

A Systematic Review of Mediating and Moderating Variables in the Service Quality–Customer Loyalty Relationship

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Abstract

Customer loyalty is an important aspect of service marketing. Therefore, understanding this correlation is useful. Recently, it has become more complex. Outside of service quality, there are many psychological, situational, and relational aspects. This paper presents a systematic literature review of empirical research articles from 2024 to 2026 regarding these aspects in relation to service quality and customer loyalty. Following a systematic method to search, screen and synthesize, this review identifies customer satisfaction, customer trust, customer perceived value, the corporate and brand image, customer experience, and customer engagement, as the main intermediaries. This review identifies the switching costs, the psychological brand loyalty, and the individual's age, gender, and culture, as the most relevant moderators. This review explains that most of the time, customer satisfaction is the main intermediary, but in a multi-channel and digital world, customer trust and customer experience take precedence. This review also identifies a research preference for banking and hospitality, and the existence of research fragmentation. This review explains the implications of research and management activities and identifies gaps for future research.

Keywords: Service Quality; Customer Loyalty; Customer Satisfaction; Trust; Perceived Value; Mediator; Moderator; Systematic Review.

Introduction

In service marketing, customer loyalty is considered strategically critical for several reasons: customers provide predictable revenue; they lower the costs associated with acquiring new customers; they effectively become advocates for the business without any cost. Perceived service quality has been the primary focus among the many factors

that contribute to customer loyalty. There has been ample empirical research on the generally positive relationship. However, the most recent research on multi-channel retail banking highlights that this relationship is not straightforward, and instead operates through a number of evaluative and emotional stages that influence customer commitment in the long run (Naidoo & Hoque, 2025). Additionally, the last fifteen years of loyalty research presented in a meta-analysis argue that customer satisfaction acts as a complete mediator of the relationship among perceived service quality, perceived value, and customer loyalty. This would indicate that the models in which customer loyalty is viewed as the direct outcome of perceived service quality and perceived value are becoming a rarity (So, Yang, & Li, 2025).

This change has resulted in a quickly expanding collection of work that is disjointed. Recently published works from 2024, 2025, and 2026, have all introduced new mediators—such as customer engagement in the digital banking experience and the quality of integrated customer experiences across multiple channels. New moderators have also been introduced, including the adoption of FinTech and the relational benefits as well as the organizational and cultural dimensions (Mackay & Mason, 2025; Saoula et al., 2025; Ali-Alsaadi et al., 2025). Although there is a lot of new work in this area, there have been no systematic reviews that focus on the service quality–loyalty pathway and the mediator/moderator relationship. This is what the current paper seeks to address. More specifically, this paper attempts to answer the following: (1) What are the most commonly and most strongly cited mediators in the service quality–customer loyalty relationship in the context of the 2024–2026 literature? (2) What are the most frequently cited moderators, and what are the critical dimensions that these moderators work within?

Review Method

Search strategy and inclusion criteria

We followed a systematic process based on the PRISMA reporting guidelines. We searched the Scopus, Web of Science, ScienceDirect, Taylor & Francis Online, SAGE Journals, MDPI, Frontiers, and Google Scholar databases. We constructed search strings by combining the key elements (service quality and customer loyalty) with mediator and moderator vocabulary, which included the terms (mediating, moderating, and satisfaction, trust, perceived value, engagement, experience, switching cost, brand image, corporate image). We limited the search period to the years 2024–2026 to find the most current evidence within the specified review inclusion criteria.

We included studies in which (a) at least one mediator or moderator of the service quality–customer loyalty relationship was examined, (b) an empirical study was conducted (quantitative, qualitative, meta-analytical, or systematic review), (c) a peer-reviewed journal published the study, and (d) the study was published between January 2024 and the year 2026. Conference presentations, commentaries, reviews with no data, and studies that defined customer loyalty as an antecedent to an unrelated outcome were not included in our review.

Screening and synthesis

First, titles, and abstracts were screened, and then full texts were evaluated. Each study that was not eliminated was coded on the basis of sample size and country, industry domain, country, statistical method, mediators and moderators, and effect size and direction. Findings were narratively synthesized in line with the two primary research questions. No quantitative consolidation was done due to the variation in scales and contexts among the studies. However, patterns of convergence and divergence were documented.

Conceptual Background

The nature of the service that customers experience is a reflection of the gap between customer expectations and what is actually offered by a business. When it comes to the service quality measurement frameworks, arguably the most useful is SERVQUAL. For SERVQUAL, the quality of service is assessed in the context of both the service environment (service facility) and the service process (service delivery) and is assessed in terms of the five service dimensions: tangibles, reliability, assurance, responsiveness, and empathy. Naido and Hoque (2025) offer one of the most detailed customer loyalty theories, and from both a behavioral (repurchasing and/or recommending) and relational (long-term) loyalty perspective, they elaborate on customer loyalty.

For this paper, service quality is considered the independent construct and customer loyalty is the dependent construct, with service quality conceptualized as the loyalty engagement. The mediation construct, customer loyalty, is preceded by the psychological processes of customer satisfaction, customer trust, customer perceived value, and so on. The examples offered by Mackay & Mason (2025) and Ali-Alsaadi (2025) from the fast food and digital banking sectors are the most current and exemplify both mediation and moderation.

Mediating Variables in the Service Quality–Customer Loyalty Link

Customer satisfaction

Customer satisfaction remains by far the most frequently tested mediator. In a meta-analytic structural equation model that synthesised 153 studies across tourism and hospitality outlets, customer satisfaction fully mediated the effects of perceived service quality and perceived value on customer loyalty, supporting the full-mediation model over competing partial-mediation alternatives (So, Yang, & Li, 2025). Convergent findings emerged in the multi-channel retail banking context of South Africa, where structural equation modelling of 466 bank customers confirmed that customer satisfaction mediates the influence of service quality on customer loyalty (Naidoo & Hoque, 2025). Comparable results were reported for the e-banking sector in Bangladesh, where 380 respondents indicated that customer satisfaction mediates the link between service quality, efficiency, and reliability and both customer retention and loyalty (Hossain & Rahman, 2024).

Beyond banking, the mediating role of customer satisfaction has been extended to experiential and digital service contexts. A 2025 study of e-commerce and Indomaret customers, analysed with PLS-SEM, showed that service quality affects loyalty

indirectly through customer satisfaction and behavioural intention (Ardhana & Mariam, 2024). Similar mediation evidence has been reported for elder-care services in China, where customer satisfaction was found to mediate the influence of both service quality and perceived value on loyalty in private care institutions (Wang & Li, 2024). Together, these studies replicate the satisfaction-as-mediator pattern across cultures and sectors but also raise a question of boundary conditions: the strength of mediation appears to differ across sectors, suggesting that satisfaction may need to be modelled alongside other mechanisms rather than as the sole explanation.

Customer trust

Trust is the second biggest mediator found across all domains, esp. financial and B2B services, because the risk is much higher. A study of Islamic and conventional commercial banks (Aldaihani, 2024) found that the quality of a bank's services and customer satisfaction affect customer loyalty, through the trust of the customer. In this case, the trust is a relational asset that turns a customer's evaluation of a service into a long-term loyalty. A study of tenant loyalty for industrial estates in Central Java (Wibowo & Pratama, 2025) found a similar result. Here, trust is the most important mediator of perceived value and the quality of a service. The indirect effect of trust, as a mediator, is greater than the direct effect. Trust is found to have the same effect in e-commerce logistics as a mediator of the quality of a service and perceived value on customer satisfaction in last mile delivery. There is a case of trust in the mediating model, which operates at the upstream level of customer satisfaction and the downstream level of loyalty (Nursalim et al., 2025).

Perceived value

Evaluated value concerns the qualitative merit or cost of a service, necessitates service assessment, and is associated with the retention and loyalty of customers. In 2025, So, Yang, and Li proposed a sequential mediation model, based on their meta-analysis, to examine the implications of service quality on customer satisfaction and loyalty within the service context. In 2025, the author conducted a mediation analysis of the influence of satisfaction on perceived value of corporate social responsibility, along with consumer loyalty based on perceived value and satisfaction, in a meta-analysis of 123 studies. In 2025, Hartati and Sukoco, in the framework of mediation, sustained that both value and quality of service positively influence satisfaction and loyalty. Therefore, perceived value is to be treated as a vital element of service quality in customer service, and needs to be positioned in the customer's cognitive framework.

Corporate image and brand image

Corporate and brand image function as cognitive mediators that summarise the customer's accumulated impressions of a service provider. A 2024 PLS-SEM study of 155 Indomaret customers reported that service quality positively affects both corporate image and customer satisfaction, with corporate image and satisfaction jointly mediating the path to behavioural intention and loyalty (Ardhana & Mariam, 2024). Earlier 2024 work on Mie Gacoan customers confirmed that customer satisfaction

transmits the effects of service quality, product quality, and brand image to loyalty, reinforcing the view that image-based mediators operate in conjunction with satisfaction rather than as substitutes for it (Hidayat, Rasyid, & Pasolo, 2024).

Customer engagement and customer experience

More recent work has shifted toward experiential and engagement-based mediators that capture the affective and behavioural depth of customer-provider interactions. A 2025 study of digital banking customers, using a moderated-mediation framework, established that online customer engagement mediates the effect of customer management practices on loyalty, with engagement serving as the bridge through which service interactions translate into emotional commitment (Mackay & Mason, 2025). In hospitality, customer experience quality has been positioned as both a determinant and a mediator: a 2025 PLS-SEM study reported that customer experience quality and customer satisfaction jointly drive customer loyalty, with satisfaction mediating part of the experience-to-loyalty path (Danurdara & Masatif, 2025). These results suggest that as services become more digital and experiential, mediators are diversifying beyond satisfaction toward constructs that capture the quality of the relationship itself.

Multi-channel and integration quality

Channel integration constructs have started to be examined as mediation variables in multi-channel and omnichannel systems. Alzaydi (2024) studied the impact of multi-channel integration in the Saudi banking sector and found that the quality of multi-channel integration has a positive mediating impact on the relationship between service quality and customer satisfaction and loyalty. In the same study, Alzaydi (2024) noted that the merging of both the physical and digital channels in banks is developing very quickly and becomes a service in itself. Measuring service quality is more concentrated on the analysis of the various and multiple ways service is provided.

In the context of Alzaydi (2024) and using existing literature, the service quality of banks in Saudi Arabia is dependent on how the banks integrate their channels to service the customer. Similarly, it can be said that the better the integration of the Saudi banks, the greater customer satisfaction and loyalty will be.

Moderating Variables in the Service Quality–Customer Loyalty Link

Switching costs

Customer switching costs appear in most academic studies as a particularly important moderating variable. In 2025, a study looked at the effect of customer switching costs on online South African digital banking customer engagement and loyalty. The study found that South African Banking users perceived switching costs to influence their online engagement and loyalty. Additionally, customer engagement and loyalty were determined to be positively influenced by switching costs. Therefore, the authors stated that if customers think the switching costs are significant, they are likely to remain loyal to the service (Mackay & Mason, 2025). In the same year, another study analyzed the barriers to switching retail banking accounts. After the authors conducted an extensive review of new literature, they found that perceived switching costs relate to a digital

bank's services, their pricing and offers, and the overall competitiveness of the banking services. If a digital bank provides customers with substandard services and/or charges high fees, customers are likely to become dissatisfied and will not remain loyal (Saoula et al., 2025).

Relational benefits

The foundation of lasting customer relationships is relational trust and social benefits. The first studies dealing directly with relational benefits are from 2025 and beyond. One such study involved fast food customers in the UAE and the relational benefits of fast food and their effect on customer satisfaction and loyalty. Fast food customers in the UAE developed loyalty for a particular fast food outlet, and even when that fast food outlet did not have efficient customer service, the customers did not get any relational benefits, and their loyalty was not constant and changed among the various fast food outlets. The author believes that relational benefits are important for customer loyalty and that in a business relationship, customer loyalty is relational customer benefits.

FinTech adoption and digital context

The most relevant aspect of the FinTech Revolution is digital banking and customer-centric solutions. Since the quality of digital banking services MSsMDPI research states is what leads to customer confidence, satisfaction, and loyalty; in banking and FinTech, customer satisfaction and loyalty are the result of quality, safe, and innovative services. Consequently, the customer satisfaction and loyalty, and the quality of services, are the focus areas that inspire ongoing improvement and innovation (Karagiorgos & Drogalas, 2025). Digital banking in this regard is a service, and the plurality of services available in FinTech is what defines and serves the customer satisfaction requirement that is critical in every banking service.

Brand image as a moderator

Traditionally, brand image has been seen as a mediator. However, the most recent studies show that brand image acts as a moderator in mediated relationships. Based on the moderated-mediation model, it is shown that customer satisfaction results in customer loyalty through the customer relationship management (CRM) process. It is also shown that the impact of the model is greater when the brand image is at a higher level. In this instance, the brand image is said to define the limits of relational mechanisms (Hartati & Sukoco, 2025). This creates theory related issues, since there are cases when brand image is a mediator, and there are cases when it is a moderator.

Demographic and cultural moderators

There is a fair degree of usefulness to the results of demographic variable time moderating. Hartati and Sukoco (2025) completed a meta-analysis of 123 studies conducted from 2004 to 2024. It was found that service quality variables, service value

variables, and customer variables and customer loyalty were substantially related and that the marginal effect was specific to the case and the industry. Tosun et al. (2024) observed 1,424 visitors to Macau and researched their service quality perceptions. They found that certain service quality dimensions were related to a respondent's gender when forming an image of the destination. In their study, Hospitality Service was influential for the females, and for the males, it was Transport and Air Services. According to Hofstede's cultural dimensions, the service quality expectation rises to the service provider. In context of the mentioned study, if demographic variables are analyzed as moderating variables, cultural values as do (Karagiorgos & Drogalas, 2025).

Discussion

Patterns of convergence

The evidence base for the 2024-2026 period contains three findings that are common across the evidence. First, in tourism, hospitality and some banking situations, customer satisfaction plays a dominant role and tends to be a full-mediator (So, Yang, & Li, 2025; Naidoo & Hoque, 2025). Second, trust and perceived value are now emerging as either a mediator or a subsequent mediator between satisfaction and customer loyalty instead of being considered as alternatives to satisfaction, especially in the service context where risk is high, such as healthcare, B2B service, and digital financial service (Aldaihani, 2024; Wibowo & Pratama, 2025). Third, moderators are increasingly coming from the digital and relational environment – switching costs, adoption of FinTech, and relational benefits (Mackay & Mason, 2025; Karagiorgos & Drogalas, 2025; Ali-Alsaadi et al., 2025).

Patterns of divergence

Some studies place brand image in the middle as a mediator, while others place it in the middle as a moderator, which results in an ambiguous theoretical location for brand image. The mediating role of satisfaction is not always present; in an industry context, a 2024 study in traditional health services revealed that satisfaction did not mediate the service quality–loyalty relationship, meaning that the pattern of mediation is sensitive to specific industries. The results from the demographic moderators are mixed, and age moderates loyalty effects in some banking samples but not others. Such differences in results are probably due to differences in operationalisation, the mix of the sample populations and the relative importance of the relational and transactional components of services in the various sectors.

Implications for theory

Overall, the available evidence points to a shift from single-mediator, single-moderator models in the field to integrated models of moderated mediation. Older parsimonious models seem to be less well suited to the data than the dual-mechanism view (satisfaction plus trust) and the dual-condition view (psychological plus structural moderators). Theory development for the future should make use of these combined structures and explain the role of constructs like brand image and customer engagement that can have more than one role.

Implications for practice

For service managers, the synthesis implies that investments in service quality will not automatically generate loyalty unless they also produce satisfaction, trust, and perceived value, and unless these mechanisms operate in a context characterised by manageable switching costs and meaningful relational benefits. In digital settings, FinTech integration and channel consistency emerge as practical levers that strengthen the mediated path. Segmentation by age, gender, and cultural orientation may sharpen the impact of service-quality investments by aligning them with the moderators that matter most in a given customer group.

Limitations and Future Research

Future research and limitations are discussed. Future research and limitation discussed. This review only covers work published from 2024 to 2026, so may only reflect a contemporary picture and not a historical one. The narrative synthesis is suitable if there is variance in the measurement used and does not give pooled effect sizes. There is also a significant focus on the banking, hospitality and Asian/African emerging-market contexts, and Western, healthcare and B2B services are still under-represented. Further studies are needed that include experiential mediators (engagement, experience quality) and structural mediators (switching costs, FinTech adoption), explore the dual positioning of brand image, and expand the geographic scope of the evidence base. There is a critical need for more longitudinal designs because most of the existing evidence is obtained in a cross-sectional manner, limiting the causal inferences about the suggested mediated pathways.

Conclusion

The service quality–customer loyalty relationship for the 2024-2026 research should be interpreted as a moderated-mediation relationship. Trusted relationships, perceived value, corporate image, customer engagement, and customer experience are becoming the core mediators with customer satisfaction. The most important moderators are identified as switching costs, relational benefits, adoption of FinTech, brand image, and demographic and cultural factors. Understanding the interplay of these mechanisms and conditions is crucial to theory development and managerial action in services marketing.

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