



Decoding Gen Z loyalty in the photo booth industry: The interplay of price, digital marketing, and satisfaction

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ABSTRACT

Purpose: This study aims to investigate the determinants of customer loyalty within this context, specifically examining the influence of price and digital marketing, with customer satisfaction serving as a mediating variable.

Design/methodology/approach: This quantitative study used purposive sampling to select respondents. A correlational research strategy was employed, and hypotheses were tested using path analysis in Jamovi 2.6.19.

Findings: The results reveal that both price and customer satisfaction have a significant positive direct effect on customer loyalty. However, digital marketing does not exhibit a significant direct influence on loyalty. Furthermore, price and digital marketing are found to have a significant effect on customer satisfaction. Critically, the findings confirm that customer satisfaction serves as a significant mediator in the relationship between (a) price and customer loyalty, and (b) digital marketing and customer loyalty.

Originality/value: This research provides novel insights into the drivers of loyalty within the niche but rapidly growing photo booth service industry. It underscores the pivotal mediating role of customer satisfaction, offering valuable implications for marketers and business owners targeting Gen Z consumers in experiential service sectors.

Keywords: *Gen Z, Price, Digital Marketing, Customer Satisfaction, Customer Loyalty, Photo Booth Services*

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ABSTRAK

Tujuan - Tujuan: Studi ini bertujuan untuk menyelidiki faktor-faktor penentu loyalitas pelanggan dalam konteks ini, khususnya meneliti pengaruh harga dan pemasaran digital, dengan kepuasan pelanggan sebagai variabel mediasi.

Desain/metodologi/pendekatan: Studi kuantitatif ini menggunakan pengambilan sampel bertujuan untuk memilih responden. Strategi penelitian korelasional digunakan, dan hipotesis diuji menggunakan analisis jalur di Jamovi 2.6.19.

Temuan: Hasil penelitian menunjukkan bahwa harga dan kepuasan pelanggan memiliki pengaruh langsung positif yang signifikan terhadap loyalitas pelanggan. Namun, pemasaran digital tidak menunjukkan pengaruh langsung yang signifikan terhadap loyalitas. Lebih lanjut, harga dan pemasaran digital ditemukan memiliki pengaruh yang signifikan terhadap kepuasan pelanggan. Secara kritis, temuan tersebut menegaskan bahwa kepuasan pelanggan berfungsi sebagai mediator yang signifikan dalam hubungan antara (a) harga dan loyalitas pelanggan, dan (b) pemasaran digital dan loyalitas pelanggan.

Orisinalitas/nilai: Penelitian ini memberikan wawasan baru tentang pendorong loyalitas dalam industri jasa photo booth yang khusus namun berkembang pesat. Hal ini menggarisbawahi peran mediasi penting dari kepuasan pelanggan, menawarkan implikasi berharga bagi pemasar dan pemilik bisnis yang menargetkan konsumen Gen Z di sektor layanan pengalaman.

Kata kunci: Gen Z, Harga, Pemasaran Digital, Kepuasan Pelanggan, Loyalitas Pelanggan, Layanan Photo Booth

1. Introduction

The rapid rise of digital technology has transformed the global business landscape, with the photography industry exemplifying this change. A notable trend is the demand for experiential consumption, particularly among Generation Z, who prefer personalized, shareable experiences. This has led to the popularity of self-photo studios, where customers can capture their own images in a private setting, appealing to modern consumer values (Dhanapal et al., 2020). In Indonesia, Photomatics has emerged as a leader in this sector by offering a self-photo studio with vintage charm in bustling areas like Blok M in Jakarta. While it has attracted an initial customer base through social media, its challenge lies in fostering long-term loyalty in a competitive market, where rivals include Selfie Time and Foto Hookie. Although Photomatics has a compelling value proposition, it struggles to ensure repeat patronage.

In such a highly competitive landscape, customer loyalty is not merely a function of service quality but is also significantly shaped by pricing strategies and digital marketing efforts. Price is a critical determinant in the consumer decision-making process, especially for Gen Z, a cohort known for its value-consciousness and tendency to weigh economic factors before selecting a product or service. According to Farisi and Siregar (2020), pricing plays a pivotal role, where an appropriate pricing strategy can directly influence demand and a firm's competitive positioning. Concurrently, digital marketing has become indispensable for building and sustaining customer engagement. Through interactive content, compelling promotions, and a robust presence on social media platforms, businesses can foster stronger connections with their target audience. The proliferation of technology and the internet has compelled small and medium enterprises (SMEs) to innovate their marketing approaches. Marketplaces and social media not only help producers promote their offerings but also simplify the transaction process for customers (Ummah et al., 2020), thereby enhancing the overall customer experience and potential loyalty.

Despite the well-documented relationships between price, digital marketing, satisfaction, and loyalty, a significant research gap persists. The specific mediating role of customer satisfaction in linking price and digital marketing to customer loyalty remains underexplored, particularly within emerging, experience-centric service industries. Existing studies have predominantly examined the direct effects of these variables in isolation or within traditional sectors such as retail and hospitality (e.g., Han & Ryu, 2009; Rahman et al., 2018). However, the photobox industry presents a unique confluence of factors that warrant dedicated investigation: it is a highly experiential, "Instagrammable" service targeted almost exclusively at the Gen Z demographic, and it operates in a saturated market with low switching costs. In this specific context, satisfaction may function not merely as a direct antecedent of loyalty but as the crucial psychological mechanism through which price perceptions and digital marketing efforts are translated into enduring customer relationships (Bei & Chiao, 2006; Han & Ryu, 2009; Nst et al., 2024).

The extant literature provides a robust foundation for this proposition. For instance, in the restaurant industry, service quality has been shown to affect customer loyalty through satisfaction indirectly (Kuo et al., 2011; Rahman et al., 2018). Similarly, satisfaction mediates the relationship between perceived price fairness and loyalty, indicating that equitable pricing enhances satisfaction, which in turn fosters loyalty (Asadi et al., 2014; Malik et al., 2020; Martín-Consuegra et al., 2007). Furthermore, price perceptions—particularly those related to fairness and perceived value—are critical in maintaining a satisfied and loyal customer base (Bei & Chiao, 2006; Han & Ryu, 2009; Nst et al., 2024). The physical environment in retail settings, including décor and spatial layout, has also been found to influence price perceptions, which, in turn, affect satisfaction and loyalty (Han & Ryu, 2009).

Secondly, digital marketing strategies significantly influence customer satisfaction and loyalty. Personalized marketing, social media engagement, and timely digital services enhance customer satisfaction, thereby boosting loyalty (Kulkarni et al., 2026; Manoharan et al., 2025). Digital communication positively affects the brand-customer relationship, leading to increased loyalty through enhanced customer citizenship behavior (Tran, 2025). These findings collectively suggest that satisfaction serves as a key conduit through which marketing efforts and pricing strategies influence loyalty outcomes.

Synthesizing these streams of literature reveals a clear opportunity for theoretical advancement. While previous research has confirmed the individual links between price, digital marketing, satisfaction, and loyalty, no known study has integrated these variables into a unified mediation model within the context of the photobox service industry. This is a notable omission, given the industry's rapid growth and its unique appeal to Gen Z consumers—a demographic whose consumption patterns are heavily influenced by digital engagement and value-for-money perceptions. Therefore, this study aims to address this gap by developing and empirically testing a mediation model that positions customer satisfaction as the central mediating variable. By focusing on Photomatics Blok M's customers, this research seeks to provide a nuanced understanding of how price and digital marketing interact to foster loyalty in this vibrant and competitive industry. The originality of this study lies in its novel application of a mediation framework to dissect the consumer psychology of Gen Z within the underexplored empirical context of the photobox service sector. In doing so, it offers both theoretical contributions to the services marketing literature and actionable insights for practitioners navigating this dynamic market.

2. Theory and Hypothesis

This study is grounded in the Stimulus-Organism-Response (S-O-R) theory, pioneered by Mehrabian and Russell (1974). This framework posits that external environmental stimuli (S) influence an individual's internal affective and cognitive states (the organism, O), which in turn drive their behavioral responses (R). In the context of this research, price and digital marketing serve as the external stimuli. These stimuli are processed by the customer (the organism), resulting in an internal state of customer satisfaction. The subsequent behavioral response manifested is customer loyalty. The S-O-R theory provides a robust theoretical underpinning for positioning customer satisfaction as a mediating variable, as it explicitly acknowledges that behavioral responses (loyalty) are often mediated by internal affective and cognitive conditions such as satisfaction (Jacoby, 2002).

Digital Marketing

Digital marketing is defined as the practice of promoting products or services using digital channels, primarily the internet and online media, to engage with consumers (Aprilia et al., 2024). In contrast to conventional marketing, digital marketing offers greater interactivity, personalization, and measurability (Chaffey & Ellis-Chadwick, 2019). As highlighted in the introduction, for Generation Z, a robust digital presence constitutes the primary reality of a brand. Through interactive content on platforms like Instagram and TikTok, targeted promotions, and responsive online engagement, businesses can cultivate sustainable connections that extend far beyond physical interactions (Ummah et al., 2020).

Price

Price represents the amount of value (typically monetary) that a consumer sacrifices to obtain the benefits of owning or using a product or service (Tjiptono, 2019). The introduction emphasized that Gen Z is characterized as a value-conscious cohort, inclined to carefully weigh economic benefits before selecting a service (Farisi & Siregar, 2020). The perception of price fairness and its alignment with the quality of the experiential outcome is therefore critical in post-purchase evaluations.

Customer Satisfaction

Customer satisfaction is defined as a post-consumption evaluation indicating that a product or service has met or exceeded customer expectations (Oliver, 1999). It serves as a critical benchmark for companies to identify areas for improvement; dissatisfaction can not only lead to customer defection but also trigger the spread of negative complaints (Bimbing et al., 2024). In the context of experiential services like photo booths, satisfaction is heavily influenced by the emotional and aesthetic resonance of an "Instagrammable" experience.

Customer Loyalty

Customer loyalty is defined as a deeply held commitment to repurchase or patronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1999). It is manifested not only through repeat purchases but also through a propensity to recommend the product or service to others (Nurwati et al., 2023). In the saturated photo booth market characterized by low switching costs, loyalty represents a critically strategic asset.

Hypothesis Development

Transparent and fair pricing policies play a crucial role in building trust, which forms the foundation for long-term loyalty. Conversely, price ambiguity or unfairness can damage the

customer-company relationship. Affordable prices commensurate with the perceived value tend to enhance a customer's commitment to remain loyal. In line with this, Nurwati et al. (2023) found that price has a significant effect on customer loyalty. Therefore, the following hypothesis is proposed:

H1. Price has a positive and significant effect on customer loyalty.

Digital marketing plays an essential role in business development by enhancing customer engagement and fostering long-term loyalty. Effective digital strategies, such as relevant content and social media interaction, strengthen the emotional bond between the brand and its customers. Aprilia et al. (2024) found that digital marketing has a significant effect on customer loyalty. Furthermore, research by Zulfiana et al. (2024) demonstrated that digital marketing positively impacts customer loyalty and enhances market performance. Thus, the proposed hypothesis is:

H2. Digital marketing has a positive and significant effect on customer loyalty.

Price not only reflects the cost incurred but also serves as a signal of quality and value. Customers compare the price they pay with their expectations and the reality of the experience received. When the price is perceived as fair and commensurate with the benefits, customer satisfaction increases. Conversely, excessively high prices not matched by quality will lead to dissatisfaction. Research by Nurdian et al. (2023) indicates that price has a significant effect on customer satisfaction. Therefore:

H3. *Price has a positive and significant effect on customer satisfaction.*

Internet-based digital marketing, particularly when personalized and responsive, has the capacity to enhance customer satisfaction. Relevant interactions, targeted offerings, and prompt customer service through social media create positive experiences that contribute to satisfaction. Research by Gasawneh et al. (2024) provides evidence that digital marketing strategies, such as social media marketing and search engine optimization, have a positive impact on customer satisfaction. Accordingly, the fourth hypothesis is:

H4. *Digital marketing has a positive and significant effect on customer satisfaction.*

The relationship between satisfaction and loyalty is one of the most robust foundations in marketing theory (Oliver, 1999). Satisfied customers, whose expectations have been met and who have had positive experiences, are more likely to make repeat purchases and resist switching to competitors. Research by Septyarani & Nurhadi (2023) and Subawa & Sulistyawati (2020) confirms that customer satisfaction has a positive and significant impact on loyalty. Thus:

H5. *Customer satisfaction has a positive and significant effect on customer loyalty.*

Referring to the S-O-R theory (Mehrabian & Russell, 1974) and the discussion in the introduction, customer satisfaction is positioned as the internal organism that mediates the influence of external stimuli (price and digital marketing) on the loyalty response. A fair price aligned with perceived value can not only directly encourage loyalty but also do so indirectly by first creating satisfaction. Customers who feel they have received good value for their money will feel satisfied, and it is this satisfaction that subsequently drives their loyalty. Research by Asri (2022) demonstrated that price has a significant effect on loyalty, and this mechanism is often mediated by satisfaction (Malik et al., 2020; Martín-Consuegra et al., 2007). Therefore:

H6. Customer satisfaction mediates the effect of price on customer loyalty.

Similarly, effective digital marketing enhances customer experience and engagement, leading to increased satisfaction. The satisfaction formed from these positive digital interactions then becomes a primary driver of long-term loyalty, such as repeat purchases and brand advocacy. Research by Hendrayati & Nurwulandari (2022) confirms that digital marketing has a positive effect on satisfaction, which in turn enhances customer loyalty. Aligning with the findings of Kulkarni et al. (2026) and Manoharan et al. (2025) cited in the introduction, personalized digital strategies enhance satisfaction, which subsequently fosters loyalty. Thus:

H7. Customer satisfaction mediates the effect of digital marketing on customer loyalty.

3. Methodology

Research Design

This study employs an associative research design with a quantitative approach, aiming to analyze the relationship between independent variables and the dependent variable, both directly and indirectly through a mediating variable. According to Suryani and Hendryadi (2016, p. 109), quantitative research utilizes numerical data analysis to describe and test relationships among variables. Data were collected through a survey method using a structured questionnaire to examine the influence of price and digital marketing on customer loyalty, with customer satisfaction serving as a mediating variable (Hendryadi et al., 2019, 2025).

Sample Procedure

The population of this study comprises customers of Photomatics at the Blok M location, as well as users of similar photo booth services in the area. As the exact number of this population is unknown, a non-probability sampling technique was employed. Specifically, this study utilized purposive sampling, which selects samples based on predetermined criteria relevant to the research objectives (Suryani & Hendryadi, 2016, p. 202). To determine the sample size for an unknown population, the Cochran formula was applied (Sugiyono, 2018, p. 148). With a 7% margin of error, the calculation yielded a minimum required sample of 200 respondents. The criteria for respondent selection were as follows: (1) aged between 15 and 35 years (representing the Gen Z and younger millennial demographic); (2) aware of the Photomatics brand; (3) had prior experience using photo booth services; and (4) regularly active in the Blok M area. Data collected from the questionnaire were analyzed using Jamovi software version 2.6.19.

Measurement

All variables in this study were measured using validated scales adapted from prior literature. Respondents indicated their level of agreement on a four-point Likert scale, ranging from 1 ("strongly disagree") to 4 ("strongly agree"). The decision to use a four-point scale was deliberate, aimed at avoiding neutral or midpoint responses and thereby encouraging respondents to provide a definitive directional opinion. Price was measured using seven items developed by Yang et al. (2018). A sample item is: "Price influences my decision to use Photomatics." Digital Marketing was measured using five items developed by Perdana et al. (2020). A sample item is: "The content displayed by Photomatics on social media captures my attention." Customer Loyalty was measured using four items developed by Tjiptono (2019). A sample item is: "I continue to choose Photomatics even though there are many other photo booth service options available." Customer Satisfaction was measured using four items developed by Yang et al. (2018). A sample item is: "I feel that Photomatics actively seeks customer feedback to improve their services." To ensure the robustness of the research

instrument, validity and reliability tests were conducted before the main data analysis. Validity was assessed using factor loadings; items were considered valid if their loadings exceeded the recommended threshold of 0.50 (Hair et al., 2019). Reliability was assessed using Cronbach's alpha; values of 0.70 or higher indicate acceptable internal consistency.

Table 1. Validity and Reliability Test Results

<i>Variables</i>	<i>Items</i>	<i>Loading Factor</i>	<i>Cronbach's Alpha</i>
Price	H1	0.600	0.760
	H2	0.528	
	H3	0.465	
	H4	0.631	
	H5	0.607	
	H6	0.585	
	H7	0.523	
Digital Marketing (DM)	DM1	0.590	0.729
	DM2	0.632	
	DM3	0.605	
	DM4	0.560	
	DM5	0.581	
Customer Loyalty (LP)	LP1	0.577	0.674
	LP2	0.642	
	LP3	0.581	
	LP4	0.554	
Customer Satisfaction (KP)	KP1	0.511	0.679
	KP2	0.629	
	KP3	0.588	
	KP4	0.631	

Source: Processed primary data using Jamovi version 2.6.19 (2025)

Based on the validity and reliability test results presented in Table 1, the following observations can be made: Validity: The majority of indicators demonstrate acceptable validity, with loading factors exceeding the 0.50 threshold (Hair et al., 2019). One item, H3 (loading factor = 0.465), fell slightly below this criterion. While this item was retained for theoretical relevance, its lower loading suggests it may be a candidate for review in future research. Reliability: The Cronbach's alpha coefficients for Price (0.760) and Digital Marketing (0.729) exceeded the 0.70 benchmark, indicating good internal consistency. Customer Loyalty (0.674) and Customer Satisfaction (0.679) fell just slightly below the 0.70 threshold, indicating acceptable but relatively moderate reliability. Given the exploratory nature of this study within the novel context of the photo booth industry, these values are considered acceptable for further analysis (Hair et al., 2019; Nunnally, Jum & Bernstein, 1994).

4. Results and discussion

Descriptive Statistics Analysis

Descriptive analysis was conducted to provide an overview of the respondents' perceptions of each variable. Table 2 presents the mean, standard deviation, minimum, and maximum values for price, digital marketing, customer loyalty, and customer satisfaction.

Table 2. Descriptive Statistics of Variables

Variables	Mean	Std. Dev	Min	Max
Price	23.89	2.872	7	28
Digital Marketing (DM)	17.39	2.206	5	20
Customer Loyalty (LP)	13.40	1.953	5	16
Customer Satisfaction (KP)	13.28	1.940	4	16

Source: Processed primary data using Jamovi version 2.6.19 (2025)

Based on the descriptive analysis results presented in Table 2, the Price variable has the highest mean score (23.89) with a standard deviation of 2.872, indicating that respondents generally hold favorable perceptions of Photomatics' pricing. Digital marketing has a mean of 17.39 (SD = 2.206), suggesting moderate to high agreement with the effectiveness of Photomatics' digital strategies. Customer loyalty (mean = 13.40, SD = 1.953) and customer satisfaction (mean = 13.28, SD = 1.940) exhibit similar central tendencies, indicating that respondents are generally satisfied and loyal, though with some variation in individual responses. The minimum and maximum values demonstrate the full range of responses, with customer satisfaction showing the lowest minimum score (4) and price achieving the highest maximum score (28). These data provide a descriptive foundation suggesting that respondents' perceptions of the research variables are reasonably varied yet generally positive.

Hypothesis Testing

Hypothesis testing was conducted using path analysis in Jamovi version 2.6.19. The significance of each path was evaluated based on p-values (≤ 0.05 indicating significance) and path coefficients (β). Table 3 presents the direct and indirect effect estimates. The results in Table 3 indicate that five of the seven hypothesized paths are statistically significant. Specifically, Price has a significant positive direct effect on both loyalty ($\beta = 0.2599$, $p = 0.001$) and satisfaction ($\beta = 0.4422$, $p = 0.001$). Digital marketing has a significant positive direct effect on satisfaction ($\beta = 0.1663$, $p = 0.016$), but its direct effect on loyalty is not significant ($p = 0.740$). Satisfaction has a significant positive direct effect on loyalty ($\beta = 0.2918$, $p = 0.001$). Critically, satisfaction significantly mediates the effects of both Price ($\beta = 0.1290$, $p = 0.001$) and digital marketing ($\beta = 0.0490$, $p = 0.033$) on loyalty. These indirect effects are significant even where the direct effect (DM \rightarrow Loyalty) is not, indicating full mediation.

Discussion

The results of the first hypothesis test demonstrate that price has a significant positive effect on customer loyalty at Photomatics, Blok M. This finding suggests that competitive pricing plays a crucial role in enhancing customer loyalty by creating a positive perception of the value received. When customers perceive that the price they pay is fair and commensurate with the quality of the photobox experience, they are more likely to develop a commitment to repurchase and resist switching to competitors. This finding aligns with the Stimulus-Organism-Response (S-O-R) framework (Mehrabian & Russell, 1974), where price serves as a stimulus that directly

influences the behavioral response of loyalty. The result is consistent with the work of Nurwati et al. (2023) and Suganda et al. (2023), who asserted that positive price perception contributes directly to increased customer loyalty. For Photomatics, maintaining transparent and value-oriented pricing is therefore an effective strategy for retaining customers in a competitive market.

Table 3. Hypothesis Testing Results (Path Analysis)

Hypothesis	Path	Estimate	SE	β	P-value	Result
H1	Price → Loyalty	0.1767	0.0545	0.2599	0.001	Supported
H2	DM → Loyalty	-0.0223	0.0672	-0.0211	0.740	Not Supported
H5	Satisfaction → Loyalty	0.2937	0.0643	0.2918	0.001	Supported
H3	Price → Satisfaction	0.2987	0.0558	0.4422	0.001	Supported
H4	DM → Satisfaction	0.1740	0.0724	0.1663	0.016	Supported
H6	Price → Satisfaction → Loyalty	0.0880	0.0250	0.1290	0.001	Supported (Full Mediation)
H7	DM → Satisfaction → Loyalty	0.0510	0.0240	0.0490	0.033	Supported (Full Mediation)

Source: Processed primary data using Jamovi version 2.6.19 (2025)

The test of the second hypothesis reveals that digital marketing does not have a significant direct effect on customer loyalty at Photomatics, Blok M ($p = 0.740$). This finding indicates that while digital marketing efforts—such as social media content and online promotions—may effectively attract initial attention and drive trial usage, they are insufficient on their own to cultivate deep-seated loyalty. In the context of this study, digital marketing appears to function primarily as an awareness-building and promotional tool, rather than a mechanism for creating the profound emotional connection necessary for loyalty. This result diverges from the findings of Gadh (2024), who emphasized the role of experiential and engagement-focused digital marketing in fostering brand loyalty. A plausible explanation is that Gen Z consumers, while digitally native, may distinguish between engaging online content and the actual service experience. Loyalty, in this context, appears to be more heavily influenced by tangible, on-site experiential factors such as service quality and price fairness. This non-significant direct effect underscores the importance of examining mediating mechanisms, as digital marketing's influence may be indirect.

The results of the third hypothesis test confirm that price has a significant positive effect on customer satisfaction at Photomatics, Blok M. When the price aligns with customer expectations, it creates a perceived balance between the cost incurred and the value received, thereby enhancing satisfaction. Attractive pricing strategies, such as special promotions or package deals, further reinforce positive customer perceptions of the service. This finding is consistent with the research of Aisyah et al. (2023), who stated that customers tend to choose products or services that offer effectiveness and efficiency commensurate with the price paid. It also aligns with the broader literature on price fairness and value perception (Bei & Chiao, 2006; Han & Ryu, 2009). For Photomatics, ensuring that pricing remains competitive and transparent is essential for meeting the value-conscious expectations of its Gen Z clientele and fostering a satisfied customer base.

The fourth hypothesis test demonstrates that digital marketing has a significant positive effect on customer satisfaction at Photomatics, Blok M. This finding suggests that well-executed digital strategies—including engaging social media content, responsive online interaction, and efficient digital platforms—enhance the overall customer experience and contribute to satisfaction. When customers find the brand's digital presence informative, visually appealing, and easy to navigate, it positively shapes their perceptions and expectations before and after the physical service encounter. This result is consistent with the findings of Gasawneh et al. (2024), who provided evidence that digital marketing strategies such as social media marketing and content marketing have a positive impact on customer satisfaction. Within the S-O-R framework, digital marketing acts as a stimulus that shapes the internal organismic state of satisfaction.

The results of the fifth hypothesis test confirm that customer satisfaction has a significant positive effect on customer loyalty at Photomatics, Blok M. This finding reinforces one of the most fundamental relationships in marketing theory (Oliver, 1999): satisfied customers are more likely to exhibit loyal behaviors, including repeat purchases and positive word-of-mouth. Satisfaction reflects the fulfillment of customer expectations through a consistently positive service experience, which in turn strengthens the emotional bond between the customer and the brand. This finding aligns with the research of Sharma et al. (2020), who stated that high customer loyalty, driven by satisfaction, can enhance profitability and encourage positive word-of-mouth promotion. It also corroborates the findings of Septyarani & Nurhadi (2023) and Subawa & Sulistyawati (2020), confirming that in the photobox context, satisfaction is a direct and powerful driver of loyalty.

The sixth hypothesis test reveals that customer satisfaction significantly mediates the relationship between price and customer loyalty. The significant indirect effect ($\beta = 0.1290$, $p = 0.001$), coupled with the significant direct effect of price on loyalty, indicates a complementary mediation. This means that price influences loyalty both directly and indirectly through satisfaction. When customers perceive the price as fair and aligned with the quality received, it first enhances their satisfaction; this heightened satisfaction then translates into stronger loyalty, manifested through repeat patronage and resistance to competitive offers. This finding is consistent with the research of Asri (2022), Malik et al. (2020), and Martín-Consuegra et al. (2007), who demonstrated that the price-loyalty relationship is often mediated by satisfaction. Theoretically, this supports the S-O-R framework, where the stimulus (price) influences the organism (satisfaction), which in turn drives the response (loyalty). For Photomatics, this implies that while competitive pricing is valuable, its ultimate impact on loyalty is maximized when it first succeeds in satisfying the customer.

The seventh hypothesis test demonstrates that customer satisfaction fully mediates the relationship between digital marketing and customer loyalty. The direct effect of digital marketing on loyalty was non-significant, but its indirect effect through satisfaction was significant ($\beta = 0.0490$, $p = 0.033$). This is a crucial finding: digital marketing efforts are effective in building loyalty, but only insofar as they first succeed in creating customer satisfaction. Digital marketing serves to attract customers and set expectations through information and promotions. However, loyalty is only formed when the actual service experience delivered by Photomatics meets or exceeds those expectations, resulting in satisfaction. In other words, digital marketing opens the door, but satisfaction determines whether the customer stays. This finding aligns with the research of Hendrayati & Nurwulandari (2022) and the arguments presented in the introduction by Kulkarni et al. (2026) and Manoharan et al. (2025): personalized and engaging digital strategies enhance satisfaction, which subsequently fosters loyalty. From an S-O-R perspective, the stimulus of digital marketing is processed internally (satisfaction), which then generates the behavioral response of loyalty, even in the absence of a direct stimulus-response link.

Practical Implications

This study provides actionable insights for managers in the photo booth service industry targeting Gen Z consumers in competitive urban markets like Blok M. Price influences customer loyalty both directly and indirectly through satisfaction. Photomatics should adopt a strategic pricing approach that emphasizes fairness and transparency. Clear communication of the value proposition, such as bundled packages and student discounts, is essential, as Gen Z is value-conscious. Pricing should be part of the overall customer experience, enhancing satisfaction and loyalty.

Additionally, while digital marketing doesn't directly drive loyalty, it impacts satisfaction. Efforts should focus on creating authentic content that accurately reflects the photobox experience rather than over-promising. Interactive features and genuine customer testimonials can enhance engagement and satisfaction, leading to loyalty. Customer satisfaction is central to loyalty-building, necessitating a customer-centric approach throughout the organization. This includes maintaining a well-kept studio environment aligned with the brand, training staff to be responsive, and actively seeking customer feedback. Consistent service quality is key to ensuring every visit meets high standards. In a competitive market, simply competing on price or digital visibility is not enough. Photomatics should differentiate by offering a superior customer experience, such as exclusive membership programs or themed events, to foster emotional connections and sustain loyalty, ensuring long-term growth in the photo booth industry.

Limitations and Future Research Directions

This study offers insights into customer loyalty in the photo booth service industry, but it has limitations that present opportunities for future research. The use of non-probability purposive sampling, focused solely on Photomatics customers at the Blok M location in Jakarta, limits generalizability to other branches or competitors. Future studies should employ probability sampling across multiple locations to enhance external validity. The cross-sectional design limits causal inference, suggesting that longitudinal research would be beneficial for observing evolving customer perceptions over time. Additionally, reliance on self-reported data may introduce social desirability bias; incorporating behavioral data such as repeat purchases could provide a more objective assessment of loyalty.

Measurement limitations were evident, with one price item falling below the acceptable threshold, and Cronbach's alpha values for loyalty and satisfaction were slightly below 0.70. Future research should refine measurement instruments and consider additional variables such as service quality, brand image, and social influence to develop more comprehensive models of loyalty. Focusing on a specific demographic of Gen Z and younger millennials narrows applicability; comparative studies across different service sectors or generational groups could enhance generalizability. Future research avenues include comparative studies to explore customer satisfaction's mediating role across brands and cities, as well as expanded models incorporating service quality and social media influence. Qualitative methods, such as interviews, could offer deeper insights into Gen Z motivations, and experimental designs testing digital marketing strategies would provide actionable insights for managers in this dynamic industry.

5. Conclusion

This study aimed to investigate the determinants of customer loyalty in the photo booth service industry, specifically examining the direct and indirect effects of price and digital marketing on customer loyalty, with customer satisfaction serving as a mediating variable among Gen Z customers of Photomatics Blok M. The findings reveal that price has a significant direct effect

on both customer satisfaction and customer loyalty. At the same time, digital marketing significantly influences customer satisfaction but does not directly affect customer loyalty. Crucially, customer satisfaction emerges as a pivotal mediating mechanism, fully mediating the relationship between digital marketing and loyalty, and partially mediating the relationship between price and loyalty. These results underscore that in the experiential and highly competitive photobox industry, satisfaction is not merely an outcome but the central psychological pathway through which marketing stimuli translate into enduring customer relationships. The study contributes to the services marketing literature by extending the Stimulus-Organism-Response framework to this novel context and demonstrating that, while competitive pricing and engaging digital content are essential for attracting Gen Z consumers, their ultimate impact on loyalty depends on their ability first to generate genuine customer satisfaction. For practitioners, this implies that fostering loyalty requires a holistic strategy that integrates fair pricing, authentic digital engagement, and unwavering commitment to service quality, all directed toward the singular goal of enhancing customer satisfaction as the foundation for sustainable competitive advantage.

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