Enhancing Customer Loyalty in the Cosmetic Industry: The Role of Store Location and Service Quality

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ABSTRACT

In the midst of intense competition in the cosmetics industry, customer loyalty is an important key in maintaining the sustainability and existence of a company. This study aims to analyze the influence of store location and service quality on customer loyalty with customer satisfaction as a mediation variable. The investigation aims to understand the relationship between variables, the nature of mediation, and become a cornerstone in formulating practical implications for the cosmetic retail industry. The population in this study is all customers of the cosmetic industry in Badung Regency. The study obtained 150 valid samples. The data collection method is a survey method using questionnaires which was carried out offline and online through a link. The analysis technique used is an inferential analysis technique with Partial Least Square (PLS) to analyze relationships among latent constructs by modeling both the measurement and structural components of a theoretical model. The results showed that there is a significant relationship between store location and service quality to customer loyalty both directly and indirectly through customer satisfaction and this is a partial mediation, suggesting that there are other factors not included in the research model that could explain the relationship between store location and loyalty, as well as service quality and loyalty. The suggestion proposed to increase customer loyalty in cosmetic retail is to pay attention to the availability of parking lots, location convenience, and ease of accessing store locations. In addition, the quality of service can be improved through supporting facilities and infrastructure, the ability of marketers to welcome customers and provide a good value and experience to customers that can be done through trained employees.

1. INTRODUCTION

In the era of globalization, the development of the business world is increasingly dynamic and full of competition. This is also the case with competition in the increasingly competitive personal care and cosmetics industry. The demand and growth of the cosmetics and skincare industry have strengthened (Ministry of Industry, 2020). The development of the beauty industry in Indonesia has increased very rapidly, this is supported by the increasing demand for exports in the cosmetics market. Along with the trend of Indonesian people who have begun to put beauty products as a primary need (Abbas, 2022). Cosmetics are unique products, in addition to having the ability to meet women's basic needs for beauty, cosmetics are often a means for customers to clarify their identity socially in the eyes of society.

Bali is one of the seven regions in Indonesia with the highest level of demand for beauty products. This makes many cosmetic brands intensify their product markets on the Island of the Gods (Bisnisbali, 2021). Bali Province also contributes to the growth of the national cosmetic industry. Badung Regency has the largest cosmetic industry value that contributes to national growth. Currently, the Bali provincial government is focusing its attention on the growth of cosmetic sales. The Head of BPOM in Denpasar appointed the Aman Bali Cosmetics Ambassador in 2022, this was done to educate the public about cosmetic safety (Badan Pom, 2022). Cosmetics are included in the product category that has many substitute items, so consumers will be able to easily move to other brands to find brands that suit their preferences (Musnaini and Wijoyo, 2021). Therefore, cosmetic businesses are required to continue to try to meet needs with various kinds of product innovations to increase sales through strategies to create customer loyalty.

With the development of the cosmetics industry in Bali, more and more cosmetic stores are opening. These stores sell the same products both in terms of type and brand. The small room for differentiation causes switching costs to be lower so that loyalty is low. Loyalty is the result of satisfaction. Thus, cosmetic stores need to increase customer satisfaction by paying attention to the determinants of satisfaction in this industry. Observing the conditions in the field and the results of a preliminary survey with a number of consumers, it was concluded that cosmetic stores need to differentiate by providing better services for consumers such as quality consultation,

hospitality, and sincere attention. Another factor that is seen as important by consumers is a convenient location. Customers value convenience and easy accessibility. A cosmetic store located in a prime, easily reachable location reduces the effort customers need to make to visit the store. Being strategically located in a competitive retail landscape can provide a significant advantage. If a cosmetic store is positioned where customers naturally shop for beauty products, it has a better chance of outperforming competitors in terms of sales and customer loyalty. Thus, store location can be a point of differentiation amid the proliferation of cosmetic stores.

The importance of store location on customers' satisfaction and loyalty specifically in cosmetics store is deeply rooted in consumer behavior, psychology, and retail dynamics.

Customer loyalty is a customer's commitment to buy back and continue to be a subscription in the future (Keni and Sandra, 2021). Loyalty is not easy to build. Store switching is very likely to occur, including cosmetic products. From a literature review, it was found that one of the strong factors affecting customer loyalty is store location. Location is the main factor considered by consumers when deciding to shop (Dewi and Nugroho, 2018). The impact of determining the right location can make it easier for buyers to repurchase. An increasingly strategic location will maximize benefits in increasing customer loyalty. Several previous studies have also found that business location significantly increases customer loyalty (Risnawati et al., 2019; Setya et al, 2020; Harjono and Marlina, 2021; Wirawan et al, 2019; Putri et al., 2021).

Location can also create an impression that encourages customers to feel satisfied. The impression obtained has an impact on customer satisfaction so marketers must be careful in seeing market opportunities and customer wants and needs in order to be able to provide satisfaction to customers so as not to switch to competitors. Customers who can easily find a location to meet their needs will feel satisfied because various conveniences related to the location are one indicator of customer pleasure. Some previous research results explain that location has a significant positive influence on customer satisfaction (Risnawati et al., 2019; Wirawan et al., 2019; Suhendra and Asworowati, 2020; Nofindri et al., 2021; Dewi et al., 2021).

The next factor that can affect customer loyalty is customer perception related to the quality of service received (Nunkoo et al., 2020). The similarity of the types of products offered in each business is a difficult challenge so the difference that can lead customers to come back is the quality of service. Quality of service is an action offered by one party to another that is essentially intangible and leads to ownership of something. Quality service encourages customers to establish a close relationship with the company. The quality of service provided by the company to customers is one indicator that determines customer loyalty to a business. If the quality of service provided by the company to customers is good, it will have an impact on increasing customer loyalty (Setya et al., 2020; Gopi and Samat, 2020; Dewi et al., 2018; Lie et al., 2019; Tulloch, 2020).

In order to achieve customer satisfaction and expectations also requires the role of service quality. Good service is very important. Customer satisfaction is a person's feeling of pleasure or disappointment that arises after comparing the product or service they thought about before with the performance. However, the supporting tool of the marketing concept is the identification and satisfaction of customer needs. If consumers experience good performance or exceed their expectations, it means that customers will feel satisfied. Through maximum service, it will certainly provide a sense of satisfaction for customers (Furoida, 2018; Ali et al., 2018; Özkan et al., 2020; Nunkoo et al., 2020; Tulloch, 2020).

In addition to the two factors above, customer satisfaction is an important thing to note. A business that excels in competition is a business that is able to responsively get around various changes that occur in its business environment and can make meaningful changes in an effort to create customer satisfaction (Tulloch, 2020). Customer satisfaction is an after-purchase evaluation or evaluation results after comparing what is perceived with expectations. If consumers experience good performance or exceed their expectations, it means that customers will feel satisfied. A number of studies have found that customer satisfaction can significantly increase customer loyalty (Furoida, 2018; Cuong and Khoi, 2019; Kim et al., 2020; Rameli and Kempa, 2021; Keni and Sandra, 2021).

Based on this background, the problems faced by the cosmetic industry today are how to retain customers and how to create the best service to customers, considering that the products offered in each cosmetic business have high similarities. Basically, customer loyalty can not only be an opportunity for companies to benefit in terms of business, but also with more and more customers buying a product, the company will be known by many people. This is the basis for research to analyze the factors that affect customer loyalty in cosmetic businesses in Badung Regency. It is anticipated that this study will advance marketing management theory and practice, particularly with regard to enhancing consumer loyalty in the cosmetics sector.

Literature Review
Customer Loyalty
Loyalty is defined as a deeply held commitment to repurchase or subscribe to a product or service in the future (Kotler and Keller, 2016). In addition, loyalty is also defined as a deep commitment to repurchase or repeat

the preference pattern of products or services in the future, which leads to repeated purchases of the same brand or a set of the same brand, despite the involvement of situational factors and marketing efforts that have the potential to lead to switching behavior. According to Firmansyah (2018) customer loyalty is a strong commitment from customers to resubscribe or repurchase products or services they like consistently in the future, even though the influence of the situation and marketing efforts have the potential to cause switching behavior. Customer loyalty leads to a customer's commitment to a brand, business, or supplier based on a very positive attitude and is reflected in consistent repeat purchases.

Customer loyalty is the customer's desire to stay and keep making purchases at the company. Customer loyalty indicators in the research of Indiani et al. (2016) and Dewi and Nugroho (2018) used: 1) Repeat purchases, 2) Retention: resistance to negative influences about the company, 3) Referrals: referencing the company to others.

Store Location

According to Heizer and Render (2015), location is a factor that affects costs and revenues that can often affect a business strategy. The location is expected to provide maximum benefits for the company. Location is where the company operates or where the company carries out activities to produce goods and services that are concerned with its economic aspect (Tjiptono, 2017). The location of the business is the main thing to consider. Location emphasizes marketing activities, where sellers try to facilitate goods and services offered so that they can be immediately consumed by consumers.

The location of the company is a place where the company must be headquartered in its operational activities and can be reached by consumers. According to Risnawati et al. (2019) location is measured using 3 indicators, namely: 1) Access includes traffic and warehousing, 2) Visibility: how the location can be seen easily by consumers, 3) Expansion: the surrounding environment, close proximity to other facilities.

One of the considerations for customers to decide to shop again is a strategic business location. Determining the right business location can make it easier for buyers to repurchase. Some previous studies such as Furoida (2018) stated that business location has an impact on increasing customer loyalty to Martabak Platinum Ruby Pekalongan Café. Risnawati et al. (2019) explained that location has a significant positive effect on customer loyalty in the freight forwarding business sector in Jabotabek. This was also found by Hermanto et al. (2019) concluded that business location affects customer loyalty in the Photocopy of Anugrah Rengat. Research by Setya et al. (2020), states that directly the business location has a positive and significant effect on customer loyalty at Raihan Bakery Cake and Shop Medan. Harjono and Marlina (2021) found that business locations have a dominant influence on Star Motor Carwash customer loyalty. The impact of location can create an impression that drives customer satisfaction. The impression obtained has an impact on customer satisfaction so marketers must be careful in seeing market opportunities and customer wants and needs in order to be able to provide satisfaction to customers so as not to switch to competitors.

Previous research conducted by Risnawati et al. (2019) found that location has a significant positive influence on customer satisfaction in the freight forwarding business sector in Jabotabek. Wirawan et al. (2019) stated that the store location was able to increase customer satisfaction with Lamuna Coffee in Bone Regency. Suhendra and Asworowati (2020) stated that customers will be loyal when the business location is easy to reach and feel satisfied with it. Harjono and Marlina (2021) also found that location has a positive and significant influence on customer satisfaction at Star Motor Carwash. Nofindri et al. (2021) found that store location has a positive influence and is able to increase customer satisfaction at the Wirda Mini Market in Padang City. Dewi et al. (2021) obtained similar finding that location has a significant influence on customer satisfaction of Step Coffee Shop. From these empirical studies, the following hypotheses can be formulated:

H1: Store location has a positive and significant influence on customer loyalty.
H2: Store location has a positive and significant influence on customer satisfaction.

Service Quality

According to Kotler and Keller (2016) service quality is a model that describes customer conditions in the form of expectations for service from past experience, word of mouth and advertising by comparing the service they expect with what they receive or feel. According to Tjiptono (2017), service quality or service quality is a measure of how well the level of service provided is able to match customer expectations. Service quality can be interpreted as a strategy focusing on meeting needs and requirements, as well as on punctuality to meet customer expectations. Service quality applies to all types of services provided by the company. Based on some of the above understanding, it can be concluded that service quality is a level of service provided by marketers to customers related to customer expectations and needs. According to Parasuraman (2014) attributes that can be used to evaluate service quality can be seen from five main dimensions, namely:

1) Physical evidence (tangible) in service quality is a form of real actualization that can be physically seen or used by employees in accordance with their use and utilization that can be felt to help the service.

2) Reliability (reability), every service requires a reliable form of service meaning that in providing services every employee is expected to have the ability in knowledge, expertise, independence, mastery and high work professionalism.
3) Responsiveness, which is a policy to help and provide fast and appropriate service to customers, with clear delivery of information.
4) Assurance, namely the knowledge, courtesy, and ability of company employees to foster customer trust in the company.
5) Empathy, which is giving sincere and individual or personal attention to customers in the form of understanding customer desires.

Service quality encourages customers to establish a close relationship with the company so as to create customer loyalty. If the quality of service provided by the company to customers is good, it will have an impact on customer assumptions that the company has been professional in providing services so as to encourage customers to remain loyal. Furoida (2018) found that service quality affects customer loyalty of Martabak Platinum Ruby Pekalongan Cafe. Dewi et al. (2018) found the same result that service quality affects Padma Resort Legian consumer loyalty. Nunkoo et al. (2020) found that service quality affects customer satisfaction at star hotels in South Africa. Saputri et al. (2020) found that service quality has a positive and significant effect on Media Advertising customer loyalty in Samarinda. Gopi and Samat (2020) research found that service quality has a positive and significant effect on Food Trucks customer loyalty in Malaysia. Service to customers is a form of interaction between service providers and service recipients. In order to achieve customer satisfaction and expectations, good service is very important provided by marketers. However, the supporting tool of the marketing concept is the identification and satisfaction of customer needs. Through maximum service, it will certainly provide a sense of satisfaction for customers. Satisfied customers will continue to make purchases, and vice versa.

Some studies such as Furoida (2018) found that service quality affects customer satisfaction. Levy (2014) found that quality service emphasizing convenience significantly increases customer satisfaction in Israeli banking industry. Chotivanich (2016) found similar finding that service quality significantly improves satisfaction in service sector. Research by Ali et al (2018) states that four dimensions of service quality (empathy, responsiveness, assurance and tangible) have a positive relationship with customer satisfaction. Özkan et al (2020) in their research showed that customers who receive good service quality show higher satisfaction in banking industry in Turkey. The same results obtained by Nunkoo et al. (2020) that service quality has a positive and significant influence on customer satisfaction. Tulloch (2020) obtained the same result that service quality has a significant positive effect on consumer loyalty at Distro Bloods Solo. From these empirical studies, the following hypotheses can be formulated:

H3: Service quality has a positive and significant influence on customer loyalty.
H4: Service quality has a positive and significant influence on customer satisfaction.

Customer Satisfaction

According to Priansa (2017), customer satisfaction is a picture of the difference between expectations and performance. If expectations are high, while performance is mediocre, satisfaction will not be achieved or even cause disappointment for customers. Conversely, if the performance exceeds the expected, satisfaction will increase. Another opinion according to Kotler and Keller (2018), satisfaction is a person's feeling of pleasure or disappointment that arises from comparing the perceived performance of the product against their expectations. If performance fails to meet expectations, customers will be dissatisfied. Research by Indiani et al (2016) states the indicators in measuring satisfaction are as follows: 1) Satisfaction with product quality, 2) Satisfaction with service quality, 3) Overall experience with the company

Customer satisfaction and the pleasure consumers get after shopping encourage them to make purchases again. Satisfaction is very important in the beauty business because it can increase customer loyalty. Boonlertvanich (2019) and Indiani et al. (2021) found that customer satisfaction in bank service significantly improves both customer attitudinal loyalty as well as behavioral loyalty. Furoida (2018) found that satisfaction affects customer loyalty. Cuong and Khoi (2019) found that customer satisfaction has a significant positive influence on customer trust and loyalty in convenience stores in Vietnam. Kim et al. (2020) found that customer satisfaction, in both old and new retail companies showed a significant influence on customer loyalty in Korea. Rameli and Kempa (2021) found that customer satisfaction has a significant influence on loyalty to Mie Gajah Mada Sidoarjo Restaurant. Similar results obtained by Keni and Sandra (2021) found that customer satisfaction has a significant influence on predicting customer loyalty in the Jakarta retail industry.

Research by Risnawati et al. (2019) explains that location has an indirect effect on customer loyalty through customer satisfaction in the freight forwarding business sector in Jabotabek. Suhendra and Asworowati (2020) explained that customers will be loyal when the business location is easy to reach and feel satisfied with it.

Firdaus et al. (2022) gained a significant influence between business location and customer loyalty through satisfaction. Harjono and Marlina (2021) also found that location has a significant effect on customer loyalty with customer satisfaction as a mediator variable in Star Motor Carwash. Nofindri et al. (2021) also found the influence of location on consumer loyalty with consumer satisfaction as mediation at the Wirda Mini Market in Padang City. Furoida (2018) found a positive and significant influence between service quality on customer loyalty through satisfaction. Risnawati et al. (2019) found that service quality has a positive and significant effect on customer loyalty through satisfaction in the freight forwarding sector in Jabotabek. Saputri et al. (2020) obtained the results of service quality having a positive and significant effect on customer loyalty through satisfaction with advertising media in Samarinda City. Keni and Sandra (2021) found that customer satisfaction was able to mediate the effect of service quality on customer loyalty. Rameli and Kempa (2021) obtained the same results, service quality has a significant effect on customer loyalty through satisfaction at Mie Gajah Mada Sidoarjo Restaurant. From these empirical studies, the following hypotheses can be formulated:

H5: Customer satisfaction has a significant influence on customer loyalty.

H6: Customer satisfaction mediates the influence of store location on customer loyalty.

H7: Customer satisfaction mediates the influence of service quality on customer loyalty

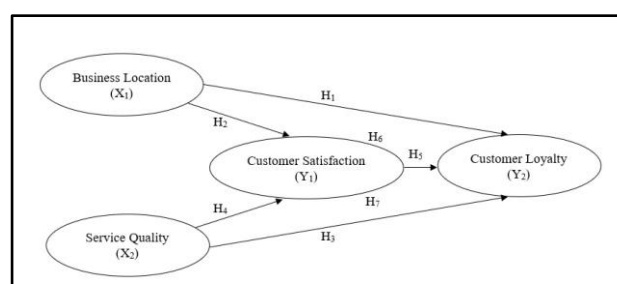The conceptual framework of the study is depicted as follows:

Figure 1. Research Conceptual Framework

2. METHOD

The present investigation utilizes a quantitative approach and the survey methodology to achieve its research objective, which is to examine the impact of dependent variables on independent variables. In the quantitative approach, a theory based on many constructs is tested, and analyzed statistically to verify the veracity of the theory's expected generalizations, and the issue is examined from a social or humanitarian perspective (Creswell, 2003). Information is gathered via a survey using the answers from a sample of respondents (Check & Schutt, 2011).

This research is conducted in Badung Regency. This location was chosen because Badung Regency is a location that has the highest number of cosmetic industry players in Bali Province. The high number of population development accompanied by increasing population mobility activities and technological advances can provide good opportunities for the development of cosmetics retail. The population in this study is all customers who have visited cosmetic retail stores in Badung Regency. The sample criteria are customers who have become members of one of the cosmetic retail stores in Badung Regency. This criterion is set so that respondents can provide accurate answers to questionnaire statements regarding their experience shopping at cosmetics retail store. The sample size taken based on Hair et al. (2010) is as much as 10 times the number of indicators so that it is obtained (10 x 15 = 150) 150 respondents who are customers or members of cosmetic retail stores in Badung Regency. The data collection method used is a survey method using a questionnaire. Statement items are measured on a Likert scale using five scale from 1 (strongly disagree) to 5 (strongly agree). The statements in the questionnaire reflect the four variables used in this study, namely: store location, service quality, customer satisfaction, and customer loyalty. Store location is measured using four indicators: strategic location, convenience parking, convenience environment, and convenience access. Service quality is measured using five indicators: supporting facilities and infrastructure, friendly employees, employee responsiveness, consulting trustworthiness, and genuine attention. Customer satisfaction is measured using three indicators: satisfaction with product quality, service satisfaction, and good shopping experience. Customer loyalty is measured using three indicators: the store becomes the main choice, repeatedly shop at the store, and give positive recommendations.

PLS was used to analyze relationships among latent constructs by modeling both the measurement and structural components of a theoretical model using the WarpPLS 7.0 software package. The following PLS parameters were set:

- Tenenhaus GoF (GoF) small >= 0.1, medium >= 0.25, large >= 0.36
- Sympson's paradox ratio (SPR) acceptable if >= 0.7, ideally = 1

- R-squared contribution ratio (RSCR) acceptable if >= 0.9, ideally = 1
- Statistical suppression ratio (SSR) acceptable if >= 0.7
- Nonlinear bivariate causality direction ratio (NLBCDR) acceptable if >= 0.7
- Significance level: 0.001 to 0.05

3. RESULT DAN DISCUSSION

Validity and Reliability Test

The validity test results are shown in Table 1 as seen from the loading factor value. The standard levels of significance commonly used are 0.05, 0.01, and 0.001. Our decision to choose a significance level of 0.001 instead of 0.05 reflects a more conservative approach to hypothesis testing. We opt for a stricter criterion as we want to be more certain that the observed effects or differences are not due to random chance. Also, as we work with small sample sizes, statistical power can be limited. Therefore, a more conservative significance level may compensate for this limitation, making it less likely to detect effects that are not genuinely present. The results showed that the loading factor value of each indicator was above 0.6, which means that all indicators measure their latent constructs well so that it can be concluded that the indicators used are valid.

Tabel 1. Validity test result

Construct	Measurement items	p value	Loading factor
Store location (X_1)	$X_{1.1}$ Strategic location	<0.001	0.902
	$X_{1.2}$ Convenience parking	<0.001	0.942
	$X_{1.3}$ Convenience environment	<0.001	0.972
	$X_{1.4}$ Convenience access	<0.001	0.960
Service quality (X_2)	$X_{1.1}$ Supporting facilities and infrastructure	<0.001	0.944
	$X_{1.2}$ Friendly employees	<0.001	0.956
	$X_{1.3}$ Employee responsiveness	<0.001	0.968
	$X_{1.4}$ Consulting trustworthiness	<0.001	0.947
	$X_{1.5}$ Genuine attention	<0.001	0.954
Customer satisfaction (Y_1)	$Y_{1.1}$ Satisfaction with product quality	<0.001	0.958
	$Y_{1.2}$ Service satisfaction	<0.001	0.962
	$Y_{1.3}$ Good shopping experience	<0.001	0.950
Customer loyalty (Y_2)	$Y_{2.1}$ The store becomes the main choice	<0.001	0.965
	$Y_{2.2}$ Repeteadly shop at the store	<0.001	0.962
	$Y_{2.3}$ Giving recommendation	<0.001	0.963

The reliability test results in Table 2 show Cronbach Alpha value of each variable is greater than 0.70. This shows that all variables have good reliability.

Tabel 2. Reliability test result

Variable	*Cronbach Alpha*
Store location (X_1)	0,971
Service quality (X_2)	0,981
Customer satisfaction (Y_1)	0,970
Customer loyalty (Y_2)	0,975

Hypotheses Testing

The results of path analysis shown in Table 1 show that H1 is accepted, where store location has a positive and significant influence on loyalty. H2 is accepted, that is, store location has a positive and significant influence on satisfaction. H3 is accepted, that is, service quality has a positive and significant influence on loyalty. H4 is accepted, that is, service quality of service has a positive and significant influence on satisfaction. H5 was accepted, i.e. satisfaction has a positive and significant influence on loyalty. In mediation testing, hypothesis 6 is also accepted where customer satisfaction partially mediates the relationship between store location and customer loyalty. H7 is accepted where customer satisfaction partially mediates the relationship between service quality and customer loyalty.

Tabel 3. Hypotheses Test Result

Construct	Path Coefficient	P value	Remark
Direct Effect			
Store location->Customer satisfaction	0.33	<0.001	Significant
Service quality->Customer satisfaction	0.63	<0.001	Significant
Store location ->Customer loyalty	0.13	<0.05	Significant
Service quality -> Customer loyalty	0.63	<0.001	Significant
Customer Satisfaction -> Customer loyalty	0.22	<0.002	Significant
Mediation Effect			
Store location->Satisfaction->Loyalty	0.50	<0.001	Significant
Store location-> Loyalty	0.95	<0.001	Significant
Service quality -> Satisfaction ->Loyalty	0.72	<0.001	Significant
Service quality -> Loyalty	0.97	<0.001	Significant

Discussion

The Influence of Store Location on Customer Loyalty

A better store location will increase customer loyalty at cosmetic retail stores in Badung Regency. Every business, especially cosmetic retail stores that distribute products directly to end consumers, certainly requires a location that is easily accessible to consumers. The strategic location has the power to encourage customers to shop back to a cosmetics retail store. In addition to strategic location, a large parking lot also greatly impacts customer loyalty. The results of this study are in accordance with the findings of Furoida (2018), Risnawati et al. (2019), Hermanto et al. (2019), Setya et al. (2020), and Harjono and Marlina (2021) finding that store location that has a positive and significant influence on customer loyalty. Aspects that need to be considered to improve business locations are the availability of parking lots, location convenience, and ease of accessing store locations. The availability of parking must certainly be considered well, who is the target customer greatly determines this decision. If the target customer is the upper middle class, store must ensure that the car can be parked easily and avoid working with merchants who usually rent parking lots to sell their product (cart systems) because this is one of the factors that cause customers to be reluctant to visit because of difficulty finding parking.

The Influence of Store Location on Customer Satisfaction

A better store location will increase customer satisfaction at cosmetic retail stores in Badung Regency. In a cosmetics retail store, a location is a place used to serve customers. The impact of store location can create an impression that encourages customers to feel satisfied. A location that is comfortable and in accordance with customer expectations will certainly provide a sense of satisfaction to customers. This relates to the emotional attitude of customers in making purchases at a cosmetics retail store. A cosmetic retail store in Badung Regency certainly has to consider the location carefully, because a good location will give a sense of satisfaction to customers. The results of this study are in accordance with the research of Risnawati et al. (2019), Wirawan et al. (2019), Harjono and Marlina (2021), Nofindri et al. (2021) and Dewi et al. (2021) found similar things that location has a significant influence on customer satisfaction. Environment convenience is also a factor that marketers must pay attention to, this can be done by ensuring good lighting, air, and cleanliness inside and even outside the store. An aspect that needs to be considered related to business location in increasing customer satisfaction is convenience. Convenience can be ensured by displaying best-seller products in a place that is easy to find and providing a stock warehouse so that product displays are not disturbed which certainly increases customer convenience in choosing the product to buy. While ease of access can be done by registering the business on Google map or adding signage in front of the store so that customers can see it clearly.

The Influence of Service Quality on Customer Loyalty

Service quality is an intangible service provided by marketers to customers of cosmetic retail stores. In a cosmetic retail store competition, service quality is a force in maintaining customer loyalty. Good service will encourage the desire to keep coming back to one of the cosmetic stores that have been trusted by customers. In this study, customer perception related to the quality of service at cosmetic retail stores in Badung is quite high. Customer trust in the consultation provided and sincere attention still need attention. This is because the quality service provided by cosmetic retail stores in Badung Regency will encourage customers to establish a close relationship with the company so as to increase customer loyalty. This finding is in accordance with the research of Furoida (2018), Dewi et al. (2018), Nunkoo et al. (2020), Saputri et al. (2020) and Gopi and Samat (2020) which

found that service quality has a positive and significant effect on customer loyalty. Some aspects that need attention are the ability of marketers to welcome customers also need to be considered by making good service standards, training employees related to the content and benefits of products is also needed to improve the ability to provide consultations, especially in the field of beauty or cosmetics so that employees can recommend and provide solutions to customers, quickly respond to customer complaints and provide genuine attention to the customers by making sure every complaint can be handled properly.

The Influence of Service Quality on Customer Satisfaction

Better service quality will increase customer satisfaction at cosmetic retail stores in Badung Regency. In a cosmetics retail store that sells products similar to competitors must have the power to provide satisfaction to customers. This satisfaction can be realized through the services provided to customers. This is because the success of a customer-centric cosmetics retail store depends largely on providing quality service that leads to increased customer satisfaction. A marketer in addition to being required to provide quality products is also expected to provide quality service and create customer satisfaction through good experience shopping at cosmetic retail stores. Through maximum service, it will certainly provide a sense of satisfaction for customers. The results of this study are in accordance with the study by Levy (2014), Chotivanich (2016), Furoida (2018), Ali et al. (2018), Özkan et al. (2020), Nunkoo et al. (2020) and Tulloch (2020) found the same results that service quality has a significant positive effect on customer loyalty. Some things that need to be considered include providing supporting facilities and infrastructure such as the provision of tester products and mirrors that are sufficient for customers to use in trying products, product quality according to BPOM standards must also be considered.

The Influence of Customer Satisfaction on Customer Loyalty

Better customer satisfaction will increase customer loyalty at cosmetic retail stores in Badung Regency. Customer loyalty is an important factor in supporting the success of a business. With loyal customers, companies can have a higher market share and reduce operational costs. Loyalty will be obtained when customers feel comfortable and satisfied with a service. Customer satisfaction is shown by the pleasure consumers get after shopping. The tendency of customers to repurchase is to get the same satisfaction. In a cosmetics retail store, customer satisfaction causes customer loyalty so that consumers will make purchases again. Therefore, customer satisfaction increases customer loyalty. This is in line with the research of Boonlertvanich (2019), Indiani et al. (2021), Furoida (2018), Cuong and Khoi (2019), Kim et al. (2020), Rameli and Kempa (2021), and Keni and Sandra (2021) which found that customer satisfaction has a significant influence on customer loyalty in the retail industry. A cosmetics retail store in Badung Regency can also provide a good value and experience to customers which can be done through trained employees. This is because the satisfaction aspect is an important factor in marketing strategy. Satisfaction with product quality can be achieved by ensuring the product has BPOM standards and checking the product expiration period. Satisfaction with service can be achieved by ensuring employees can use their product knowledge to explain product benefits to customers, and quickly respond to customer complaints by listening and providing solutions as proof that marketers care about customer needs. In addition, employees must also be able to ensure that what customers expect can be met according to customer expectations so as to create customer satisfaction through communication with customers to find out customer needs. This can also be done through surveys and questionnaires to be able to increase customer satisfaction and also find out other factors that can build customer loyalty.

Customer Satisfaction in Mediating the Influence of Store Location on Customer Loyalty

The analysis of the influence of store location on customer loyalty through mediation of customer satisfaction showed significant result. Customer satisfaction partially mediates the relationship between store location and customer loyalty at cosmetic retail stores in Badung Regency. Before deciding to buy, consumers also determine the location where they will shop. This location will affect the emotional state of consumers, which then encourages them to return to shopping. The impact of the store location can create an impression that makes buyers remember the business and intend to return again to buy. The impression obtained will encourage customer satisfaction which has an impact on customer loyalty. The more easily accessible and convenient the location is for customers, the more customers will be able to create a positive impression that causes customers to feel satisfied and ultimately has an impact on consumer loyalty to the company. In order to achieve customer loyalty, cosmetic retail store managers in Badung Regency must pay attention to customer satisfaction with store location. Customer satisfaction has an important role in mediating the relationship between store location and customer loyalty. This result is in accordance with the research of Risnawati et al. (2019), Suhendra and Asworowati (2020), Firdaus et al. (2022), Harjono and Marlina (2021) and Nofindri et al. (2021) who also found locations affecting consumer loyalty with consumer satisfaction as mediation.

Customer Satisfaction in Mediating the Influence of Service Quality on Customer Loyalty

Customer satisfaction partially mediates the relationship between service quality and customer loyalty at cosmetic retail stores in Badung Regency. Service quality is a factor that determines the success of the company's ability to provide quality service to customers and as a company strategy to create satisfaction, a positive perception of customer assessment of the quality of the products or services offered. In order to achieve a high level of customer satisfaction, cosmetic retail store managers in Badung Regency must pay attention to service quality. Quality provides a special encouragement for customers to establish long-term mutually beneficial relationships with the company in the form of loyalty. Loyalty appears preceded by satisfaction experienced by customers. The creation of satisfaction will encourage customers to make repeated purchases which reflect customer loyalty at cosmetic retail stores in Badung Regency. Customers will stay because they feel satisfied and comfortable with the service obtained, and will be more likely to become loyal customers. Customer satisfaction has an important role in mediating the relationship between service quality and loyalty. This result is in accordance with the findings of Furoida (2018), Risnawati et al. (2019), Saputri et al. (2020), Keni and Sandra (2021) and Rameli and Kempa (2021) who obtained the same results that service quality has a significant influence on customer loyalty through customer satisfaction.

4. CONCLUSION

In the midst of intense competition in the cosmetics industry, customer loyalty is an important key in maintaining the sustainability and existence of the company. This study aims to analyze the factors that influence customer loyalty in cosmetic retail in Badung Regency. The results of the study found that store location, service quality, and customer satisfaction have a positive and significant influence on customer loyalty. In addition, customer satisfaction partially mediates the influence of store location and service quality on customer loyalty. In an effort to increase customer loyalty, cosmetics retail in Badung Regency needs to improve its performance in several aspects, namely store location, especially in determining the location, parking lot, convenience of the surrounding environment, and ease of accessing the business. In service quality, it is necessary to pay attention to facilities and infrastructure in supporting marketing activities, reliability, responsiveness from marketers, guarantees given to customers, and attention given to customers. To improve customer satisfaction, it is very important to ensure high product quality, the ability to serve customers, and the shopping experience that customers want to have. A limitation of this study is the limited generalization of research results in other industries because the unique characteristics of other industries can change a series of factors that affect customer loyalty. Further research can develop models by analyzing the effect of demographic moderation on cosmetic purchasing behavior. In addition, further research could employ qualitative methods to explore the topic.

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