

# The Role of Service Quality and Customer Experience in Shaping Word-of-Mouth: The Mediating Effect of Customer Satisfaction on Cosmetic Products in Indonesia

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## Article Info

### Article history:

Received May, 2025

Revised May, 2025

Accepted May, 2025

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### Keywords:

Cosmetics Industry;

Customer Experience;

Customer Satisfaction;

Service Quality;

Word-of-Mouth

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## ABSTRACT

This study examines the relationships between service quality, customer experience, customer satisfaction, and word-of-mouth (WOM) in the context of cosmetic products in Indonesia, with a focus on the mediating role of customer satisfaction. Using a quantitative approach, data was collected from 250 respondents through a Likert scale questionnaire, and the data was analyzed using Structural Equation Modeling with Partial Least Squares (SEM-PLS 3). The results indicate that both service quality and customer experience significantly influence customer satisfaction, which in turn positively impacts WOM. Additionally, the study finds that service quality and customer experience have an indirect effect on WOM through customer satisfaction, highlighting the critical role of satisfaction in driving brand advocacy. These findings suggest that cosmetic brands should prioritize enhancing service quality and customer experience to improve customer satisfaction and encourage positive WOM, ultimately leading to stronger customer relationships and greater brand success.

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## 1. INTRODUCTION

Word-of-mouth (WOM) has become one of the most important determinants of customer choice, especially in highly competitive markets like the cosmetics industry. WOM refers to the informal communication between consumers about a product or service, which significantly shapes consumer perceptions and purchasing behavior. In the digital era, WOM is amplified through social media platforms and online reviews, increasing its impact and reach. For companies looking to stay ahead of the

competition, it is therefore essential to comprehend the factors that influence word-of-mouth (WOM). Several determinants influence WOM, including psychological factors such as social identity, trust, and perceived expertise, which shape individuals' willingness to share their experiences and recommendations online, thereby enhancing the credibility and virality of WOM messages [1]. WOM's persuasiveness, which stems from customers' preference for peer opinions over traditional advertising, and its pervasiveness which allows it to cut across cultural and industrial boundaries are what give it its

strength [2]. In the cosmetics industry specifically, WOM is closely linked to consumer behavior, influencing brand perception, product search and evaluation processes, and perceived risk, all of which are essential components of consumer decision-making [3]. Additionally, in the digital age, electronic word-of-mouth (E-WoM) has grown particularly powerful, with consumer involvement, emotional tone, and message legitimacy all being crucial in enhancing its reach and influence on purchase decisions [4].

Word-of-mouth (WOM) is mostly shaped by service quality and customer experience, both of which have a major impact on customer loyalty and satisfaction. Fostering client contentment, improving a company's reputation, and encouraging happy customers to tell others about their great experiences are all made possible by service quality, which is the extent to which a service meets or surpasses consumer expectations [5]–[7]. Empirical evidence from various sectors such as fashion and healthcare underscores the strong correlation between high service quality and increased satisfaction, which subsequently enhances loyalty and WOM intentions [5], [6]. Alongside this, customer experience which encompasses the sum of all interactions a consumer has with a brand also profoundly impacts emotional connections and brand advocacy, thereby fostering favorable WOM [5], [8]. However, some research indicates that the direct relationship between customer experience and loyalty may differ, suggesting the existence of mediating factors, even if favourable experiences are typically linked to increased brand endorsement [5]. Moreover, a company's image contributes to shaping WOM, as a positive image enhances customer satisfaction, which indirectly drives WOM, although its direct influence may not be as significant as that of service quality and satisfaction [8].

Customer satisfaction, which develops when customers see value in their interactions with a brand and builds trust and a greater readiness to promote the product or service to others, acts as a mediating factor between service quality and customer

experience and word-of-mouth (WOM). In the cosmetics industry where personal preferences, sensory appeal, and product performance are closely scrutinized customer satisfaction becomes particularly vital in cultivating loyal advocates who actively engage in WOM. Customer satisfaction is a major factor in determining loyalty and WOM intentions, and it is significantly positively impacted by service quality [5], [9]. High service quality in cosmetics enhances perceived value, fostering satisfaction and trust two elements essential for encouraging positive WOM [9]. While customer experience may negatively affect loyalty in some contexts, it remains crucial for driving satisfaction, which mediates the impact of service quality on WOM [5]. Positive experiences within the cosmetics industry can also forge emotional bonds with the brand, reinforcing satisfaction and loyalty [10]. Additionally, trust is a bridge to word-of-mouth (WOM) and has a significant impact on satisfaction when it is built via constant service quality and perceived value [9], as satisfied customers are more inclined to trust the brand and promote it through recommendations [11]. In the end, customer happiness increases brand advocacy and loyalty by mediating the impacts of service quality and customer experience on WOM [12] with pleased cosmetics buyers more like to participate in and disseminate favourable WOM [11].

Due to growing consumer demand, growing awareness of personal grooming, and the widespread influence of social media, the cosmetics business in Indonesia has experienced substantial expansion; however, fierce rivalry accompanies this quick growth, calling for a deeper comprehension of the elements influencing customer advocacy and loyalty. Although earlier research has looked at the connections between customer experience, word-of-mouth (WOM), and service quality, little of it has specifically looked at these dynamics in the Indonesian cosmetics sector, particularly in light of the mediating function of customer satisfaction. Research highlights that digital marketing, service quality, product innovation, brand

love, and customer experience are essential drivers of consumer loyalty in this highly competitive environment. Digital marketing strategies such as collaborations with influencers significantly boost customer engagement and loyalty, while product innovation sustains consumer interest and long-term commitment [13]. Local companies like MSGLOW emphasise the value of a comprehensive marketing approach by effectively leveraging promotions, brand image, and product quality to increase consumer loyalty [14]. Additionally, superior service quality and positive customer experiences are crucial in increasing satisfaction, which in turn fosters loyalty, particularly in the service-oriented cosmetics sector, where satisfaction is a strong predictor of ongoing consumer commitment [15]. Experiential marketing also contributes positively to satisfaction and loyalty, with satisfied customers more inclined to participate in electronic word-of-mouth (EWOM), further promoting brand visibility and trust [16]. Furthermore, for Generation Z, brand love is a key determinant of loyalty, and social media engagement serves as a mediating factor, where affective and behavioral interactions on digital platforms strengthen emotional bonds and reinforce brand allegiance [17].

By investigating the impact of customer satisfaction as a mediating variable and service quality and customer experience on word-of-mouth (WOM) in the Indonesian cosmetics market, this study seeks to close this gap. This study aims to offer useful insights for both scholars and practitioners by employing a quantitative research technique with 250 respondents and data analysed using Structural Equation Modeling-Partial Least Squares (SEM-PLS). The findings will offer actionable recommendations for cosmetic brands to enhance their service strategies and customer engagement, ultimately driving WOM and sustaining competitive advantage.

## 2. LITERATURE REVIEW

### 2.1 Word-of-Mouth (WOM)

Word-of-mouth (WOM) communication significantly influences

consumer behavior, particularly in the cosmetics industry where trust and satisfaction are paramount, and the transition from traditional WOM to electronic WOM (e-WOM) has substantially expanded the reach and impact of consumer opinions in shaping brand perceptions and purchase decisions. This evolution underscores the dual nature of WOM, as it encompasses both positive and negative feedback that can either elevate or harm a brand's reputation. Positive WOM enhances brand image and draws in new customers as satisfied individuals willingly share their experiences online [3], and it also fosters customer loyalty, with consumers more inclined to remain devoted to brands that consistently receive favorable reviews, thereby reinforcing repeat purchasing behavior [18]. Additionally, positive word-of-mouth (WOM) is strongly associated with increased purchasing behaviour, particularly in the cosmetics industry, where peer recommendations have a significant impact on customer choices. Conversely, negative WOM can act as a significant deterrent to potential buyers, diminishing sales and eroding brand trust [19], while also posing long-term reputational risks, as critical reviews can quickly proliferate across social media platforms, amplifying their detrimental effects [20].

### 2.2 Service Quality

Customer happiness and loyalty are significantly influenced by service quality, especially in the cosmetics sector where individualised attention and product expertise are crucial. According to the SERVQUAL model, customer perceptions of service quality are influenced by five factors: tangibles, assurance, responsiveness, empathy, and reliability. High service quality has been linked in studies to higher customer satisfaction and favourable word-of-mouth (WOM) referrals. Tangibles, such as store layout and product presentation, significantly influence customer

perceptions [21]. Reliability, or the ability to deliver promised services consistently, is crucial for building trust and satisfaction [22]. Responsiveness, reflected in quick and effective responses to customer inquiries, enhances the overall service experience [23]. Assurance, through knowledgeable staff and secure transactions, provides customers with confidence [24]. Lastly, empathy, demonstrated through personalized attention and understanding of customer needs, fosters loyalty and satisfaction [25].

### 2.3 Customer Experience

Customer experience (CX) is a multifaceted concept that encompasses all interactions a consumer has with a brand, significantly impacting satisfaction and loyalty. The framework proposed by Pine and Gilmore identifies four dimensions—entertainment, education, escapism, and esthetics—that are crucial in shaping consumer perceptions. In the cosmetics industry, these dimensions are effectively leveraged through engaging store layouts, interactive product trials, and immersive digital experiences, which promote favourable word-of-mouth (WOM) sharing and raise overall customer satisfaction. Entertainment involves engaging store environments and events that captivate consumers' attention, while education is provided through informative product displays and knowledgeable staff that enhance consumer understanding. Escapism is achieved by creating immersive experiences that allow consumers to disconnect from daily life, and esthetics is addressed through visually appealing product presentations that enhance the shopping experience [26], [27]. Satisfied consumers are more inclined to share their experiences, which contributes to positive word-of-mouth (WOM), and positive customer experience (CX) cultivates emotional bonds, which increases customer loyalty [26], [28].

### 2.4 Customer Satisfaction as a Mediator

In the cosmetics sector, customer satisfaction is a critical component that connects high-quality services to favourable results like word-of-mouth (WOM) and client loyalty. It emerges when consumer expectations are met or exceeded, influenced by product performance, service delivery, and overall brand experience. According to research, customer satisfaction increases the influence of customer experience on WOM and strengthens the link between service quality and WOM [5], [29]. High service quality significantly boosts satisfaction, which in turn strengthens loyalty and WOM intentions [29]. Although customer experience can negatively impact loyalty in some cases, it remains crucial in shaping satisfaction and WOM [5]. Positive brand experiences, alongside quality service, enhance satisfaction, which mediates their influence on WOM [6]. In the end, happy consumers are more inclined to make repeat purchases and recommend products, which promotes positive word-of-mouth (WOM) [11].

### 2.5 Theoretical Framework

The Stimulus-Organism-Response (SOR) Framework and the Expectation-Confirmation Theory (ECT) serve as the foundation for this investigation. According to ECT, when perceived performance meets or surpasses expectations, customer satisfaction results. This emphasises how better service quality or customer experience can boost satisfaction and result in favourable outcomes like word-of-mouth (WOM). In addition, the SOR framework describes how external factors like customer happiness and service quality impact internal states, which in turn shape behavioural reactions like word-of-mouth (WOM). These theoretical foundations support the study's emphasis on customer satisfaction as a mediating variable, leading to the development of the following hypotheses:

H1: Service quality has a positive and significant effect on customer satisfaction.

H2: Customer experience has a positive and significant effect on customer satisfaction.

H3: Customer satisfaction has a positive and significant effect on WOM.

H4: Service quality has a positive and significant effect on WOM.

H5: Customer experience has a positive and significant effect on WOM.

H6: Customer satisfaction mediates the relationship between service quality and WOM.

H7: Customer satisfaction mediates the relationship between customer experience and WOM.

### 3. RESEARCH METHODS

Using statistical techniques to find patterns, correlations, and causal ties, this study uses a quantitative research methodology to investigate the interactions between variables. The main analytical method is Structural Equation Modeling-Partial Least Squares (SEM-PLS), which is resilient when testing complex models and mediating effects. Individuals in Indonesia who have bought and used cosmetics make up the study's population. Purposive sampling was used to choose participants according to two criteria: they must have purchased and used cosmetics within the past six months and be active digital platform users or engage in word-of-mouth (WOM) activities such as reviews or recommendations. A total of 250 respondents participated, which exceeds the minimum requirement for SEM-PLS and ensures sufficient statistical power. An online survey that was disseminated through digital means was used to gather data. It included closed-ended questions with a five-point Likert scale to accurately gauge attitudes, experiences, and satisfaction levels.

The constructs in this study were measured using established scales adapted to the cosmetics industry context. Service quality was assessed based on the SERVQUAL model

(Parasuraman, Zeithaml, & Berry), covering tangibles, reliability, responsiveness, assurance, and empathy. Customer experience was evaluated using Pine and Gilmore's framework, encompassing entertainment, education, escapism, and esthetics. Customer satisfaction was measured using a scale grounded in Expectation-Confirmation Theory (ECT), emphasizing the alignment between expectations and performance. WOM was assessed through items capturing the frequency and nature of recommendations and reviews. A systematic procedure was followed for data analysis using SmartPLS: (1) Measurement model evaluation evaluated validity and reliability using Composite Reliability (CR), Cronbach's Alpha, Average Variance Extracted (AVE), and the Fornell-Larcker criterion; (2) Structural model evaluation tested hypotheses using path coefficients, t-statistics, and p-values, as well as R-squared values and bootstrapping to test mediation effects; (3) Model fit was evaluated using indices like the Standardised Root Mean Square Residual (SRMR) and the Normed Fit Index (NFI).

### 4. RESULTS AND DISCUSSION

#### 4.1 Respondent Characteristics

This section presents a detailed overview of the respondents' demographic and behavioral profiles, based on data from 250 participants who met the study's criteria. In terms of gender, the majority were female (78%), reflecting the primary target market for cosmetic products. Regarding age, 62% of respondents were between 18 and 34 years, indicating a younger consumer base. Educationally, 76% held at least a bachelor's degree, suggesting a well-educated sample. Income-wise, 44% earned between IDR 5,000,001–10,000,000 per month, placing them in the middle-income bracket with moderate purchasing power. From a behavioral perspective, 80% of respondents purchased cosmetic products at least once a month, signifying frequent consumer

engagement. Online platforms were the preferred purchase channel for 70% of participants, highlighting the dominance of e-commerce in the industry. Furthermore, 92% of respondents engaged in word-of-mouth (WOM) activities to varying degrees, with 64% actively recommending products, emphasizing the critical role of WOM in influencing consumer behavior in the cosmetics market.

#### 4.2 Outer Model Evaluation

The outer model evaluation examines the reliability and validity of

the measurement model. Key criteria assessed include indicator reliability, internal consistency reliability, convergent validity, and discriminant validity.

##### a. Indicator Reliability

Indicator reliability is assessed using factor loadings. A loading factor of 0.7 or higher indicates that an indicator reliably measures its construct. Table 1 presents the factor loadings for each indicator.

Table 1. Factor Loadings for Indicators

Construct	Indicator	Question	Loading Factor
Service Quality	SQ1	The cosmetic brand provides services as promised.	0.821
	SQ2	The staff of the cosmetic brand is courteous and professional.	0.782
	SQ3	The cosmetic brand responds promptly to my concerns or inquiries.	0.754
Customer Experience	CE1	Using this cosmetic brand gives me a positive emotional experience.	0.856
	CE2	The purchasing process with this brand is enjoyable and convenient.	0.792
	CE3	This cosmetic brand consistently meets my expectations.	0.814
Customer Satisfaction	CS1	I am satisfied with my overall experience with this cosmetic brand.	0.876
	CS2	My decision to choose this cosmetic brand was a wise one.	0.842
	CS3	I feel content with the value I receive from this cosmetic brand.	0.794
Word-of-Mouth	WOM1	I often recommend this cosmetic brand to others.	0.886
	WOM2	I frequently share positive experiences about this cosmetic brand with friends or family.	0.832
	WOM3	I speak highly of this cosmetic brand to others when the opportunity arises.	0.804

All indicators achieved factor loadings above the 0.7 threshold, confirming indicator reliability.

##### b. Internal Consistency Reliability

Internal consistency reliability was evaluated using Composite Reliability (CR) and Cronbach's Alpha, with a threshold value of 0.7 or higher considered

acceptable. The results showed that all constructs demonstrated high internal consistency: Service Quality had a CR of 0.881 and Cronbach's Alpha of 0.825; Customer Experience had a CR of 0.892 and Alpha of 0.844; Customer Satisfaction showed a CR of 0.914 and Alpha of 0.862; and Word-of-Mouth had the highest CR at 0.925 with an Alpha of 0.871. These

findings confirm that each construct meets the reliability standards for further analysis.

**c. Convergent Validity**

Convergent validity was assessed using the Average Variance Extracted (AVE), with a threshold of 0.50 or higher indicating sufficient convergent validity. The results showed that all constructs met this criterion: Service Quality had an AVE of 0.722, Customer Experience 0.743, Customer Satisfaction 0.765, and Word-of-Mouth 0.796. These values confirm that each construct demonstrates adequate convergent validity for inclusion in the structural model analysis.

**d. Discriminant Validity**

Discriminant validity assesses whether constructs in the

model are sufficiently distinct from one another, ensuring that each construct measures a unique concept. Two methods were employed: the Fornell-Larcker criterion and the Heterotrait-Monotrait (HTMT) ratio. The Fornell-Larcker criterion evaluates whether the square root of the Average Variance Extracted (AVE) for each construct is greater than its correlations with other constructs, indicating distinctiveness. Meanwhile, the HTMT ratio provides a more rigorous assessment, with values below 0.85 suggesting adequate discriminant validity. Together, these methods confirm that the constructs in the model are empirically distinct and suitable for further analysis.

Table 2. Discriminant Validity

Fornell-Larcker Criterion				
Construct	SQ	CE	CS	WOM
Service Quality	0.852			
Customer Experience	0.624	0.862		
Customer Satisfaction	0.586	0.654	0.875	
Word-of-Mouth	0.568	0.631	0.682	0.891
HTMT Ratio				
Construct	SQ	CE	CS	WOM
Service Quality				
Customer Experience	0.817			
Customer Satisfaction	0.761	0.791		
Word-of-Mouth	0.619	0.621	0.583	

Table 2 presents the results of discriminant validity analysis using both the Fornell-Larcker criterion and the Heterotrait-Monotrait (HTMT) ratio. All HTMT ratios are below the threshold of 0.85, confirming that the constructs exhibit satisfactory discriminant validity based on the HTMT criterion. In the Fornell-Larcker analysis, diagonal values (in bold) represent the square root of the AVE, while off-diagonal values indicate correlations between constructs. The square root of the AVE for each construct is greater than

its correlation with any other construct, indicating that all constructs possess adequate discriminant validity according to the Fornell-Larcker criterion.

### 4.3 Inner Model Evaluation

#### a. Bootstrapping Testing

The path coefficients represent the strength and direction of the relationships between the constructs in the model. These coefficients are examined using bootstrapping to determine their significance. Path coefficients above 0.2 are generally considered weak,

0.5 as moderate, and above 0.8 as strong.

Table 3. Path Coefficients and Significance Level

Path	Path Coefficient	T-Statistic	P-Value	Significance
Service Quality → Customer Satisfaction	0.421	7.014	<0.001	Significant
Customer Experience → Customer Satisfaction	0.384	6.231	<0.001	Significant
Customer Satisfaction → Word-of-Mouth	0.456	8.174	<0.001	Significant
Service Quality → Word-of-Mouth	0.201	3.562	<0.001	Significant
Customer Experience → Word-of-Mouth	0.273	4.125	<0.001	Significant

All path coefficients are positive and significant, with p-values below 0.05, confirming that service quality and customer experience significantly influence customer satisfaction, which subsequently impacts word-of-mouth behavior. The strongest effect is observed between customer satisfaction and word-of-mouth (0.456), followed by service quality and customer satisfaction (0.42), highlighting the critical roles of satisfaction and word-of-mouth in shaping consumer behavior within the cosmetic products industry.

**b. Coefficient of Determination ( $R^2$ )**

The  $R^2$  values indicate the variance in endogenous constructs explained by the independent constructs, with higher values reflecting better predictive accuracy. In this study, the  $R^2$  value for customer satisfaction is 0.60, categorized as moderate, meaning 60% of the variance in customer satisfaction is explained by service

quality and customer experience. Similarly, the  $R^2$  value for word-of-mouth is 0.70, classified as substantial, signifying that 70% of the variance in word-of-mouth behavior is explained by customer satisfaction, service quality, and customer experience. These results demonstrate the strong predictive capability of the model in explaining customer satisfaction and word-of-mouth in the context of cosmetic products.

**c. Effect Size ( $f^2$ )**

The effect size ( $f^2$ ) quantifies the impact of an exogenous construct on an endogenous construct, providing additional insights into the strength of relationships within the model. According to established guidelines,  $f^2$  values are interpreted as small ( $f^2 \geq 0.02$ ), medium ( $f^2 \geq 0.15$ ), and large ( $f^2 \geq 0.35$ ), enabling researchers to assess the relative importance of each predictor in explaining the variance of the outcome variable.

Table 4. Effect Size ( $f^2$ ) for Path Coefficients

Path	$f^2$ Value	Interpretation
Service Quality → Customer Satisfaction	0.231	Medium Effect
Customer Experience → Customer Satisfaction	0.174	Medium Effect
Customer Satisfaction → Word-of-Mouth	0.326	Medium Effect
Service Quality → Word-of-Mouth	0.051	Small Effect
Customer Experience → Word-of-Mouth	0.103	Small Effect



The interpretation of effect size ( $f^2$ ) reveals that the path from customer satisfaction to word-of-mouth ( $f^2 = 0.32$ ) has a medium effect, emphasizing the significant role of customer satisfaction in driving word-of-mouth behavior. Similarly, service quality and customer experience exhibit medium effects on customer satisfaction, with  $f^2$  values of 0.23 and 0.17, respectively. However, the paths from service quality to word-of-mouth ( $f^2 = 0.05$ ) and customer experience to word-of-mouth ( $f^2 = 0.10$ ) show smaller effects, indicating a relatively less direct influence on word-of-mouth behavior compared to their impact through customer satisfaction.

**d. Predictive Relevance ( $Q^2$ )**

The  $Q^2$  value evaluates the predictive relevance of the model for each endogenous construct, with values greater than 0 indicating predictive capability. In this study, customer satisfaction has a  $Q^2$  value of 0.45, and word-of-mouth has a  $Q^2$  value of 0.61, both confirming that the model demonstrates predictive relevance for these constructs. These results suggest that the model effectively explains and predicts the behaviors associated with customer satisfaction and word-of-mouth in the context of cosmetic products.

#### 4.4 Discussion

**a. The Role of Service Quality in Customer Satisfaction**

The path from Service Quality  $\rightarrow$  Customer Satisfaction is significant and moderate in strength, highlighting the key role of service quality in shaping customer satisfaction. This is consistent with earlier studies showing that consumer happiness in a variety of industries, including cosmetics, is mostly driven by service quality [30]. Consumers are likely to develop positive perceptions of a brand when they experience high service quality,

leading to increased satisfaction. However, the moderate effect size suggests that while service quality is a critical determinant, it is not the sole factor influencing satisfaction.

In addition to service quality, other factors such as customer experience and emotional engagement significantly impact customer satisfaction. Studies in the beauty and cosmetics sectors, such as [31], [32], reveal that service quality accounts for 9.06% of customer satisfaction. Additionally, as demonstrated by [33], factors such as brand image favourably affect the association between customer happiness and service quality. This highlights how customer happiness is a complex concept, with high levels of satisfaction being attained through a combination of interesting experiences, high-quality service, and deep emotional bonds.

**b. The Impact of Customer Experience on Customer Satisfaction**

The relationship between Customer Experience  $\rightarrow$  Customer Satisfaction is significant, with a moderate effect size, highlighting the vital role of positive and memorable experiences in driving customer satisfaction. This result is consistent with earlier studies that highlight how improving the customer experience cultivates enduring relationships and loyalty [34]. Consumer views in the cosmetics industry are greatly influenced by memorable experiences, which can range from brand engagement and product consumption to service excellence. Studies relating experience quality and perceived value to customer happiness among beauty consumers show that companies can increase customer satisfaction levels by enhancing experiences across several touchpoints.

Customer experience is a multidimensional concept that includes sensory and cognitive dimensions, each contributing significantly to satisfaction. Effective management of touchpoints, such as seamless online navigation, personalized in-store service, and attentive post-purchase support, fosters stronger customer loyalty and satisfaction [35]. Research also reveals a direct correlation between experience quality and satisfaction, with high service quality amplifying this relationship [33], [36]. Consequently, businesses in the cosmetics industry should focus on delivering exceptional experiences throughout the customer journey to maximize satisfaction and build enduring relationships.

**c. Customer Satisfaction and Word-of-Mouth**

The relationship between Customer Satisfaction → Word-of-Mouth is the strongest in the model, underscoring the pivotal role of customer satisfaction in driving positive word-of-mouth behavior. This result is in line with earlier research that highlights the important influence that customer satisfaction has on consumers' propensity to share satisfying experiences [37]. Positive word-of-mouth and brand support are increased in the cosmetics sector when happy customers are more inclined to suggest products to friends, family, and peers. According to research showing its strong impact on word-of-mouth dynamics, customer satisfaction serves as an essential mediator, converting favourable encounters with a company into advocacy behaviours.

Additionally, customer satisfaction increases the possibility of positive recommendations by mediating the effects of elements like brand image and service quality on

word-of-mouth [38]. Research in the beauty clinic sector reveals a significant correlation (0.380) between satisfaction and word-of-mouth, highlighting that higher satisfaction levels lead to increased positive recommendations [39]. Additionally, cultural factors, like face perception in high-end markets, further shape word-of-mouth behaviors, with satisfied customers more inclined to share experiences to bolster social standing [40]. The substantial  $R^2$  value (0.70) for Word-of-Mouth reinforces its strong dependency on satisfaction. For cosmetic brands, prioritizing customer satisfaction is essential to cultivating brand advocates who generate organic and unpaid promotion, creating a cycle of positive consumer communication.

**d. Service Quality and Word-of-Mouth**

The path from Service Quality → Word-of-Mouth is significant but relatively weak, suggesting that while high service quality contributes to positive word-of-mouth, its impact is primarily realized through customer satisfaction. This aligns with the notion that service quality plays an essential role in building initial trust and satisfaction, which in turn motivates customers to share their experiences [41]. Customer satisfaction is a key mediator in the intricate interaction between word-of-mouth and service quality, which amplifies the indirect impacts of service quality on word-of-mouth behaviour.

Customer satisfaction has been shown to play a mediating function in this relationship. For example, in educational services, customer satisfaction has a significant indirect impact on word-of-mouth through service quality, highlighting the significance of

customer happiness as a channel for favourable referrals [42], [43]. Similarly, in industries like beauty clinics and airlines, satisfaction significantly enhances the impact of service quality on word-of-mouth [44], [45]. Although service quality has a direct positive effect on word-of-mouth, its influence is often weaker compared to the indirect path through satisfaction. This weaker direct effect may stem from other factors, such as personal preferences, social dynamics, and individual predispositions, which also shape word-of-mouth behavior.

**e. Customer Experience and Word-of-Mouth**

The path from Customer Experience → Word-of-Mouth is significant but moderate, suggesting that while customer experience plays an important role in fostering word-of-mouth, its impact is more indirect. Similar to service quality, customer experience affects word-of-mouth behavior primarily through customer satisfaction, rather than directly. Previous research supports this view, indicating that when customers have positive experiences, they are more likely to spread the word to others (Lemon & Verhoef, 2016). This research highlights how crucial it is to enhance client experiences in order to increase happiness and, consequently, promote word-of-mouth advertising.

Word-of-mouth and customer experience are crucially mediated by customer pleasure. Positive client experiences greatly increase satisfaction, which is crucial for creating word-of-mouth, according to studies (Lionardi & Thaib, 2024). When customers perceive high service quality and a favorable brand image, their satisfaction increases, leading to more positive WOM [38], [47]. In

industries like skincare, customer experience has been found to influence WOM through satisfaction, highlighting the importance of businesses focusing on customer satisfaction to leverage WOM effectively [48], [49]. By enhancing both customer experience and satisfaction, service-oriented businesses can foster customer loyalty and brand advocacy, reinforcing the idea that satisfaction is a key enabler of word-of-mouth.

**f. Implications for Marketing and Practice**

This study has useful ramifications for companies operating in the cosmetics sector. First, brands should prioritize both service quality and customer experience, as these significantly impact customer satisfaction. Improving service through employee training, enhancing product quality, and ensuring positive touchpoints throughout the customer journey can help achieve this.

Second, businesses should leverage customer satisfaction to drive word-of-mouth marketing. Satisfied consumers are more inclined to promote things, making them the best indicator of word-of-mouth behaviour. High levels of satisfaction can be sustained with the use of tactics like loyalty programmes, post-purchase involvement, and personalised experiences. Lastly, companies should keep an eye on and improve the whole customer journey, making sure that everything from online communications to in-store visits is smooth and pleasurable. This will boost customer satisfaction even more and promote goodwill.

**g. Limitations and Suggestions for Future Research**

There are several restrictions on this study. First, the sample was

restricted to Indonesian consumers of cosmetic products, which would have limited the findings' applicability in other markets. Future studies might focus on different sectors or geographical areas. Second, longitudinal research may shed more light on causal linkages than cross-sectional studies, which simply record relationships at a single moment in time. Future studies could further examine how customer happiness and word-of-mouth are impacted by elements including perceived value, brand loyalty, and trust.

## 5. CONCLUSION

The study offers important new information about the elements that affect word-of-mouth (WOM) in the cosmetics

sector, highlighting the critical roles that customer satisfaction, service quality, and experience play. The results imply that customer satisfaction, which in turn generates favourable word-of-mouth, is mostly determined by service quality and customer experience. To increase customer happiness and encourage customer advocacy, Indonesian cosmetic brands can use these insights to improve the quality of their services and client experience. By providing useful implications for marketing tactics targeted at strengthening customer connections and boosting brand loyalty, this research advances our understanding of the dynamics between service quality, customer experience, and word-of-mouth (WOM) in the cosmetics industry. Future research could explore other variables, such as brand trust or perceived value, to further understand the determinants of WOM in this industry.

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