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From Service Quality to Customer Experience: Examining the Role of Service Innovation in Building Customer Loyalty

Namuunsaikhan Amartuvshin, Syed Ahmed Salman

School of Business and Management, Lincoln University College, 47301 Jalan Stadium, Petaling Jaya, Malaysia.

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ABSTRACT

Purpose – This study examines the effects of service quality, service innovation and customer experience on customer loyalty among retail customers in shopping malls in Klang Valley, Malaysia.

Design/methodology/approach – A quantitative cross-sectional survey was conducted among 250 shopping mall customers in Klang Valley, Malaysia. Data were analysed using SPSS through reliability analysis, Pearson correlation and multiple regression analysis.

Findings – Service quality and customer experience had significant positive effects on customer loyalty, with customer experience showing the strongest association($\beta = 0.550$, $p < 0.001$), followed by service quality ($\beta = 0.332$, $p < 0.001$). Service innovation had a positive but insignificant association($\beta = 0.043$, $p = 0.448$). The three variables collectively explained 77.2% of the variance in customer loyalty.

Practical implications – Retailers should prioritise service quality and positive customer experiences, particularly through reliable service, personalised interactions and customer-oriented practices. Service innovation should focus on creating tangible customer value rather than technology adoption alone.

Originality/value – This study contributes empirical evidence on the simultaneous effects of service quality, service innovation and customer experience on customer loyalty in shopping mall retailing, an underexplored context in Klang Valley, Malaysia.

Keywords: Service quality; Service innovation; Customer experience; Customer loyalty; Shopping malls; Malaysia

INTRODUCTION

Competition and dynamic environment in retailing will never cease, and customer loyalty is considered as a strategic tool for assuring the long-term performance of the retail firms (Bourdeau et al., 2024). Along with the growing number of retail outlets and the rise in digitalization, the retail environment has changed a lot, and retail enterprises have to compete for their consumers, not only on product and price, but also services and experiences they provide them (Wallström et al., 2024).

Today's consumers are more informed, more connected and more demanding than ever and expect retailers to reach them at their point of contact in a variety of ways with seamless, personalised and value-added interactions. As a result, the emphasis has become more on the importance of establishing long-term customer relationships, as these can give an organisation a competitive edge and help to improve its performance.

Customer satisfaction has been regarded as one of the important factors in determining customer loyalty for many years (Jahangir et al., 2025). Services that are dependable, responsive and customer-focused enable that customers' expectation and requirement are met, and help build long-term relationship with customers (Sun &

Pan, 2023). Recent research has continued to show that high service quality is positively related to customer loyalty across a variety of service contexts, including retailing, banking, fitness centres and digital services (Huang & Kim, 2023). Similarly, in organised retailing, the development of service quality has been found to create repeat patronage for customers and increase their loyalty toward retailers (Sivapalan et al., 2022), which proves that service quality remains an important element in the relationship marketing programme (Aditya & Waluyo, 2025).

But the modern retail landscape has changed dramatically, and service alone will no longer provide the basis for retaining customers (Molinillo et al., 2022). A wide variety of digital technologies, omnichannel retailing, mobile applications, self-service technologies, and artificial intelligence have transformed the way customers interact with retailers (Ertemel et al., 2021). Customers are no longer evaluating retailers solely on the speed or reliability of their service, but they are also measuring the experience they have at the store, related to the emotional connection, convenience, personalisation, and experiences they had in the physical and digital space. Therefore, retailers, instead of focusing solely on providing quality service, are now turning their attention to providing a full customer experience that delivers more value and enhances customer relationships.

This change has been accompanied by service innovation becoming an important strategic competence in meeting the rapidly evolving expectations of customers. In parallel, service innovation has become an important strategic competence to respond to the rapidly changing expectations of customers (Nguyen et al., 2024). Service innovation goes beyond the development of new technologies and also involves new service processes, delivery, digital solutions and customer engagement that enhance the shopping experience (Ly, 2025). Recent empirical studies suggests that innovative services positively affect the satisfaction and customer loyalty of the customers by providing them with convenience, responsiveness and value. Moreover, technological advancements like open banking, Internet of Things applications and digital retail solutions are still transforming customers' relationships and defining a competitive advantage in service businesses (Stefanelli et al., 2022). These developments indicate the need to consider service innovation as a key element of customer relationship strategies as well as classic service quality improvements (Roe et al., 2022).

Meanwhile, customer experience (CX) has become a central focus of modern retail management (Molinillo et al., 2022). Customer experience is a customer's thoughts, feelings, actions, and perceptions across the entire customer journey, not just when they are in the service (Kiliswa & Mugova, 2025). Positive customer experiences create positive attitudes, positive trust, positive emotional connection and positive customer loyalty. In recent years, it has been found that customer experience is still an important factor in driving customer loyalty in both digital and omnichannel retail channels, as customers have grown accustomed to shopping through whatever channel they prefer with a seamless experience (Kuikka et al., 2025).

Although there is a significant amount of literature focusing on service quality, service innovation, customer experience and customer loyalty, there are some key research gaps (Hanaysha et al., 2025). Previous research has focused mainly on the individual constructs or the constructs in conjunction with other mediators such as customer satisfaction and perceived value on customer loyalty (Mugova & Kiliswa, 2025). But few studies have examined the direct impacts of service quality, service innovation and customer experience all in one, and particularly in the retail context. Second, while studies related to the concept of customer loyalty have been widely studied in the fields of banking, hospitality, digital services and online retailing, there is still limited empirical research that concentrates on customers of retail service businesses in the context of shopping malls. Shopping malls are highly competitive places of service that place a high priority on the importance of improving service quality, improving service delivery and enhancing the customer experience so that they will return to the mall/shopping centre. But little empirical evidence has been identified regarding the effect of these three strategic factors on customer loyalty in shopping malls in Klang Valley, Malaysia, compared with each other. Addressing this gap is important because it can aid retailers in making informed decisions about increasing resource usage and developing marketing strategies that are customer-centric and will strengthen customer retention.

The paper studies the link between service quality, service innovation, and customer experience with customer loyalty. It focuses on customers who visit retail stores inside malls in Klang Valley, Malaysia.The study lists three objectives to steer the analysis. RO1 tests whether service quality can help predict customer loyalty. RO2 tests whether service innovation can help predict customer loyalty. RO3 tests whether customer experience can help predict customer loyalty. The study also states three research questions. RQ1 study at whether service quality has a clear and measurable connection to customer loyalty. RQ2 study service innovation affects customer loyalty. RQ3 study customer experience affects customer loyalty. From the goals and questions, the paper puts forward these hypotheses. Service quality has a significant effect on customer loyalty. Service innovation has a significant effect on customer loyalty. Customer experience has a significant effect on customer loyalty.

LITERATURE REVIEW

Service Quality

In the service marketing literature, service quality is recognised as one of the important factors affecting customer loyalty. It is a general impression of a service, which is formed by the customers in relation to the extent of exceeding their expectations. Reliability, responsiveness, assurance, empathy and tangibles are conventionally regarded as the dimensions of service quality. Since then, digitalisation has broadened the definition to encompass online platforms, self-service technologies and several touch points with the customer (Kim & Yang, 2025).

In retail, service quality has an impact on customers' perceptions, their purchase decisions, and their relationship with the retailer. Consistently providing reliable and responsive services will have an impact on customers' return rates to the retailer. Aditya and Waluyo (2025) concluded that good service quality has a positive effect on purchase intentions and customer loyalty, while Sivapalan et al. (2022) reported that good service quality practices increase the customer's perception of the quality of services, which strengthens customer loyalty.

Recent research also shows that service quality is still a key determinant of customer loyalty for both physical and electronic services. This relationship was illustrated by Sun and Pan (2023) in the case of a self-service fitness centre and by Hanaysha et al. (2025) for the case of online customer loyalty. Similarly, Yum and Yoo (2023) indicated that service quality is an essential factor to support customer loyalty in mobile social media.

While all prior studies have confirmed that there is a positive relationship between service quality and customer loyalty, the majority have approached the relationship between these variables through intervening variables like customer satisfaction and perceived value (Hanaysha et al., 2025; Mugova & Kiliswa, 2025). In addition, there has been little research that has paid special attention to retail service businesses within shopping malls.

Service Innovation

Service innovation involves the creation of new or improved service processes, service delivery methods, technologies and customer engagement practices that add value. With the growing expansion of the retail industry into digital platforms, meeting evolving customer expectations requires a retail service innovation capability. The adoption of omnichannel retailing, artificial intelligence, and personalised digital interactions has transformed the way retailers provide services and communicate with their customers (Nguyen et al., 2024).

The empirical evidences from the recent studies showed that service innovation has positive relationship with customers' loyalty because it influences the customer's experience and customers' perception of value. Nguyen et al. (2024) found that service innovation plays an important role in satisfying service users and ensuring customer loyalty in services; Ly (2025) confirmed that the continuous innovation of digital services is a factor that contributes to the long-term loyalty of service users. Similarly, Rattakunchorn et al. (2025) found that there is a positive relationship between using innovative service practices and customer loyalty.

The retail sector has also seen service innovations as a result of technological innovations. Digital financial innovations have transformed customer interactions (Stefanelli et al., 2022), while smart retail technologies have been shown to improve customer engagement and service delivery (Roe et al., 2022). The new developments suggest that technology adoption is only a part of the service innovations; it is also a service process innovation.

While the connection between service innovation and customer loyalty has been reported in all previous research, the bulk of the evidence is collected from the banking and digital services or other specialised fields. In comparison, there is relatively little research that has examined at the direct effect of service innovation on customer loyalty in the shopping mall environment, and thus, it is recommended that this retail environment be studied.

Customer Experience

Customer experience has emerged as a key concept in retail management, indicating customers' intellectual, emotional and behavioural reactions during their interactions with a retailer. Customer experience is different from service quality, as it reflects the whole customer journey, both on the physical and digital platforms. In today's global landscape, retailers have embraced an omnichannel approach and providing seamless customer experiences is critical to staying competitive, as stated by Molinillo et al. (2022).

Customer experience has proven to have a positive impact on customer loyalty in recent studies, as is well-documented. Kiliswa and Mugova (2025) identified positive customer experiences as a key driver of customer loyalty in multichannel retail banking, while Molinillo et al. (2022) proved that good retail app experiences led to greater customer engagement and loyalty. Similarly, Ertemel et al. (2021) suggested that customer experience is crucial to the strengthening of customer loyalty in an online setting.

As the retail model evolves to include more channels, CX continues to become even more critical as a differentiator for businesses. Kuikka et al., (2025) indicated that customer loyalty is becoming increasingly crucial in experiences across several retail channels; Roosta et al., (2025) remarked that it is essential to offer a coherent customer experience across channels.

But both the nature and execution of such services in the banking sector and in digital retail in general and the lack of evidence in the context of shopping malls, call for further studies.

Customer Loyalty

Customer loyalty is often seen as a key sign of how well a business can last over time. It also helps a firm stay ahead of rivals.

This loyalty shows that customers choose one retailer again and again. They do this even when other choices are available. Researchers describe loyalty as more than one thing. They break it into two main parts. Behavioural loyalty is shown through repeated purchases. Attitudinal loyalty shows up in how people feel, such as trust and commitment. It also appears when customers speak well of a retailer (Bourdeau et al., 2024). Recent studies suggest that loyalty grows when a retailer offers good value. It also grows when customers have a good experience during each visit. Wallström et al. (2024) considered loyalty as a strategic organisational asset, and Kotzé and Mostert (2025) indicated that service employees could improve customer loyalty by providing individualised services. In the same way, Nusrat and Huang (2024) and Mu and Yi (2024) noted that customer loyalty is increasingly affected by digital retail practices and self-service technologies.

While many studies have investigated customer loyalty over the years in different industries, the latest reviews show that customer loyalty is a multifaceted phenomenon that depends on several organisational and customer factors (Kim et al., 2024; Vasquez-Párraga et al., 2024). Thus, the study of the influence of service quality, service innovation and customer experience on customer loyalty in shopping malls is still relevant and necessary.

Literature Synthesis/ Research Gap

The positive relationship between service quality, service innovation, customer experience and customer loyalty has been consistently confirmed in previous studies, but these relationships have been studied separately or mediated by other variables, such as customer satisfaction and perceived value (Hanaysha et al., 2025). Consequently, there are only a few examples of empirical studies that examine their direct impact together in a single research model. Moreover, the majority of the current literature has been mainly centred on banking, digital services, and online retailing (Nguyen et al., 2024; Kiliswa & Mugova, 2025). In comparison, the study of the retail service businesses in shopping centres is not highly extensive in Malaysia. Findings from other service industries may not be directly applicable to shopping malls since emphasis is now being placed on the delivery of high-quality services, innovative retailing practices and memorable customer experiences. In view of that, the aim of this study is to examine the direct effect of service quality, service innovation, and customer experience on customer loyalty within customer service businesses of retail services in shopping malls of Klang Valley, Malaysia, for the purpose of providing context-specific evidence to enrich the retail marketing literature.

Theoretical Identifiedation

This research is supported by Service-Dominant Logic (SDL), a theory that positions service as the core of value creation and emphasises the idea that value is co-created with the customer through a process of exchange between service providers and customers, not just products (Bourdeau et al., 2024). As such, customers are active participants who create value from a service based on how they experience and interact with that service (Wallström et al., 2024).

Service quality, service innovation and customer experience are among the key mechanisms whereby organisations generate value for customers, according to SDL. Attracting customers to the service offering, implementing innovative service practices, and ensuring positive customer experiences at various service contact points increase the value customers perceive and build long-term loyalty. These value-creating activities make customers more likely to return for future purchases and have positive behavioural intentions (Kim et al., 2024).

Hence, the Service-Dominant Logic (SDL) theory is suitable for the context of this study, for it explains the linkages between service quality, service innovation, customer experience and customer loyalty in the proposed research model.

Conceptual Framework and Hypotheses

The conceptual framework proposed is developed on the basis of the empirical evidence presented in the literature review and is based on the principles of Service-Dominant Logic. The framework assumes that service quality, service innovation and customer experience are important determinants of customer loyalty. In particular, those retailers who are consistent in providing high-quality services, implementing innovative service practices and providing positive customer experiences are more likely to develop strong customer loyalty. Therefore, the dependent variable is customer loyalty, whereas the independent variables are service quality, service innovation and customer experience in the proposed research model.

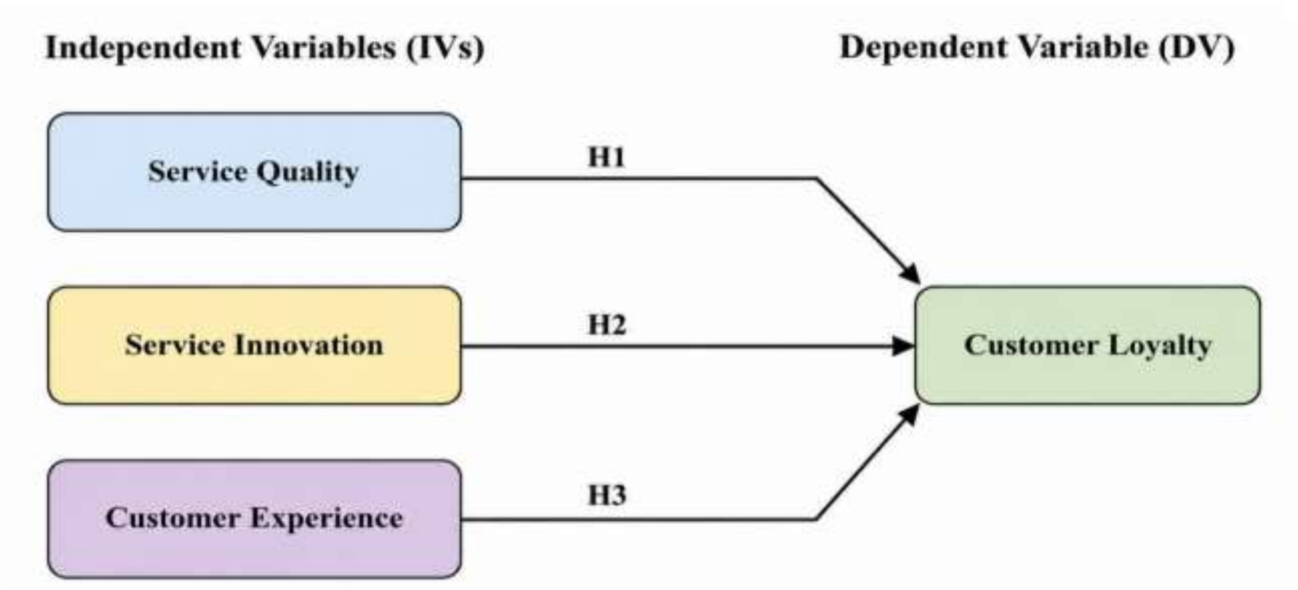

Figure 1: Conceptual Framework

The following hypotheses are proposed:

H1: Service quality has a significant positive influence on customer loyalty.

H2: Service innovation has a significant positive influence on customer loyalty.

H3: Customer experience has a significant positive influence on customer loyalty.

METHODOLOGY

The quantitative research approach was used in this study, with positivist research philosophy, so as to examine the relationships between service quality, service innovation, customer experience and customer loyalty. The study employed a cross sectional (one-shot) time horizon to examine the relationship between the variables in this study at one specific time point; this approach is commonly used in consumer and retail studies where associations between variables were investigated in this way (Hair et al., 2022) and was suitable for the context of this study. Accordingly, the findings are interpreted in terms of statistical relationships and predictive associations rather than causal effects. Data was collected in July 2026. The questionnaire has been designed using validated measurement scales that have been found in literature to ensure that the instrument is in line with the study objectives.

The study was carried out with the clients of retail service businesses in shopping malls of Klang Valley, Malaysia. The context of the study is shopping malls because they are a very competitive retailing environment where quantitative and qualitative aspects of service quality and service innovation; and the customer experience have an impact on customer relationships and customer loyalty outcomes (Sivapalan et al., 2022).

The target group were customers of retail outlets in Klang Valley shopping malls, who had bought products/services. Since the number of retail customers in Klang Valley cannot be fixed, Cochran's sample size formula was used which is suitable when the population parameters are not exactly known (Hair et al. (2022)) to determine the number of the consumers to be sampled, which is 250 respondents. The purposive sampling method was adopted to select the respondents with regard to the eligibility criteria which were being the age of 18 years and above and the respondents had recently visited a shopping mall in Klang Valley and purchased a product or service from retail outlet. Purposive sampling was chosen to ensure that the participants are personally and recently involved in what is being measured in the study. This non-probability sampling method does not, however, ensure representativeness of the sample or generalisability of results beyond the sampled customers in a shopping-mall.

Data collection procedure

Mall intercept and Google Forms were used to gather data in July 2026. The respondents were the customers who had just come out of the shopping area of the selected retail outlets in the malls in Klang Valley after their shopping were interviewed at the common areas like entrance of the malls, food courts and sitting areas where they were approached within 18 years and above. All respondents gave informed consent and the purpose of the study was explained prior to participation. Respondents were assured that their participation was voluntary, anonymous and confidential and that they could withdraw at any time without penalty. It took about 8 to 10 minutes to complete the questionnaire. 250 complete and usable questionnaires were retrieved and used for analysis.

A structured questionnaire was used to collect data based on items of service quality, service innovation, customer experience and customer loyalty along with the demographic details of the respondents. The survey questions were taken from prior studies. For service quality, we followed Parasuraman and coworkers (1988). For service innovation, we relied on Mahmoud and coworkers (2018). For customer experience, we used Karakas (2014). For customer loyalty, we used the scale reported by Kim and Kim (2022). We also added loyalty items from Wang and coworkers (2021) and from Dehghan and Shahin (2011). All items used a 5-point Likert format. A score of 1 meant strongly disagree. A score of 5 meant strongly agree.

English–Malay–English translation procedure

The respondents were both English– and Malay–speaking customers and the questionnaire was developed by adopting an English–Malay–English back-translation approach to ensure linguistic equivalence. The original English version of the questionnaire was first translated into Malay by two bilingual academics having expertise in marketing research and fluent in both languages. The Malay version was then translated back into English independently by another bilingual language expert, who was not doing the initial translation. English versions were compared with the original and minor wording differences were discussed with the translators and resolved by consensus to assure conceptual consistency and clarity prior to data collection.

Pilot test

A pilot test of 30 retail customers was carried out before the main survey to test the clarity, wording, questionnaire structure and estimated time of the questionnaire. The pilot study was conducted with participants who met the same criteria for the main survey, but were not included in the final analysis. Feedback showed that the general difficulty of the questionnaire was acceptable with some of the items being changed for the improvement of the wording and the readability. The pilot respondents took about 8-10 minutes to complete the questionnaire, which allowed it to be used for the main data collection.

The survey was voluntary, and respondents were told the reason for the survey before consenting to be involved in the survey. Saunders et al., (2023) suggests that data collection practices are ethical; therefore, respondents' data was kept anonymous and confidential throughout this research process.

IBM SPSS was used to analyse the data. Data screening, descriptive statistics, Cronbach's alpha reliability analysis, normality test, Pearson correlation analysis, multiple regression analysis, tolerance and variance inflation factor (VIF) values for checking multicollinearity, ANOVA and hypothesis testing were used as statistical procedures. These techniques typically are applied to analyze the relationships between variables and to estimate predictive models in quantitative marketing research (Hair et al., 2022).

Data Analysis Results

Respondent Demographic Profile

The data were analysed descriptively, with no data missing, from the 250 valid answers collected. Most of the respondents were female (54.0%), while the males were 46.0%. The largest age group was 18–25 years (40.0%), followed by 26–35 years (30.0%), 36–45 years (20.0%), and 46 years and above (10.0%).

As for frequency of visits to the shopping malls, most of the respondents said that they visited the malls 1–3 times per month (28.0%) and more than once per week (28.0%). In terms of their spending habits, the majority of respondents indicated that they spend between RM100 – RM300 per visit (46.0%), followed by RM301 – RM500 (34.0%) and less than RM100 (20.0%).

Table 1. 1 Demographic

Demographic Characteristics	**Category**	**Frequency (n)**	**Percentage (%)**
Gender	Female	135	54.0
	Male	115	46.0
Age	18–25	100	40.0
	26–35	75	30.0
	36–45	50	20.0
	46 and above	25	10.0
Frequency of Visiting Shopping Malls	Less than once a month	20	8.0
	1–3 times a month	70	28.0
	Once a week	90	36.0

	More than once a week	70	28.0
Average Spending During Shopping Mall Visits	Below RM100	50	20.0
	RM100–RM300	115	46.0
	RM301–RM500	85	34.0

Descriptive statistics of research variables.

The descriptive statistics were used to analyse the pattern of responses of the variables of the study. The results indicated that there were positive perceptions in all the constructs. Service quality recorded the highest mean score (M = 4.269, SD = 0.709), followed by customer experience (M = 4.194, SD = 0.727), service innovation (M = 4.134, SD = 0.705), and customer loyalty (M = 4.109, SD = 0.731).

Generally, all constructs had means higher than 4.0, indicating that the respondents agreed highly on the quality of service, service innovation, customer experience and customer loyalty in shopping mall retail business.

Table 1. 2 Descriptive

Variable	Mean	Standard Deviation
Service Quality	4.269	0.709
Service Innovation	4.134	0.705
Customer Experience	4.194	0.727
Customer Loyalty	4.109	0.731

Reliability Analysis

Reliability analysis of items in the measurement of each construct was used to assess the internal consistency of the measurement items with Cronbach's Alpha. All constructs had Cronbach's alpha values greater than 0.70, which is the recommended cut-off for acceptable reliability.

The service quality indicated a very good level of reliability with Cronbach's Alpha of 0.934 (five measurement items). The Cronbach's Alpha for service innovation was 0.873, which also indicated good internal consistency. In addition, Cronbach's Alpha value for customer experience ranked the highest among the constructs (0.946), and the Cronbach's Alpha value for customer loyalty was 0.920. The results indicated that all the measurement items measured the same constructs and were also suitable for further analysis.

Table 1. 3 Reliability

Construct	Number of Items	Cronbach's Alpha	Reliability Level
Service Quality	5	0.934	Excellent
Service Innovation	5	0.873	Good
Customer Experience	5	0.946	Excellent
Customer Loyalty	5	0.920	Excellent

Normality Assessment

To check the normality of the data distribution, skewness, kurtosis, and formal normality tests were considered. The skewness values for service quality (-1.800), service innovation (-1.803), customer experience (-1.727), and customer loyalty (-1.429) were within the commonly used acceptable range of ±2. However, the Kolmogorov-Smirnov and Shapiro-Wilk tests were statistically significant ($p < 0.05$), indicating deviations from strict normality. The kurtosis values were also relatively high, ranging from 4.199 to 5.664. Therefore, the data cannot be described as strictly normally distributed. Although the kurtosis values were relatively high, graphical assessment of the distributions was also added, including the Q-Q plots presented in Appendix B. The Q-Q plots provide additional evidence of the extent and pattern of deviation from normality.

Given the sample size of 250, the significant formal normality tests were interpreted alongside the skewness and kurtosis values rather than being used as the sole basis for determining the suitability of parametric analysis. Pearson correlation and multiple regression were retained to examine the relationships and predictive associations among the variables, with the results interpreted cautiously in view of the observed distributional characteristics.

Table 1. 4 Normality

Variable	Skewness	Kurtosis	Normality Decision
Service Quality	-1.800	5.664	Acceptable for further analysis based on sample size
Service Innovation	-1.803	5.495	Acceptable for further analysis based on sample size
Customer Experience	-1.727	5.175	Acceptable for further analysis based on sample size
Customer Loyalty	-1.429	4.199	Acceptable for further analysis based on sample size

Pearson Correlation Analysis

Correlation analysis was applied to explore the correlation between service quality, service innovation, customer experience, and customer loyalty.

The results indicated that all of the independent variables were identified to have a significantly positive relationship with customer loyalty. There was a strong positive correlation between the service quality and customer loyalty ($r = 0.811$, $p < 0.01$), where higher quality of service was correlated with higher loyalty from customers.

Service innovation also had a significantly positive correlation with customer loyalty ($r = 0.753$, $p < 0.01$). In the same manner, customer experience indicated a good correlation with customer loyalty ($r = 0.853$, $p < 0.01$), which means that positive customer experience was strongly related to customer loyalty. These modestly high correlations indicate a significant overlap in variance among these constructs and indicate a potential conceptual overlap between these constructs in the retail shopping-mall context. Hence, the relationship between the independent variables was explored further using the multicollinearity diagnostics prior to interpretation of the results of the multiple regression analysis.

Table 1. 5: Correlation

Correlations					
		Service Quality	Service Innovation	Customer Experience	Customer Loyalty
Service Quality	Pearson Correlation	1	.804**	.808**	.811**
	Sig. (1-tailed)		.000	.000	.000
	N	250	250	250	250
Service Innovation	Pearson Correlation	.804**	1	.805**	.753**
	Sig. (1-tailed)	.000		.000	.000
	N	250	250	250	250
Customer Experience	Pearson Correlation	.808**	.805**	1	.853**
	Sig. (1-tailed)	.000	.000		.000
	N	250	250	250	250
Customer Loyalty	Pearson Correlation	.811**	.753**	.853**	1
	Sig. (1-tailed)	.000	.000	.000	
	N	250	250	250	250
**. Correlation is significant at the 0.01 level (1-tailed).					

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Multiple Linear Regression Analysis

A combined associationof service quality, service innovation and customer experience on customer loyalty was analysed in multiple regression analysis.

The results of the regression model were statistically significant ($F = 277.021$, $p < 0.001$) and revealed that the independent variables significantly explained the dependent variable (customer loyalty). The model accounted for 77.2% of the variance in customer loyalty ($R^2 = 0.772$; Adjusted $R^2 = 0.769$), indicating that service quality, service innovation, and customer experience together explained a significant percentage of the changes in customer loyalty.

Of the predictors, customer experience indicated the highest positive relationship with customer loyalty ($\beta = 0.550$, $p < 0.001$). Service quality was also identified to be positively and significantly affecting customers' loyalty ($\beta = 0.332$, $p < 0.001$). Innovation in service, however, did not make a significant difference in customer loyalty ($\beta = 0.043$, $p = 0.448$).

The results indicated that customer experience and service quality played significant roles in explaining customer loyalty, and service innovation did not prove to be significant, indicating a direct associationin the present research context.

Table 1. 6: Model

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.878[a]	.772	.769	.3515
a. Predictors: (Constant), Customer Experience, Service Innovation, Service Quality				

Table 1. 7: ANOVA

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	102.654	3	34.218	277.021	.000[b]
	Residual	30.386	246	.124		
	Total	133.041	249			
a. Dependent Variable: Customer Loyalty						
b. Predictors: (Constant), Customer Experience, Service Innovation, Service Quality						

Table 1. 8: Coefficents

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.143	.143		1.001	.318		
	Service Quality	.342	.059	.332	5.769	.000	.280	3.569
	Service Innovation	.045	.059	.043	.761	.448	.284	3.520
	Customer Experience	.553	.058	.550	9.544	.000	.279	3.579
a. Dependent Variable: Customer Loyalty								

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Table 1. 9: Collinearity Diagnostics

Collinearity Diagnostics[a]							
Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	Service Quality	Service Innovation	Customer Experience
1	1	3.971	1.000	.00	.00	.00	.00
	2	.018	14.674	.99	.03	.04	.05
	3	.006	26.659	.00	.00	.76	.68
	4	.005	27.407	.01	.97	.20	.27
a. Dependent Variable: Customer Loyalty							

Multicollinearity Assessment

To find out if there were high correlations among the independent variables, a multicollinearity analysis was performed. Assessment was done in terms of values of tolerance and Variance Inflation Factor (VIF).

Results indicated that the value of tolerance obtained for service quality is 0.280, while the value of VIF is 3.569. The values of tolerance and VIF were obtained as 0.284 and 3.520 for service innovation and 0.279 and 3.579 for customer experience.

Although all VIF values were below the commonly applied threshold of 10 and the tolerance values were above 0.10, the relatively high intercorrelations among service quality, service innovation, and customer experience indicate some shared variance among the predictors. However, the VIF and tolerance values do not indicate severe multicollinearity. Therefore, the predictors were retained in the multiple regression analysis.

Table 1. 10: Multicolinearity

Predictor	Tolerance	VIF
Service Quality	0.280	3.569
Service Innovation	0.284	3.520
Customer Experience	0.279	3.579

Hypothesis Testing

The hypotheses were evaluated based on the results of multiple regression analysis.

Table 1. 11: Hypothesis

Hypothesis	Relationship	Result
H1	Service Quality has a significant positive influence on Customer Loyalty	Supported
H2	Service Innovation has a significant positive influence on Customer Loyalty	Not Supported
H3	Customer Experience has a significant positive influence on Customer Loyalty	Supported

DISCUSSION

The results of this study provide insights into the factors affecting customers' loyalty towards shopping malls among the shopping mall customers in Klang Valley, Malaysia. The results indicated that the service quality and customer experience were identified to have a significant direct associationon customer loyalty, whereas service innovation was not identified to have a significant direct effect. The results indicated that the quality of the service encounters experienced by customers and the overall experience of the retailers influenced their loyalty decisions primarily.

Influence of Service Quality on Customer Loyalty

The first research purpose was to look at service quality and its impact on customer loyalty. The results indicated that service quality had a significant positive influence on customer loyalty ($\beta = 0.332$, $p < 0.001$). This finding indicated that when customers believed that services were reliable, responsive, and consistent, they were more likely to keep their relationship with the retailers. This finding corroborated earlier findings that identified service quality to be one of the factors that could help to boost customer loyalty in the retail and service industry (Sivapalan et al., 2022; Jahangir et al., 2025).

The results also indicated that service quality is still an integral part of customer retention even after the changes in the retail practices. The same finding was identified by Aditya and Waluyo (2025), which states that the quality of services provided makes customers want to reorder and be loyal customers. Thus, the present study validated that the quality of services to be provided remains significant for the retailers in highly competitive shopping mall environment.

Influence of Service Innovation on Customer Loyalty

The second research purpose was to study the impact of service innovation on customer loyalty. The results indicated that service innovation did not significantly contribute to the customers' loyalty (0.043, $p = 0.448$). This discovery indicated that innovative services were not enough to directly induce shopping mall customers' loyalty. Technological enhancements and new service offerings may be welcomed by customers, but do not necessarily result in greater customer loyalty unless they offer a tangible benefit while the customer is shopping.

This finding contradicted previous research, which indicated a positive relationship between service innovation and loyalty outcomes (Nguyen et al., 2024; Ly, 2025). Innovation, however, has been primarily studied in the context of digital service industries where innovativeness is a key component of service delivery. The results of the present study indicated that although customers value innovation in the retail environment of a shopping mall, they might also value service performance and the overall experience more so than the innovation.

Influence of Customer Experience on Customer Loyalty

The third research objective explored the impact of the customer experience on customer loyalty. The results confirmed that customer experience was the variable that significantly and positively affected customer loyalty ($\beta = 0.550$, $p < 0.001$). This indicated that positive perceptions gained during the shopping experience were more likely to lead to a continued buying relationship and further purchases from retailers.

The results were similar to other studies, which emphasised the need for customer experience in building loyalty in both offline and online channels. Kiliswa and Mugova (2025) and Molinillo et al. (2022) also determined that positive customer experiences reinforced customer loyalty by enhancing customer engagement and the quality of the relationship. Hence, the present study reiterated that customer experience management during the interaction with various retail touchpoints is important.

The results indicated that customer loyalty of shopping mall retail businesses was more affected by service quality and customer experience than by service innovation. The findings indicated that retailers should be concerned with providing a dependable service and making customers' experience positive, all the while keeping an eye on the value of the innovation rather than just the technology. The results shed light on the nature of loyalty formation in the shopping mall environment in Klang Valley, Malaysia.

Theoretical Contributions

This study is a valuable addition to the existing body of retail marketing literature through its examination of how service quality, service innovation and customer experience are integrated and how they affect customers' loyalty in the retail industry. This study gave a comprehensive view of these variables together and in the shopping mall retail environment, as opposed to previous research, which mostly studied these variables separately or via a mediating variable. This builds on the previous study by providing empirical insights into the role of various service-related factors in shaping loyalty formation (Bourdeau et al., 2024).

The findings also reinforced the applicability of SDL, which emphasised the importance of creating value in service interactions and customer experiences to engender customer loyalty. This was evidenced in the importance of service quality and customer experience, which indicated that customers assess retailers based on the value offered in their entire shopping experience (Molinillo et al., 2022).

Managerial Implications

The results had significant implications for retail managers who are interested in enhancing customer loyalty. Service quality was important to loyalty, so retailers should strive to further enhance the reliability, responsiveness and customer-oriented aspects of their service. It is also noted that effective retail service quality practices lead to better customer relationships (Sivapalan et al., 2022).

Moreover, the significant customer experience score pointed to the importance of retailers tailoring a positive and memorable customer shopping experience at various customer touchpoints. While service innovation was not statistically shown to directly affect loyalty, retailers must make sure that innovation can offer customers a tangible benefit and create value for customers, not just new technology (Nguyen et al., 2024).

Limitations

There are several limitations of this study that need to be taken into account. The first one was the cross-sectional research design, in which the researchers could only study customer loyalty changes at a single point. Second, the study only considered customers of shopping malls in Klang Valley, Malaysia, and this restriction might restrict the generalisability of the results to other retail environments and areas of the country.

Furthermore, only 3 factors affecting customer loyalty were studied. The variables that were not included were not considered as being of significance, although they may help in the process of building loyalty among customers, including satisfaction, perceived value and trust.

Future Research Directions

The inclusion of other factors, like customer satisfaction, brand trust, perceived value, etc., would be beneficial for a more comprehensive knowledge of the formation of customer loyalty, which could be added to the proposed model for future research. Alternatively, research can be conducted across retail settings and/or across geographic locations to explore whether the relationships between the service factors and loyalty differ across contexts (Kim et al., 2024).

Furthermore, future research should employ a longitudinal design to investigate the change and development of customer loyalty over time instead of a design with only one data collection time.

CONCLUSION

The associationof service quality, service innovation and service experience on customer loyalty was studied in the context of retail customers in shopping malls in Klang Valley, Malaysia. The findings show that service quality and the customer experience mattered a lot for loyalty. Service innovation, on the other hand, did not show a strong direct link. Overall, the study points to one key idea. When retailers deliver strong service and a good experience that feels real, they can build bonds with customers that last longer. These results should help both scholars and people in the field. They can use the results to understand what drives loyalty in retail right now.

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APPENDICIES

Appendix A

Section A: Demographic Information

A1. Gender

□ Male

□ Female

A2. Age

□ 18–25

□ 26–35

□ 36–45

□ 46 and above

A3. Frequency of visiting shopping malls

□ Less than once a month

□ 1–3 times a month

□ Once a week

□ More than once a week

A4. Average spending during shopping mall visits

□ Below RM100

□ RM100–RM300

□ RM301–RM500

□ Above RM500

Section B: Service Quality

Code	Statement	1	2	3	4	5	Source
SQ1	Retail stores provide services as promised.						Parasuraman et al. (1988)
SQ2	Retail employees are reliable in providing accurate services.						Parasuraman et al. (1988)
SQ3	Retail employees are willing to help customers and provide prompt service.						Parasuraman et al. (1988)
SQ4	Retail employees are polite and make customers feel confident during service interactions.						Parasuraman et al. (1988)
SQ5	Retail stores provide convenient and efficient services that meet customer expectations.						Parasuraman et al. (1988)

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Section C: Service Innovation

Code	Statement	1	2	3	4	5	Source
SI1	Retail stores provide creative and innovative service options for customers.						Mahmoud et al. (2017)
SI2	Retail stores introduce new service processes that improve customer interactions.						Mahmoud et al. (2017)
SI3	Retail stores provide digital service options that make shopping more convenient.						Mahmoud et al. (2017)
SI4	Retail stores use modern technologies to improve service delivery.						Mahmoud et al. (2017)
SI5	Retail stores continuously improve their services based on changing customer needs.						Mahmoud et al. (2017)

Section D: Customer Experience

Code	Statement	1	2	3	4	5	Source
CE1	I am satisfied with my overall shopping experience at this retail store.						Karakas (2014)
CE2	The retail store experience meets my expectations.						Karakas (2014)
CE3	I am pleased with the quality of services provided by this retail store.						Kim & Kim (2022)
CE4	Shopping at this retail store is enjoyable for me.						Wang et al. (2021)
CE5	Choosing this retail store was a good decision.						Karakas (2014)

Section E: Customer Loyalty

Code	Statement	1	2	3	4	5	Source
CL1	I intend to continue purchasing products/services from this retail store in the future.						Dehghan & Shahin (2011)
CL2	I consider myself a loyal customer of this retail store.						Dehghan & Shahin (2011)
CL3	I would recommend this retail store to others.						Dehghan & Shahin (2011)
CL4	I say positive things about this retail store to other people.						Dehghan & Shahin (2011)
CL5	This retail store is my first choice compared with other retailers.						Dehghan & Shahin (2011)

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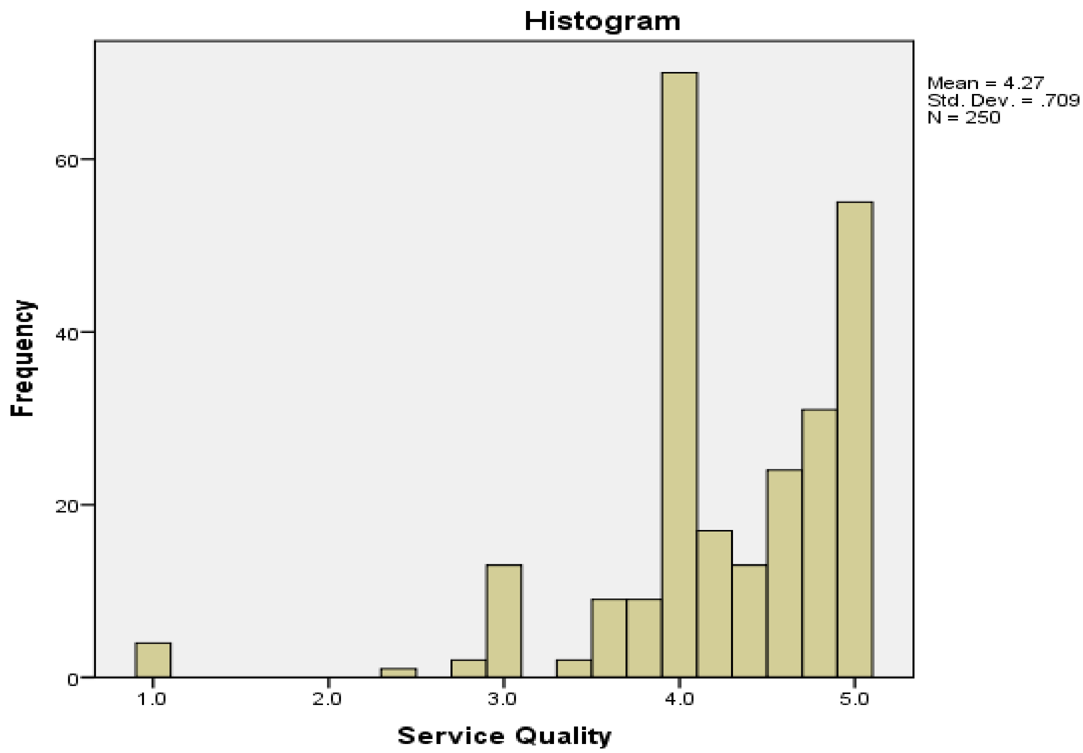
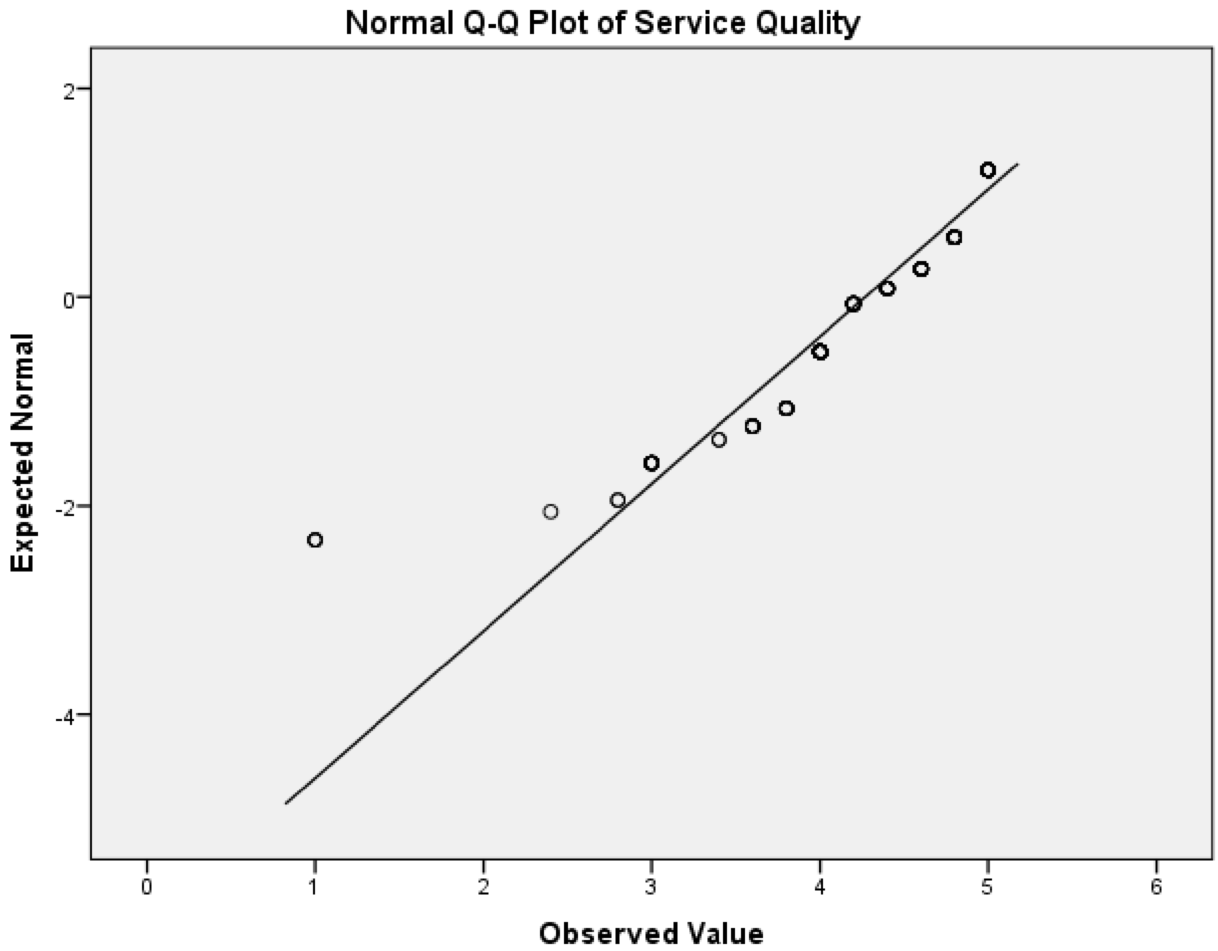
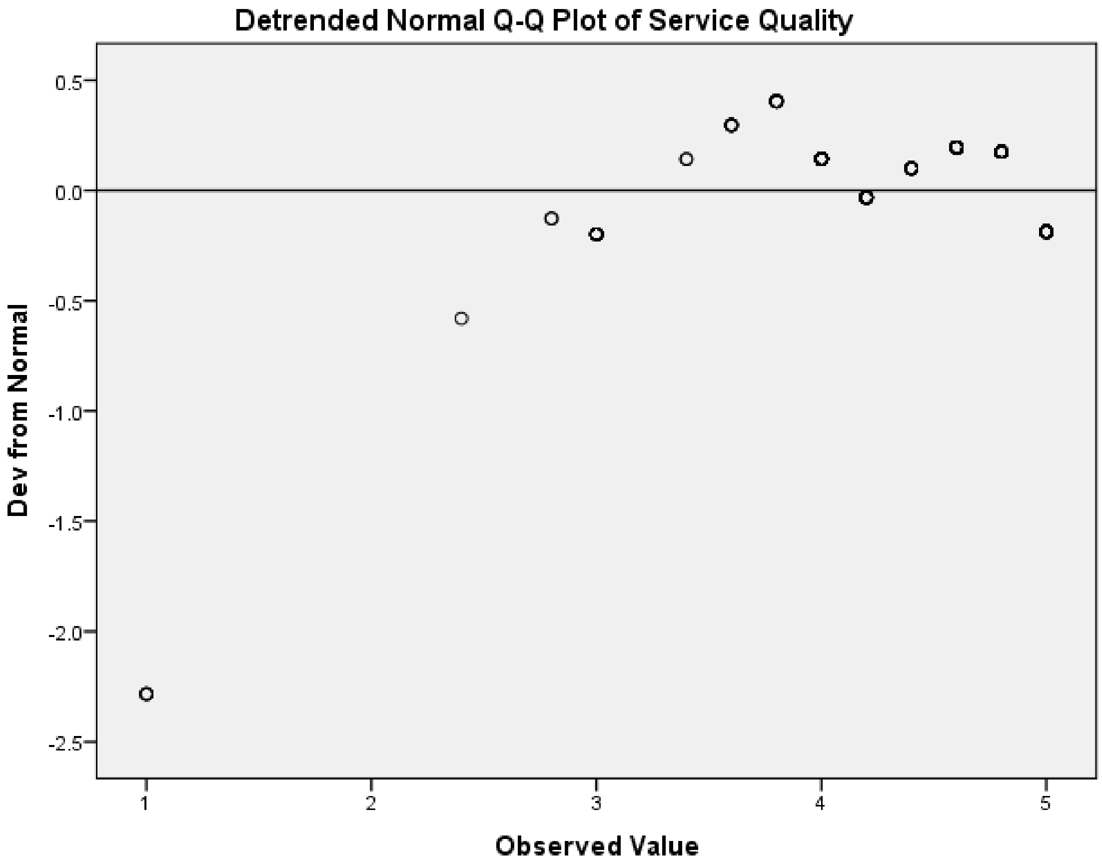
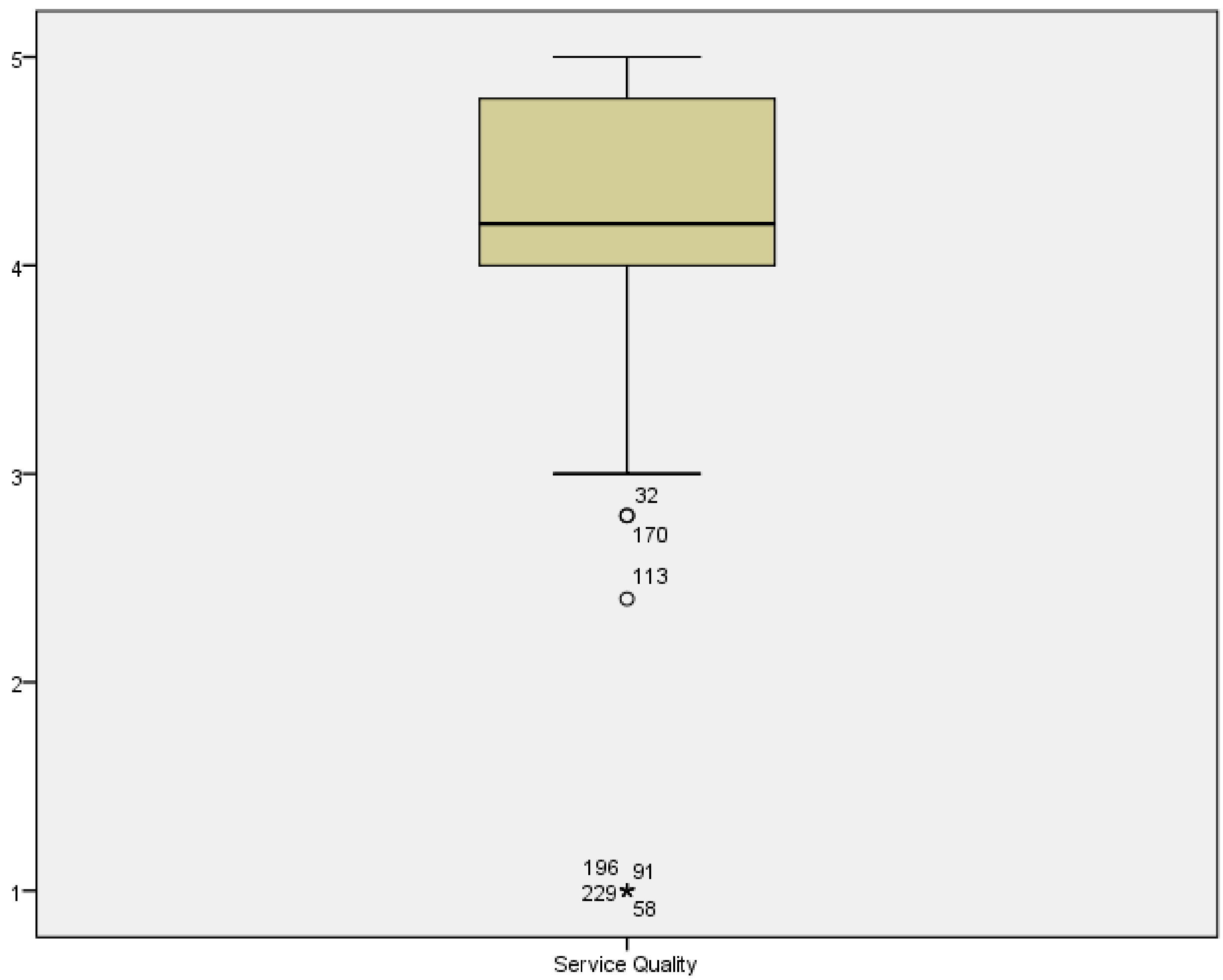
Appendix B: Normality

Service Quality






Detrended Normal Q-Q Plot of Service Quality
Dev from Normal
0.5
0.0
-0.5
-1.0
-1.5
-2.0
-2.5
1
2
3
4
5
Observed Value


5
4
3
2
1
32
170
113
196
91
229
58
Service Quality

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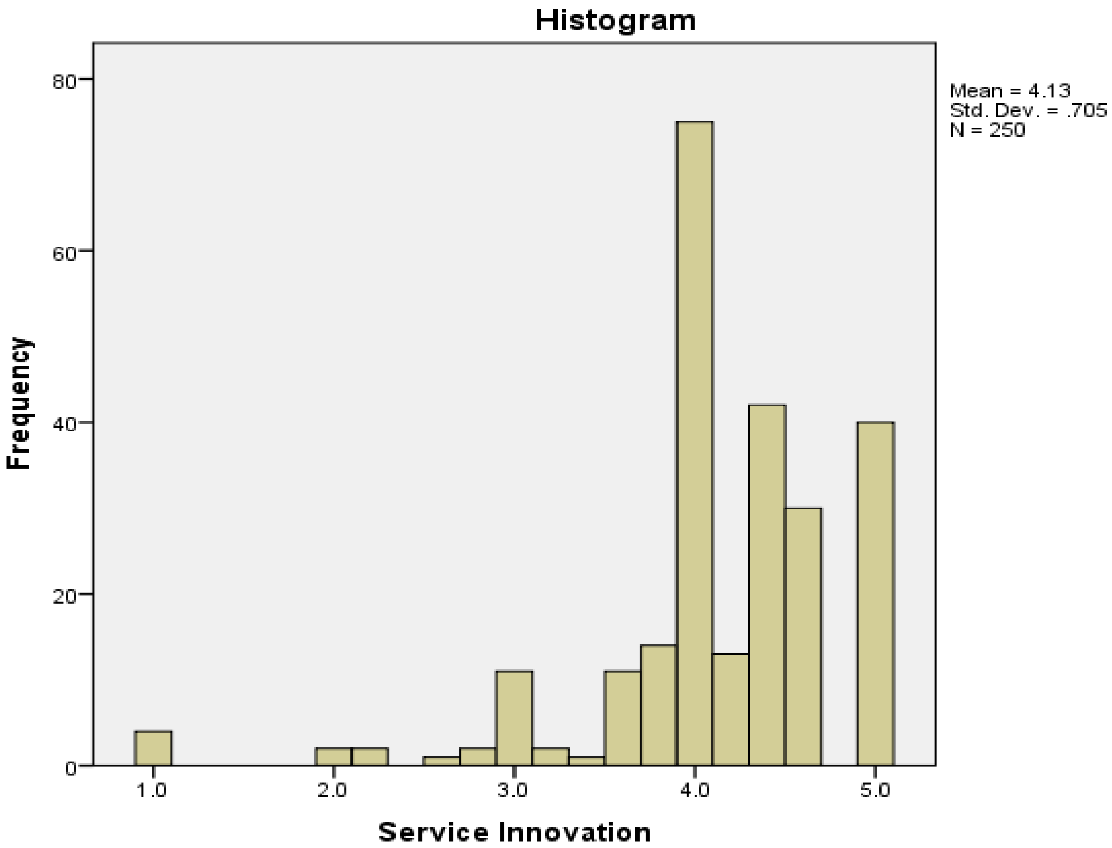
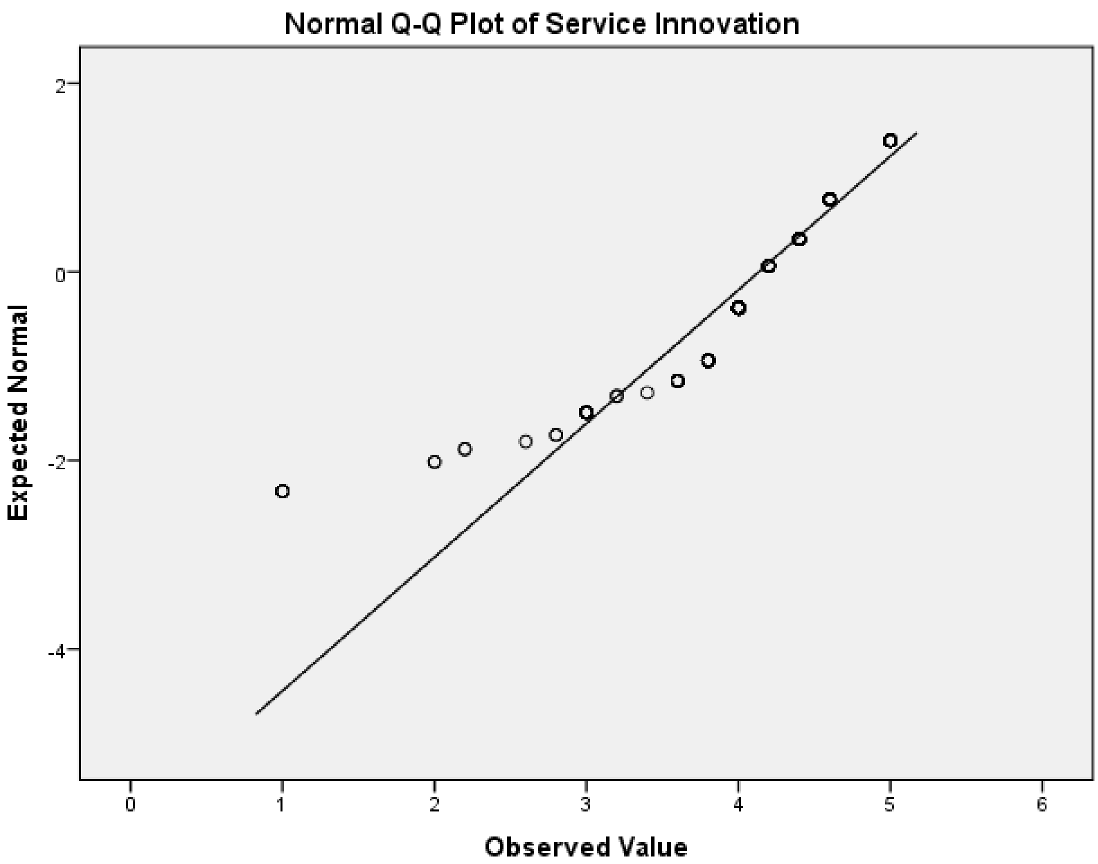
Service Innovation





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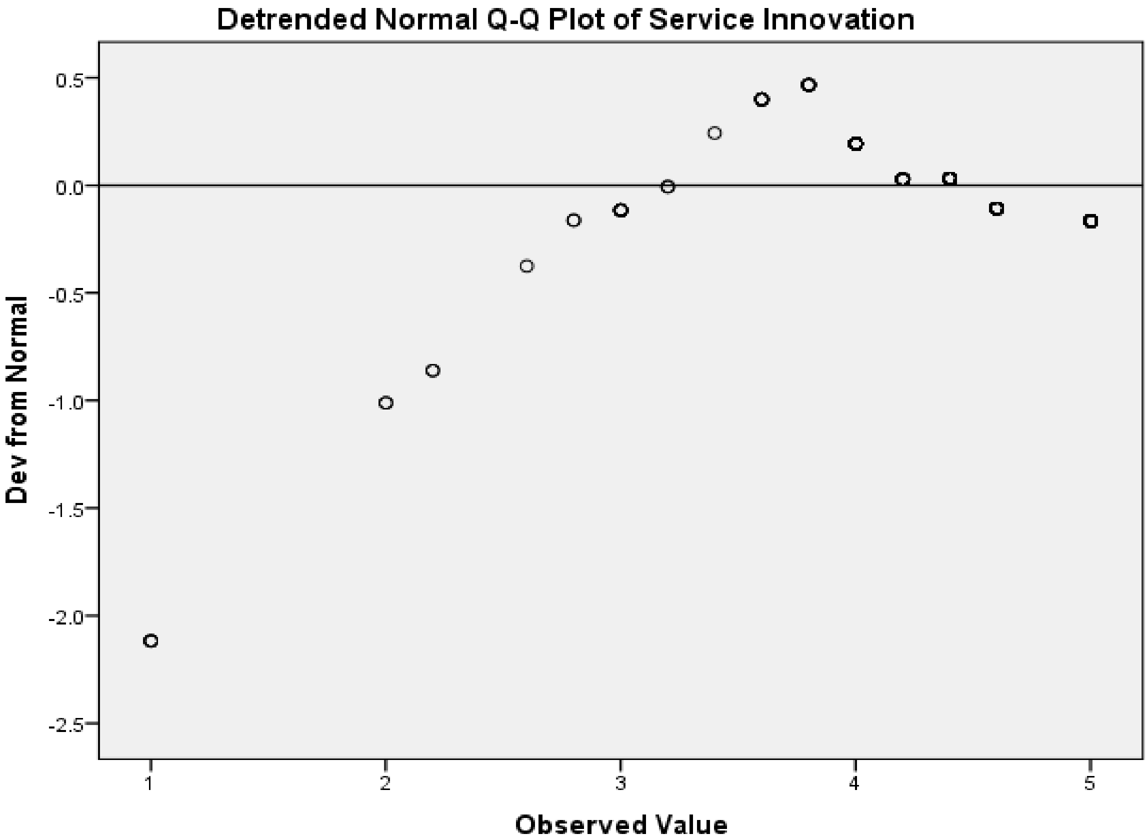
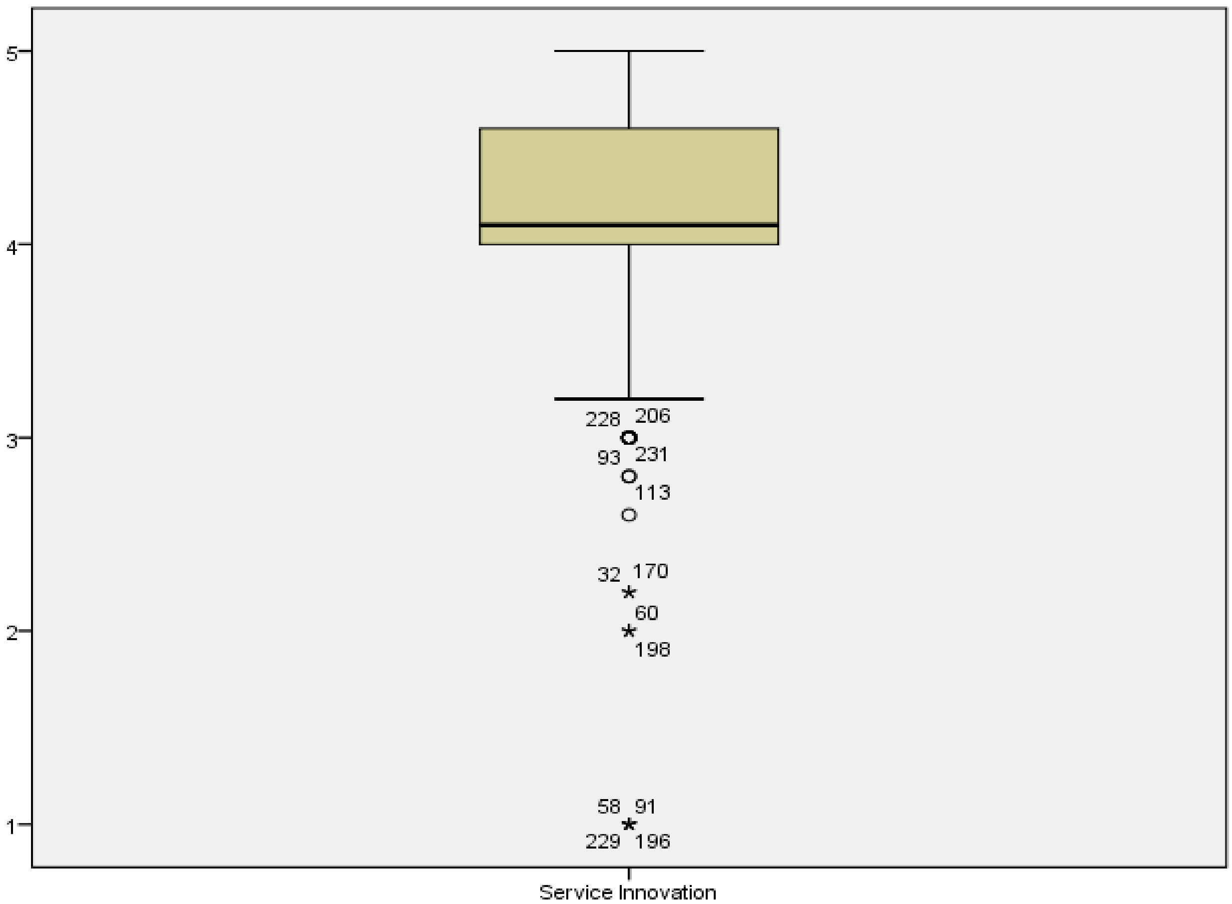
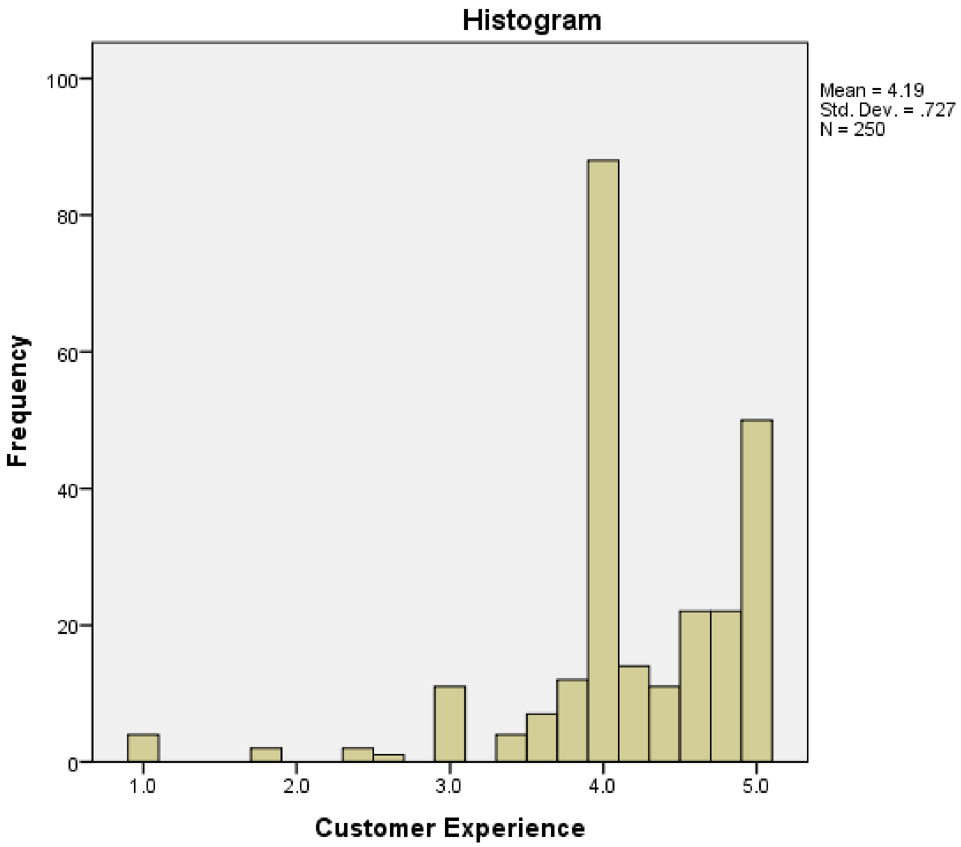
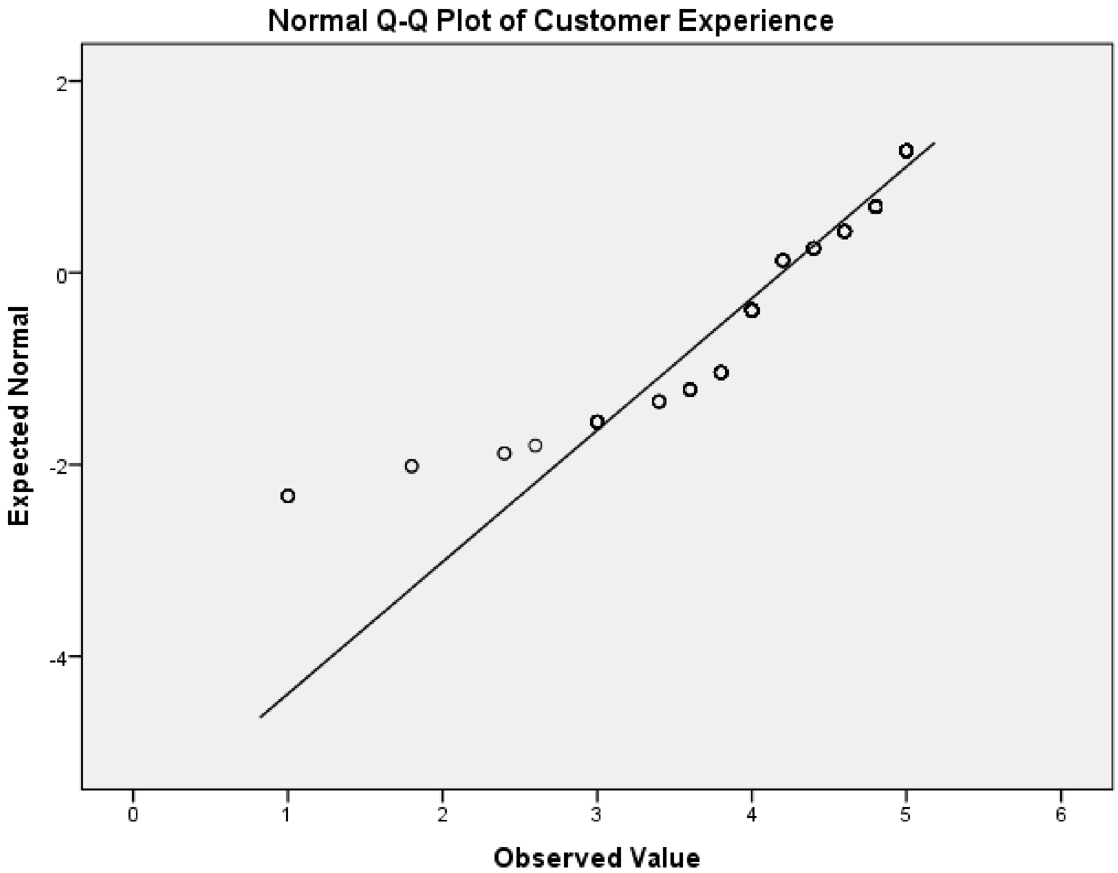




Customer Experience





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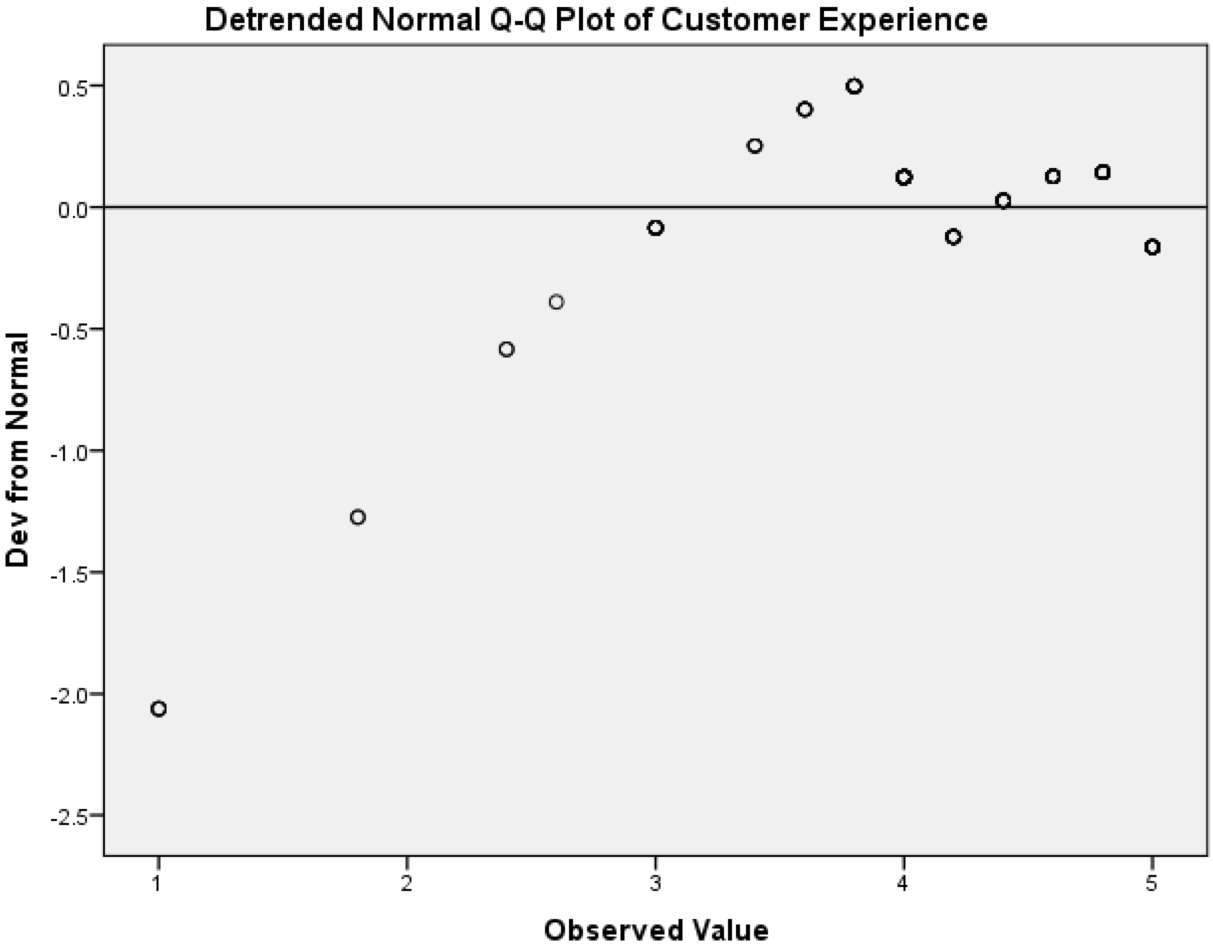
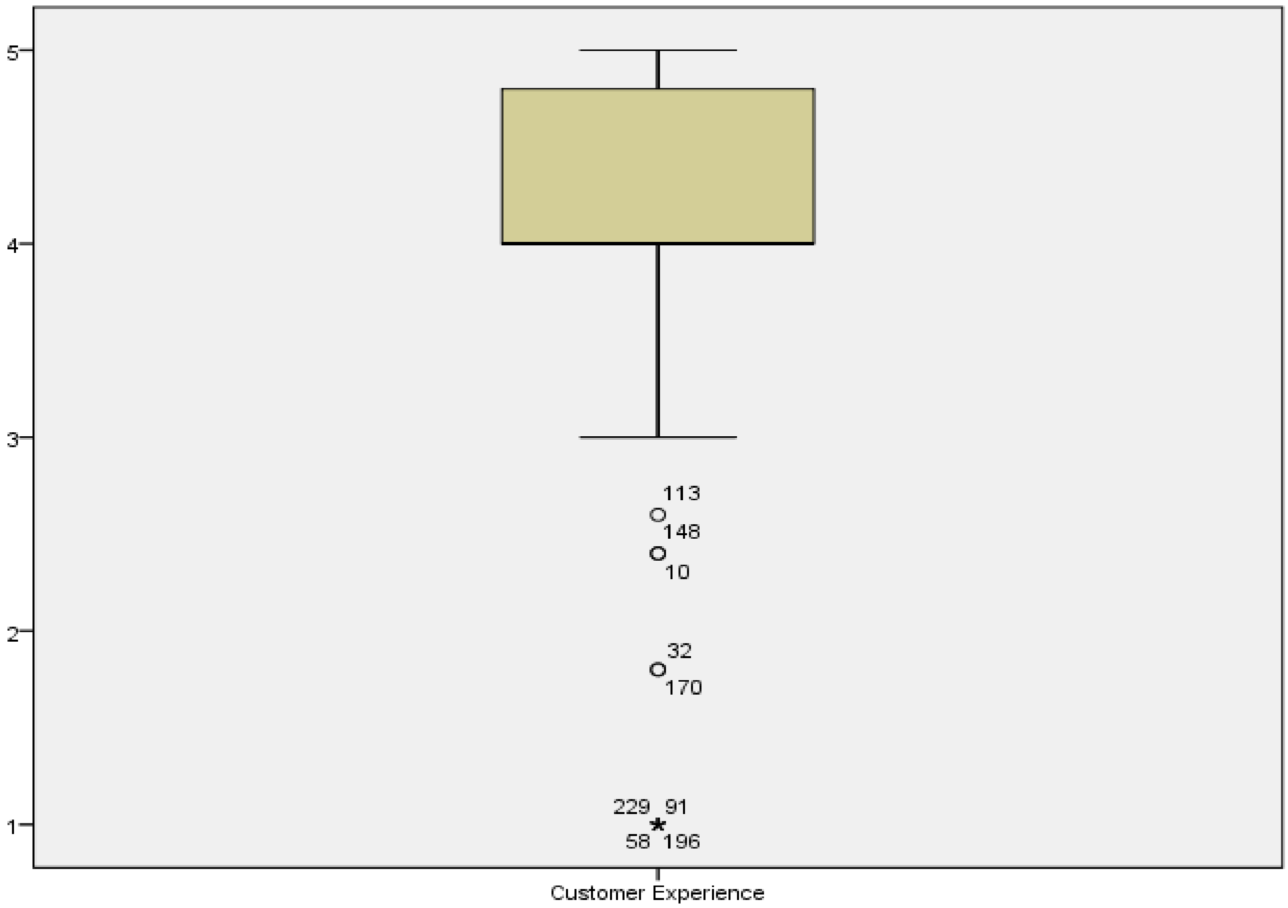
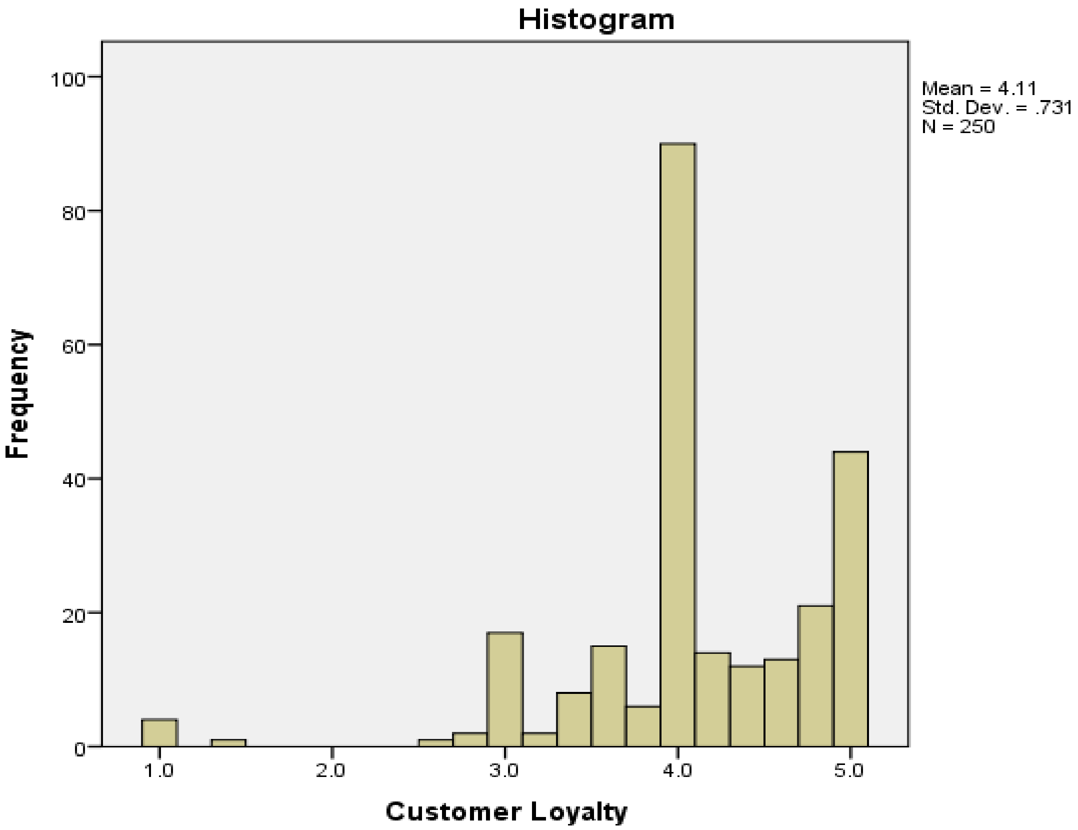
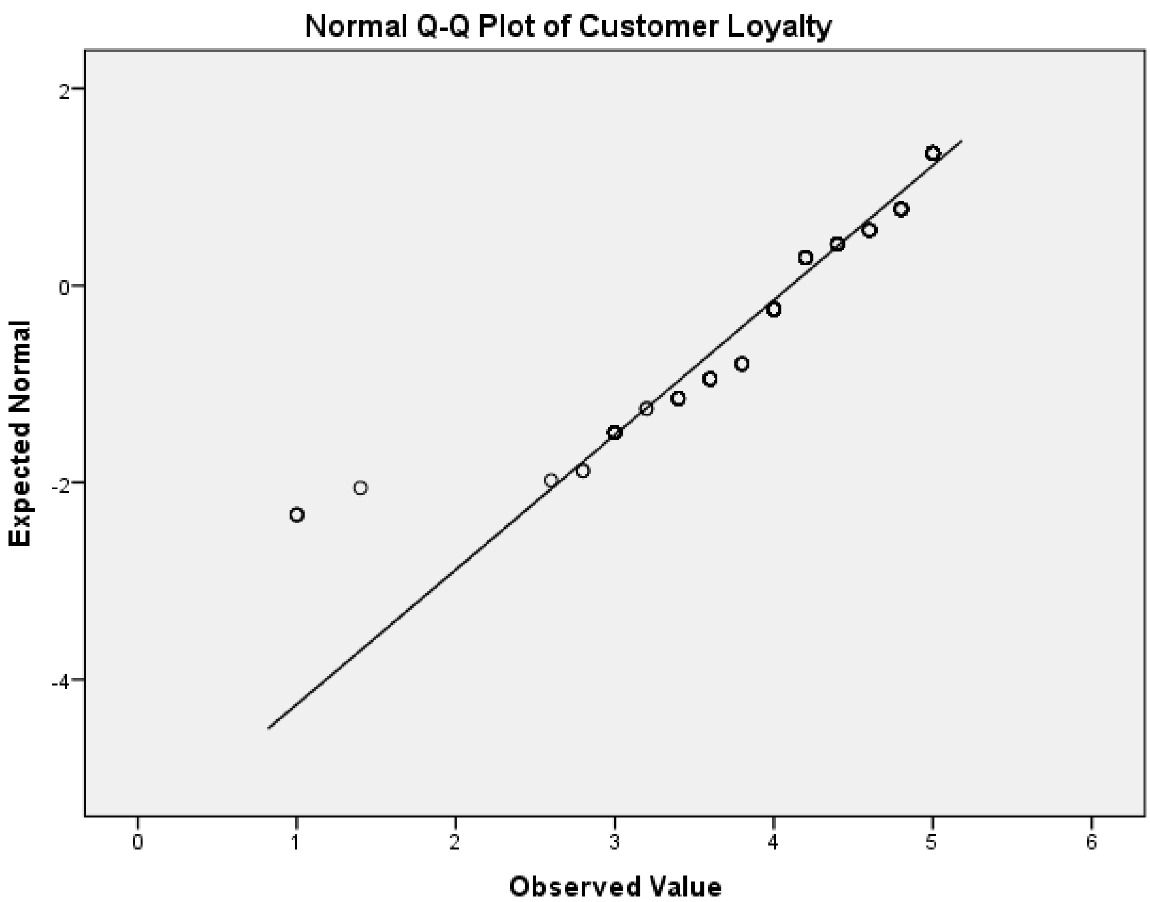




Customer Loyalty





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