

Brand Image and Customer Retention in Tourism Destinations: The Mediating Role of Customer Satisfaction

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ABSTRACT

The purpose of this study is to examine the effect of brand image on customer retention with customer satisfaction as a mediating variable, as well as the role of physical evidence, among visitors of Mahoni Bangun Sentosa Tourism. This study employs a quantitative research approach using a survey method. Data were collected from 150 respondents who had visited Mahoni Bangun Sentosa Tourism at least once, selected through purposive sampling. Data analysis was conducted using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with SmartPLS 4 software to test the proposed hypotheses. The results of this study indicate that: (1) brand image has a positive and significant effect on customer retention; (2) brand image has a positive and significant effect on customer satisfaction; (3) customer satisfaction has a positive and significant effect on customer retention; (4) customer satisfaction is able to mediate the effect of brand image on customer retention; (5) physical evidence has a positive and significant direct effect on customer retention; (6) physical evidence does not moderate the relationship between brand image and customer retention. These findings imply that strengthening brand image and enhancing customer satisfaction are essential strategies to improve customer retention in tourism destinations, while physical evidence serves as a direct supporting factor rather than a moderating variable.



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INTRODUCTION

The tourism sector is a continuously growing industry and plays a crucial role in driving regional economic development. Tourist visit intensity is influenced by changing consumer preferences, service quality, and increasing competition among destinations. Tourist satisfaction and revisit intention are shaped by various factors, including the physical quality of attractions, destination image, and overall visitor experience. In addition, tourist perceptions and behavior are affected by the quality of interactions and facilities provided by destination management.

This condition indicates that tourism destination managers must continuously improve service quality, strengthen destination reputation, and enhance physical facilities to retain visitors amid intense competition. According to (Hapsari et al., 2017), organizations that focus on customer retention can reduce marketing costs and achieve higher long-term profitability. Therefore, customer retention has become a critical indicator of organizational success, particularly in highly competitive industries such as tourism.

However, retaining tourists is challenging, as visitors may easily switch to alternative destinations if they feel dissatisfied or perceive limited value from their visit.

Understanding the factors that influence customer retention is therefore essential for destination managers. One key determinant is brand image. Brand image reflects visitors' perceptions and evaluations of a destination formed through experience, communication, and reputation. A strong brand image can enhance trust and emotional attachment, increasing the likelihood of repeat visits (Nguyen et al., 2020).

When visitors perceive that a destination consistently delivers services that meet or exceed their expectations, their loyalty tends to increase. Conversely, an inconsistent brand image may reduce confidence and encourage visitors to choose competing destinations. Thus, brand image plays a vital role in building and sustaining customer retention. However, brand image alone is insufficient to ensure retention. Customer satisfaction serves as an essential mechanism linking brand perception to repeat visit intention. A destination may possess a positive image, but failure to meet visitor expectations can weaken retention (Rather, 2021).

Therefore, aligning visitor experiences with expectations is critical, as higher satisfaction strengthens revisit intention. In this study, customer satisfaction is positioned as a mediating variable that explains the relationship between brand image and customer retention. Additionally, physical evidence is considered as a direct factor influencing customer retention by shaping visitor comfort, perceptions of quality, and overall experience at the destination.

Social Cognitive Theory

Social Cognitive Theory (SCT), developed by Albert Bandura, explains human behavior as the result of a reciprocal interaction between personal factors, environmental influences, and behavior. Within the context of tourism, visitors' perceptions, satisfaction, and behavioral intentions are shaped not only by personal expectations but also by environmental cues such as physical facilities and destination image. This theory supports the assumption that brand image and physical evidence serve as environmental stimuli that influence tourists' cognitive evaluations and satisfaction, which subsequently affect their retention behavior.

Brand Image

Brand image refers to customers' perceptions of a brand formed through accumulated experiences, communication, and associations stored in memory (Zhang, 2015). Aaker's brand equity concept defines brand image as a set of perceptions and beliefs held by consumers regarding a brand (Abbas et al., 2021). Furthermore, (Saputra et al., 2022) state that brand image reflects an overall evaluation developed through information exposure and past experiences. In tourism destinations, a strong brand image reduces perceived risk, enhances emotional attachment, and increases revisit intention, making it a critical determinant of customer retention.

Customer Satisfaction

Customer satisfaction is defined as an evaluative judgment that arises from a comparison between expected and perceived performance of a product or service (Kotler & Keller, 2016). (Tjiptono, 2018) emphasizes that satisfaction occurs when perceived performance meets or exceeds expectations. According to Oliver, satisfaction represents a pleasurable fulfillment response derived from consumption experiences (Mittal et al., 2023). In tourism contexts, customer satisfaction plays a crucial mediating role, positive destination perceptions must be supported by satisfactory experiences to generate repeat visits and long-term retention.

Physical Evidence

Physical evidence refers to tangible elements in the service environment that support service delivery and shape customer perceptions, including facilities, layout, equipment, and visual attributes (Somantri & Purwadhi, 2020). (Tryadi and Muhajirin, 2021) argue that physical evidence differentiates services from competitors and creates favorable impressions that influence customer responses. In tourism destinations, physical evidence enhances comfort, perceived quality, and overall experience, thereby directly contributing to customer retention.

Customer Retention

Customer retention is defined as a company's ability to maintain long-term relationships with customers and encourage repeat usage of its products or services (Alshurideh, 2016). (Zarkasyi and Christian, 2024) describe retention as the firm's capacity to prevent customers from switching to competitors. Similarly, Schiffman and Kanuk define customer retention as customers' tendency to remain loyal over time (Trisnawati & Setyawati, 2020). In tourism, retention is reflected in revisit intention, positive word-of-mouth, and sustained destination preference.

RESEARCH METHOD

This study employs a quantitative explanatory research design aimed at examining causal relationships among variables through hypothesis testing. The population of this study consists of visitors of Mahoni Bangun Sentosa Tourism who meet predetermined criteria, namely individuals aged 18–55 years who have visited the destination at least once. The sampling technique used is non-probability sampling with purposive sampling, resulting in 150 valid respondents. Data were collected using a structured questionnaire distributed directly to visitors. The questionnaire consists of closed-ended statements designed to measure brand image, customer satisfaction, physical evidence, and customer retention. All measurement items were assessed using a 10-point Likert scale, ranging from 1 (strongly disagree) to 10 (strongly agree). Data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS software. The analysis procedure involved two main stages. First, the measurement model was evaluated through algorithm testing to assess validity and reliability. Second, the structural model was examined using the bootstrapping technique to test the significance of the proposed hypotheses.

RESULTS AND DISCUSSION

Result

Based on table 1, all indicators in this study meet the validity criteria, as indicated by loading factor values greater than 0.50 and Average Variance Extracted (AVE) values exceeding 0.50. These results confirm that each indicator is valid and adequately represents its respective latent construct, indicating that the measurement model is acceptable for further analysis. In addition, the reliability test results show that all constructs have Cronbach's alpha values above 0.60 and composite reliability values above 0.70. This indicates that the measurement instruments used in this study are reliable and demonstrate internal consistency. Therefore, the measurement model is considered valid and reliable for use in structural model analysis.

Table 1. Outer Loading, Composite Reliability, Average Variance Extracted

Variable	Indicator	Outer Loading	Cronbach's Alpha	Composite Reability	AVE
Brand Image	BI1	0,876	0,916	0,937	0,747
	BI2	0,899			
	BI3	0,870			
	BI4	0,847			
	BI5	0,828			
Customer Retention	CS1	0,823	0,888	0,931	0,817
	CS2	0,802			
	CS3	0,902			
	CS4	0,875			
Customer Satisfaction	PE1	0,902	0,873	0,913	0,725
	PE2	0,912			
	PE3	0,898			
Physical Evidence	CR1	0,878	0,902	0,939	0,837
	CR2	0,943			
	CR3	0,922			

Source: SmartPLS Output

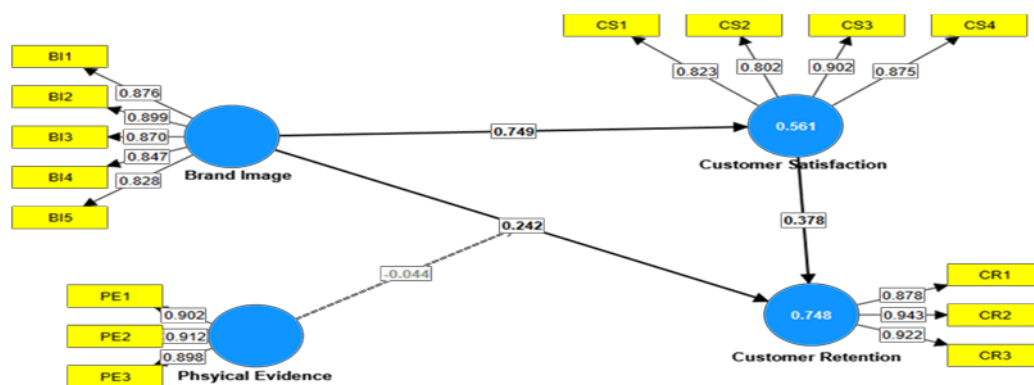


Figure 1. Research Model

Source: SmartPLS Output

Table 2. Coefficient of Determination or R-Square

Dependent Variable	R-Square
Brand Image	0,561
Customer Retention	0,748

Source: SmartPLS Output

Based on Table 2, the structural model demonstrates adequate explanatory power. The customer retention variable has an R-square value of 0.748, indicating that 74.8% of the variance in customer retention is explained by brand image, customer satisfaction, and physical evidence, while the remaining 25.2% is influenced by other variables not included in this study. According (Ichwanuddin, 2018), an R-square value above 0.10 is considered acceptable in behavioral research, suggesting that the proposed model is suitable for hypothesis testing.

Table 3. Standardized Root Mean Residual

	Saturated Model	Estimated Model
Standardized Root Mean Residual (SRMR)	0,079	0,079

Source: SmartPLS Output

According (Hair et al., 2019), a Standardized Root Mean Square Residual (SRMR) value below 0.10 indicates an acceptable model fit in PLS-SEM analysis. Based on Table 3, the SRMR value obtained in this study is 0.079, which is below the recommended threshold. This result indicates that the proposed structural model demonstrates an adequate level of model fit and can be considered appropriate for hypothesis testing.

Table 4. Path Coefficients

	Original Sample	T-Statistics	P-Values
Brand Image → Customer Retention	0,242	2,875	0,004
Brand Image → Customer Satisfaction	0,749	18,086	0,000
Customer Satisfaction → Customer Retention	0,378	3,116	0,002
Physical Evidence → Customer Retention	0,299	2,504	0,012
Physical Evidence × Brand Image → Customer Retention	-0,044	0,920	0,358
Brand Image → Customer Satisfaction → Customer Retention	0,283	3,051	0,002

Source: SmartPLS Output

The significance of the relationships among variables was assessed using the t- statistic and p-value criteria. An effect is considered statistically significant if the t- statistic exceeds the critical value of 1.96 and the p-value is less than 0.05 (Dulyadi,2021). Based on the results presented in Table 4, the findings for each research hypothesis are as follows:

- H₁: Brand Image has a positive and significant effect on Customer Retention. This is evidenced by the original sample value of 0.242, a t-statistic value of 2.875 which is greater than the t-table (1.96), and a p-value of 0.004 (< 0.05). Therefore, the first hypothesis is accepted.
- H₂: Brand Image has a positive and significant effect on Customer Satisfaction. This is evidenced by the original sample value of 0.749, a t-statistic value of 18.086 which is greater than the t-table (1.96), and a p-value of 0.000 (< 0.05). Therefore, the second hypothesis is accepted.
- H₃: Customer Satisfaction has a positive and significant effect on Customer Retention. This is evidenced by the original sample value of 0.378, a t-statistic value of 3.116 which is greater than the t-table (1.96), and a p-value of 0.002 (< 0.05). Therefore, the third hypothesis is accepted.
- H₄: Physical Evidence has a positive and significant effect on Customer Retention. This is evidenced by the original sample value of 0.299, a t-statistic value of 2.504 which is greater than the t-table (1.96), and a p-value of 0.012 (< 0.05). Therefore, the fourth hypothesis is accepted.
- H₅: Physical Evidence is not able to moderate the effect of Brand Image on Customer Retention. This is evidenced by the original sample value of -0.044, a t-statistic value of 0.920 which is smaller than the t-table (1.96), and a p-value of 0.358 (> 0.05). Therefore, the fifth hypothesis is rejected, indicating that Physical Evidence does not function as a moderating variable.
- H₆: Customer Satisfaction mediates the relationship between Brand Image and Customer Retention. The indirect effect is positive and significant, indicating that Customer Satisfaction acts as a complementary partial mediator, where both the direct and indirect effects remain significant and move in the same direction. Therefore, the sixth hypothesis is accepted.

Discussions

Brand Image on Customer Retention

The findings indicate that brand image has a positive and significant effect on customer retention. This result suggests that a strong and favorable image of Mahoni Bangun Sentosa enhances visitors' intention to revisit the destination. A positive brand image creates trust, emotional attachment, and perceived value, which are essential factors in sustaining long-term relationships with visitors. This finding is consistent with previous studies that highlight brand image as a key determinant of customer retention in tourism and service industries (Nguyen et al., 2020; Puspaningrum, 2020).

Customer Satisfaction on Customer Retention

The results demonstrate that customer satisfaction positively and significantly influences customer retention. Visitors who experience satisfaction during their visit are more likely to return in the future. This finding supports the view that satisfaction functions as a critical post-consumption evaluation that strengthens revisit intention. The result is in line with prior research emphasizing that satisfied customers tend to maintain long-term relationships with service providers (Hapsari et al., 2017; Salamah et al., 2022).

Brand Image on Customer Satisfaction

Brand image is found to have a positive and significant effect on customer satisfaction. A favorable destination image shapes visitors' expectations and perceptions before and during the visit. When these expectations are met or exceeded, visitors are more likely to feel satisfied. This finding supports earlier studies indicating that a strong brand image contributes to higher satisfaction levels by reducing uncertainty and enhancing perceived quality in tourism destinations (Lahap et al., 2016; Rather, 2021).

Physical Evidence on Customer Retention

The findings show that physical evidence has a positive and significant direct effect on customer retention. Well-maintained facilities, cleanliness, layout, and visual attractiveness contribute to visitor comfort and perceived service quality, which in turn increase the likelihood of repeat visits. This result aligns with previous studies stating that tangible service elements play an important role in shaping customer evaluations and retention behavior in tourism settings (Somantri & Purwadhi, 2020; Tryadi & Muhajirin, 2021).

Moderating Effect of Physical Evidence

The results indicate that physical evidence does not moderate the relationship between brand image and customer retention. This suggests that visitors' perceptions of brand image are relatively stable and not significantly strengthened or weakened by variations in physical conditions. Brand image appears to influence retention primarily through cognitive and emotional evaluations rather than through interaction with physical environmental factors. This finding implies that while physical evidence directly affects retention, it does not function as a boundary condition in the relationship between brand image and customer retention.

Mediating Role of Customer Satisfaction

Between Brand Image and Customer Retention Mediating Role of Customer Satisfaction Customer satisfaction is proven to partially mediate the relationship between brand image and customer retention. This indicates that brand image influences customer retention both directly and indirectly through customer satisfaction. In line (Hair et al, 2017), this pattern represents complementary partial mediation, where both direct and indirect effects are positive and significant. The finding confirms that a strong brand image enhances revisit intention not only by shaping perceptions but also by generating satisfying experiences that reinforce long-term retention.

CONCLUSION

This study concludes that brand image plays a crucial role in shaping customer retention at Mahoni Bangun Sentosa Tourism. A positive and strong brand image directly increases visitors' intention to revisit and also

enhances customer satisfaction, which further strengthens retention. These findings indicate that brand image functions not only as a cognitive perception but also as a strategic asset in building long-term visitor relationships. Customer satisfaction is proven to have a significant positive effect on customer retention and serves as a partial mediating variable in the relationship between brand image and customer retention. This suggests that while a strong brand image can directly encourage repeat visits, visitor satisfaction acts as an important mechanism that reinforces this relationship through positive experiential evaluations. Physical evidence is found to have a significant direct influence on customer retention. Well-maintained facilities, cleanliness, and a comfortable physical environment contribute positively to visitors' intention to revisit the destination. However, physical evidence does not function as a moderating variable in the relationship between brand image and customer retention, indicating that brand perception operates independently of variations in physical conditions. Overall, the results confirm that customer retention in tourism destinations is influenced by an integrated interaction between brand image, customer satisfaction, and physical evidence. Strengthening brand perception, ensuring visitor satisfaction, and maintaining high-quality physical facilities are essential elements in sustaining long-term visitor loyalty.

Managerial Implications

Based on the research findings, several managerial implications can be formulated to support the improvement of visitor retention at Mahoni Bangun Sentosa Tourism:

1. The brand superiority indicator received the lowest score within the brand image construct, indicating that visitors have not fully perceived the destination's unique advantages. Since brand image has a significant effect on both customer satisfaction and customer retention, management should strengthen the communication of the destination's distinctive value. This can be achieved through consistent branding, enhanced visual storytelling, and the use of engaging digital promotional content that emphasizes unique attractions and authentic visitor experiences
2. The lowest score within the customer satisfaction construct was related to satisfaction with the decision to visit. Given the significant role of customer satisfaction in mediating the relationship between brand image and customer retention, management should focus on improving critical service touchpoints that shape visitor experiences. Particular attention should be given to service quality cleanliness, accessibility, and the variety of tourist activities to ensure that visitor expectations are met or exceeded.
3. The physical evidence construct reveals weaknesses in supporting facilities that contribute to visitor comfort and perceived service quality. As physical evidence has a direct and significant effect on customer retention, management should prioritize the maintenance and improvement of tangible elements such as facility cleanliness, signage clarity, spatial layout, and supporting amenities. These improvements are essential to creating a positive first impression and enhancing overall visitor comfort.
4. Within the customer retention construct, comfort emerged as the lowest-scoring indicator. Although visitors utilize available facilities, improvements in environmental comfort are necessary to encourage repeat visits. Management is advised to enhance rest areas, improve crowd flow management, ensure safety, and organize the physical environment more effectively. Improving these aspects will strengthen visitor comfort and increase the likelihood of long-term retention.

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