**261**	**100%**
Residence	Sumatra		27	10,3%
	Jawa		124	47,5%
	Kalimantan		70	26,8%
	Sulawesi		17	6,5%
	Bali		20	7,7%
	Nusa Tenggara		3	1.1%
		Total	**216**	**100%**

Occupation	Student		120	46%
	Employee		74	28,4%
	Self-employed		29	11,1%
	Entrepreneur		24	9,2%
	PNS		14	5,4%
		Total	**261**	**100%**
Income Per Month (For Respondents Who Are Already Working)	Less than IDR 3 million		24	10,2%
	IDR 3 million to IDR 5 Million		70	29,8%
	IDR 6 million to IDR 10 Million		49	20,9%
	More than IDR 10 Million		11	4,7%
	Not Yet Working		107	41%
		Total	**261**	**100%**
Pocket Money Per Month (For Respondents Who Are Not Yet Working)	Less than IDR 1 million		45	17%
	IDR 1 Million to IDR 3 Million		55	21%
	More than IDR 3 Million		7	3%
	Already Working		154	59%
		Total	**261**	**100%**
Frequently Used Ride-Hailing Services	Go-Jek		117	44,8%
	Maxim		61	23,4%
	Grab		83	31,8%
		Total	**261**	**100%**

Source: Results of Study Data Processing (2024)

This research utilized SmartPLS 4 software for data analysis employing the Partial Least Squares Structural Equation Modeling (PLS-SEM) methodology. The PLS-SEM model is widely used to examine intricate interactions across diverse constructs, indicator variables, and structural components (Rahadi, 2023). The measurement model was assessed for construct validity and reliability by discriminant validity testing via the Fornell-Larcker method, which examined construct reliability. Discriminant validity testing utilizing the Fornell-Larcker Criterion and Average Variance Extracted (AVE) was performed to ascertain the reliability and validity of the study model. Furthermore, reliability was assessed utilizing Composite Reliability (CR) and Cronbach's Alpha. These values are essential for evaluating the efficacy of the indicators in measuring latent variables.

Tabel 2. Convergent Validity and Construc Reability Test

Variable	Indicator	Convergent Validity		Construct Reability		
		Outer Loading	AVE	Composite Reliability (Rho_A)	Composite Reliability (Rho_C)	Cronbach's Alpha
Service Marketing Innovation	The ride-hailing company has an organized information system that is easily accessible to customers.	0.817				

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	Ride-hailing companies actively communicate with customers through various social media and communication platforms	0.790	0.650	0.731	0.848	**0.731**
	The ride-hailing company applies clear and firm rules for drivers when serving customers	0.813				
Corporate Brand Image	This ride-hailing company provides fast and professional service.	0.857				
	This ride-hailing company has a good reputation and is reliable.	0.780	0.676	0.763	0.862	**0.759**
	This ride-hailing company has a solid and recognizable corporate identity.	0.828				
Perceived Value	This ride-hailing company offers services at a fair and reasonable price.	0.814				
	The service from this ride-hailing company is very good for my price.	0.804	0.671	0.757	0.860	**0.755**

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	I trust and have confidence in the services provided by this ride-hailing company.	0.839				
Trust	I trust the management of the ride-hailing company, without a doubt.	0.852				
	I believe that the ride-hailing company's management will do their best to accommodate my needs as a customer	0.828	0.702	0.789	0.876	**0.788**
	I am confident that the management of the ride-hailing company will fulfill its promises.	0.834				
Customer Satisfac-tion	These ride-hailing companies provide additional services that enhance the user experience.	0.855				
	These ride-hailing services are flexible and accommodate customer needs, such as pick-up and payment options.	0.820	0.684	0.769	0.866	**0.768**
	The ride-hailing company responds to customer	0.804				

	requests quickly and efficiently.					
Customer Loyalty	I always recommend ride-hailing companies' services to people around me.	0.841				
	I am always satisfied with the service provided by the ride-hailing company.	0.843	0.704	0.792	0.877	**0.790**
	I always make the ride-hailing company's service my first choice.	0.833				

Source: Results of Study Data Processing (2024)

Based on recommendations from (Hair et al., 2021), a construct exhibits convergent validity if it satisfies the following criteria: Each indicator's Outer Loading must exceed 0.70, Composite Reliability (CR) must surpass 0.70, Cronbach's Alpha must also be more significant than 0.70, and Average Variance Extracted (AVE) must be above 0.50. The results of the concurrent validity test presented in the table above indicate that all constructs exhibit Outer Loadings over the 0.70 thresholds, signifying that each indicator substantially contributes to the measurement of its respective construct. Furthermore, Composite dependability and Cronbach's Alpha for each variable above 0.70 indicate the construct's substantial dependability. An AVE over 0.50 signifies that over half of the variance in the indicators is attributable to the construct, hence confirming the fulfilment of convergent validity.

Tabel 3. Discriminant validity test (Fornell-Larcker creation)

Variabel	Corporate Brand Image	Customer Loyalty	Customer Satisfaction	Perceived Value	Service Marketing	Trust
Corporate Brand Image	0.822					
Customer Loyalty	0.785	0.839				
Customer Satisfaction	0.794	0.759	0.827			
Perceived Value	0.742	0.764	0.771	0.829		

Service Marketing Innovation	0.792	0.788	0.755	0.744	0.806	
Trust	0.772	0.794	0.770	0.709	0.767	**0.838**

Source: Results of Study Data Processing (2024)

Testing for discriminant validity has become essential for analysing relationships between reflectively measured constructs. The evaluation of discriminant validity aims to confirm that a reflective component demonstrates stronger correlations with its indicators than with any other construct in the PLS path model (Hair et al., 2022). The measuring settings are considered adequate if the root AVE of the construct surpasses the correlation between constructs. This study reveals that the root AVE satisfaction about corporate brand image (0.822) surpasses the correlation of customer loyalty (0.785) and customer satisfaction (0.794), among others. This signifies that the construct exhibits a superior variance association with the measuring item compared to other items.

Tabel 4. R-Square Test

Variabel	R-Square	R-Square Adjusted
Customer loyalty (CL)	0.683	**0.681**
Customer Satisfaction (CS)	0.716	**0.713**
Percieved Value (PV)	0.554	**0.552**
Trust (T)	0.596	**0.594**

Source: Results of Study Data Processing (2024)

Based on the analysis results, the R Square value shows the variation in endogenous variables that can be explained by exogenous variables in this research model. According to (Sarstedt et al., 2017), this value is in the moderate category, indicating a reasonably good model for explaining the relationship between exogenous and endogenous constructs. Furthermore, the Adjusted R Square value obtained provides a more accurate assessment by correcting the standard error. The adjusted R Square value for customer satisfaction is 0.713, slightly lower than the R Square value of 0.716, but it still indicates strong explanatory power for the variability in customer satisfaction. The Perceived Value variable has an R Square of 0.554, meaning that Service Marketing Innovation and Corporate Brand Image collectively account for 55.4% of its variability. Similarly, the Trust variable has an R Square of 0.596, suggesting that the model explains 59.6% of its variability. The Customer Loyalty variable has an R Square of 0.683, with an Adjusted R Square of 0.681, indicating that this model explains 68.3% of the variability in Customer Loyalty, which falls within the strong category. These R-squared values confirm that the research model effectively explains the endogenous constructs. This high R-squared value confirms that the research model can explain the endogenous constructs well.
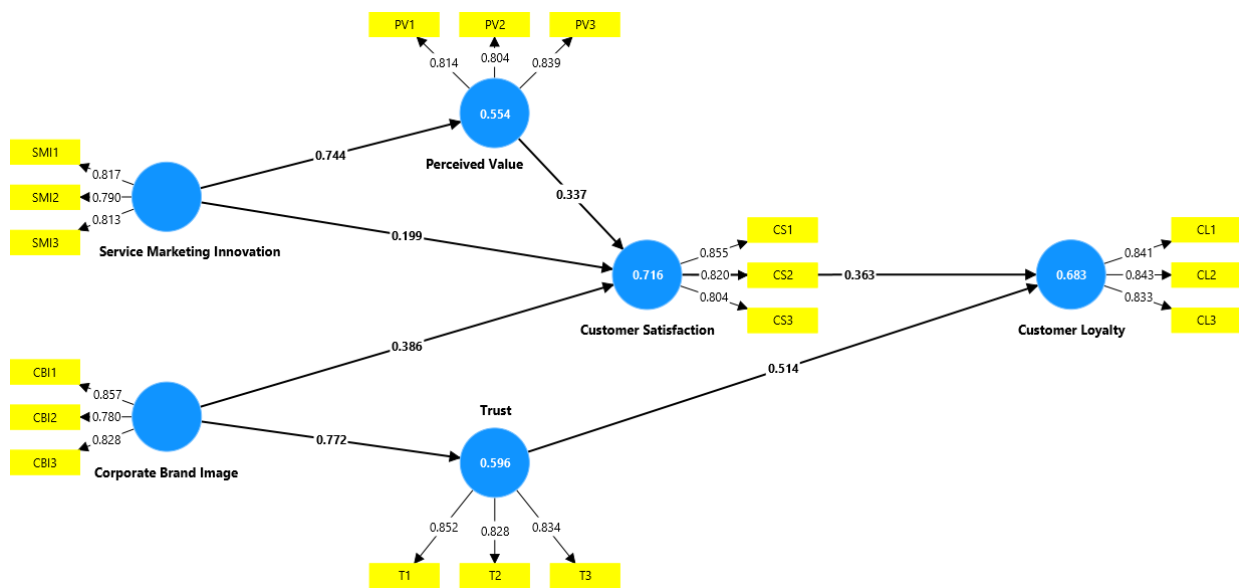
Figure 2. R-Square Model (Source: Results of Study Data Processing, 2024)

Table 5. Hypothesis Test

Hypo-thesis	Path	Original sample (o)	Sample mean (M)	Standard deviation (STDEV)	T Statistic (|O/STDEV|)	P values	Description
H1	SMI -> CS	0.199	0.200	0.052	3.851	0.000	Accepted
H2	CBI -> CS	0.386	0.384	0.071	5.429	0.000	Accepted
H3	CS -> CL	0.363	0.367	0.066	5.503	0.000	Accepted
H4	SMI -> PV	0.744	0.741	0.044	16.783	0.000	Accepted
H5	CBI -> T	0.772	0.769	0.040	19.122	0.000	Accepted
H6	PV -> CS	0.337	0.338	0.058	5.814	0.000	Accepted
H7	T -> CL	0.514	0.508	0.065	7.911	0.000	Accepted
H8	SMI -> PV -> CS -> CL	0.091	0.092	0.023	3.964	0.000	Accepted
H9	PV -> CS -> CL	0.122	0.123	0.029	4.267	0.000	Accepted
H10	SMI -> CS -> CL	0.072	0.074	0.024	2.983	0.003	Accepted
H11	SMI -> PV -> CS	0.251	0.250	0.048	5.267	0.000	Accepted
H12	CBI -> T -> CL	0.397	0.392	0.060	6.655	0.000	Accepted
H13	CBI -> CS -> CL	0.140	0.142	0.041	3.389	0.001	Accepted

Source: Results of Study Data Processing (2024)

This is an interpretation of the study of the relationship among variables based on the seven tested hypotheses. Figure 2 and Table 6 illustrate the comprehensive analysis results, depicting the link

among the variables. The initial hypothesis indicates that Service Marketing Innovation (SMI) positively and significantly influences Customer Satisfaction (CS), evidenced by an original sample value of 0.199, a t-statistic of 3.651 (more than 1.65), and a p-value of 0.000 (less than 0.05), therefore validating the hypothesis.

The second hypothesis demonstrates that Corporate Brand Image (CBI) exerts a positive and significant influence on Customer Satisfaction (CS), evidenced by an original sample value of 0.386, a t-statistic of 5.429 (exceeding 1.65), and a p-value of 0.000 (less than 0.05), thereby validating the hypothesis. The third hypothesis demonstrates a positive and substantial correlation between Customer Satisfaction (CS) and Customer Loyalty (CL), evidenced by an original sample value of 0.363, a t-statistic of 5.503 (exceeding 1.65), and a p-value of 0.000 (less than 0.05), thereby substantiating this hypothesis. The fourth hypothesis indicates that Service Marketing Innovation (SMI) exerts a positive and significant influence on Perceived Value (PV), evidenced by an original sample value of 0.744, a t-statistic of 16.783 (more than 1.65), and a p-value of 0.000 (less than 0.05), thus validating the hypothesis. The fifth hypothesis posits that Corporate Brand Image (CBI) exerts a positive and significant influence on Trust (T), evidenced by an original sample value of 0.772, a t-statistic of 19.122 (exceeding 1.65), and a p-value of 0.000 (less than 0.05), so affirming the acceptance of this hypothesis. The sixth hypothesis posits that Perceived Value (PV) exerts a positive and significant influence on Customer Satisfaction (CS), evidenced by an original sample value of 0.337, a t-statistic of 5.814 (exceeding 1.65), and a p-value of 0.000 (less than 0.05), so corroborating this hypothesis.

The seventh hypothesis demonstrates a positive and substantial correlation between Trust (T) and Customer Loyalty (CL), evidenced by an original sample value of 0.514, a t-statistic of 7.911 (exceeding 1.65), and a p-value of 0.000 (less than 0.05), therefore validating this hypothesis. The eighth hypothesis (H8) indicates that the indirect effect of Service Marketing Innovation (SMI) on customer loyalty (CL) via perceived value (PV) and customer satisfaction (CS) is both positive and significant, evidenced by an original sample value of 0.091, a t-statistic of 3.964 (greater than 1.65), and a p-value of 0.000 (less than 0.05). This validates the mediating function of PV and CS between SMI and CL. The ninth hypothesis (H9) posits that perceived value (PV) and customer satisfaction (CS) significantly mediate the relationship between social media influence (SMI) and customer loyalty (CL), evidenced by an original sample value of 0.122, a t-statistic of 4.267 (exceeding 1.65), and a p-value of 0.000 (less than 0.05). Hypotheses H10 to H13 are all accepted, as they demonstrate positive and substantial connections among the variables. H10 delineates the direct relationship between SMI and CL, whereas H11 to H13 substantiate the intermediary functions of PV, Trust (T), and CS in amplifying the influence of corporate brand image (CBI) on customer loyalty (CL). The analytical results confirm that all hypotheses proposed in this study are accepted, indicating a positive and significant connection between the variables evaluated.

This study demonstrates that Service Marketing Innovation and Corporate Brand Image significantly affect Customer Satisfaction, which is crucial for fostering Customer Loyalty in the Indonesian ride-hailing industry. Drawing from the Service-Dominant Logic (S-D Logic) theory, which emphasizes value co-creation through service exchange, the results demonstrate how service marketing innovations in ride-hailing enhance customer satisfaction. The hypothesis testing results unequivocally demonstrate that service marketing innovation positively enhances customer

pleasure. This aligns with Firouzeh Majidi's (2023) findings, which indicated that service innovation enhances customer satisfaction. While Majidi's study concentrated on conventional transportation services, our findings broaden this relationship to the digital platform context, illustrating how technological advancements in ride-hailing, including real-time tracking, seamless payments, and dynamic pricing, enhance customer satisfaction through improved value co-creation. The ride-hailing market is characterized by service innovation, propelled by technological advancements and novel features that enhance user experience. Innovations such as real-time tracking, cashless payment options, and ride-sharing features address client needs for convenience and efficiency, significantly improving consumer satisfaction.

In addition, corporate brand image significantly affects consumer satisfaction, as evidenced by a t-statistic of 5.429 and a p-value of 0.000. A strong brand image in ride-hailing helps foster trust and loyalty among consumers, as clients are more likely to choose a respected company over lesser-known competitors. The following corresponds with Relationship Marketing Theory, which posits that a robust brand image enhances customer trust and fosters loyalty. That is particularly vital in ride-hailing, where user safety and reliability are paramount. Conversely, in retail or hospitality, the brand impression is typically shaped more by the product quality or customer service than by the urgent safety and convenience considerations dominant in the ride-hailing sector.

Moreover, the findings of this study about the correlation between customer pleasure and loyalty are consistent with the Commitment-Trust Theory of Relationship Marketing. Ride-hailing firms enhance user experience, utilize social norms to elevate perceived value and provide intuitive interfaces that give consumers control, thereby fostering a valued and trustworthy atmosphere that eventually boosts loyalty (Gunarso, 2022). Furthermore, this study shows that customer satisfaction significantly affects customer loyalty, with a t-statistic of 5.503 and a p-value of 0.000. These findings confirm that customer satisfaction is a crucial driver of loyalty. This is consistent with the results revealed in previous studies (Santouridis & Trivellas, 2010). However, our analysis shows that this relationship is powerful in the ride-hailing context due to the frequent interaction between customers and the service platform, creating multiple touchpoints for satisfaction and loyalty development. Unlike Santouridis and Trivellas's study in the telecommunications sector, our findings suggest that the digital nature of ride-hailing services allows for more immediate and direct satisfaction-loyalty conversion through features like instant feedback and reward systems.

Overall, this study expands our understanding of the factors influencing customer loyalty in digital service-based industries. Our findings contribute to both S-D Logic and Relationship Marketing Theory by demonstrating how these theoretical frameworks manifest in the unique context of digital platform services, where value co-creation and relationship-building occur through technological interfaces rather than traditional service encounters. It also provides practical insights for ride-hailing companies in creating marketing strategies that focus on customer satisfaction and loyalty.

CONCLUSION

This study establishes that service marketing innovation and corporate brand image are essential for improving customer satisfaction and favourably impacting customer loyalty. Our findings are consistent with the Service-Dominant Logic (S-D Logic) approach, which emphasises that value comes from the product or service and the interaction process between the customer and the service provider. This further supports Relationship Marketing theory, which identifies trust as the fundamental element in establishing robust long-term consumer connections. The notable p-values for all hypotheses provide robust empirical validation for our model, contributing to the literature on satisfaction-loyalty dynamics within the ride-hailing sector. The findings offer implementable insights for ride-hailing firms like Gojek, Grab, and Maxim. By emphasising service innovation and a robust brand identity, these companies can more effectively address consumer needs, improve satisfaction, and cultivate loyalty.

This research aids companies in understanding consumer preferences within an increasingly competitive environment. Understanding that service innovation and a positive brand image bolster consumer trust and perceived value enables organisations to formulate effective marketing strategies aligned with customer expectations. This research substantially enhances theoretical development and business practice, providing a foundation for fostering strong and sustainable customer relationships. However, limitations such as the convenience sample method and the focus on three Indonesian ride-hailing companies suggest possible avenues for future research. Augmenting the sample size and utilizing a longitudinal approach may yield more profound insights into these processes across other marketplaces and temporal contexts. Future research may explore more regional contexts or include a wider range of service providers within the sharing economy to examine potential cultural or geographical variations in customer loyalty dynamics.

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