

“Strategic positioning, relational marketing, and brand loyalty: The mediating role of brand image in Indonesia’s telecom sector”

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STRATEGIC POSITIONING, RELATIONAL MARKETING, AND BRAND LOYALTY: THE MEDIATING ROLE OF BRAND IMAGE IN INDONESIA’S TELECOM SECTOR

Abstract

This study explores how strategic positioning and relational marketing influence brand loyalty in Indonesia’s telecommunications sector, focusing on the mediating role of brand image. A quantitative survey was conducted with 460 prepaid mobile users in Makassar City, using PLS-SEM to evaluate direct and indirect relationships among the variables. The findings reveal that both strategic positioning and relational marketing significantly affect brand loyalty directly and through brand image ($\beta = 0.323$, $p = 0.038$; and $\beta = 0.288$, $p = 0.030$, respectively). Furthermore, brand image serves as a partial mediator, as shown by the indirect effect of strategic positioning performance on brand loyalty through brand image ($\beta = 0.178$, $p = 0.071$) and the indirect effect of relational marketing on brand loyalty via brand image ($\beta = 0.181$, $p = 0.064$). From a managerial perspective, these findings underscore the need for telecommunications providers to integrate strategic positioning and relational marketing with brand image development.

Keywords

brand loyalty, strategic positioning performance, relational marketing, brand image, telecommunications industry, PLS-SEM

JEL Classification

M31, L96, M37, D12, C83

INTRODUCTION

The telecommunications industry has experienced rapid global growth, driven by technological advances and shifting consumer behavior (Chajia & Nfaoui, 2024). In Indonesia, this transformation has been accelerated since the rollout of GSM services in 1994, resulting in high penetration rates and more than 225 million users (Naomi Kimaro et al., 2024), of which over 90% are prepaid subscribers (Indonesia, 2023). This intense competition has created a paradox: although overall subscriber numbers continue to rise, customer retention remains a persistent challenge, largely due to price-sensitive consumers who frequently switch providers based on short-term promotions (Ibrahim Adedeji Adeniran et al., 2024). Market share volatility among major providers underscores the need to shift from transactional marketing tactics to strategies that foster long-term loyalty and differentiation. This need is consistent with evidence from emerging markets, where long-term competitiveness is increasingly linked to strategic capabilities such as digital transformation, innovation capability, and market orientation (Sastra et al., 2025).

While prior studies have emphasized service quality, satisfaction, and pricing as drivers of loyalty, these transactional factors are insufficient in low-switching-cost environments (Hadi et al., 2019; Lee et al., 2001; Matzler et al., 2015; Nguyen et al., 2020; Yang & Peterson, 2004). Recent scholarship suggests that intangible brand assets, such as strategic positioning and relational marketing, play a more sustainable role in shaping customer commitment (Bhatti & Alqasa, 2024; Chiguvu & Sepepe, 2024). However, there remains a conceptual and empirical gap in understanding how these intangible factors interact with brand image to cultivate customer commitment, particularly in markets characterized by low switching costs and fragmented consumer preferences. Furthermore, few studies have explored how the widespread practice of multi-SIM ownership in Indonesia complicates efforts to build enduring brand relationships. These realities pose a scientific problem: to what extent can brand-level strategic interventions – beyond price and product – effectively build and sustain consumer loyalty in high-churn environments?

Addressing this issue is essential for both marketing theory and practice, especially as firms increasingly compete not on service features but on perceptions, trust, and emotional connections. Without a deeper understanding of how brand positioning and relational strategies translate into lasting loyalty – mediated by brand image – companies may continue to rely on costly, short-lived tactics.

1. LITERATURE REVIEW AND HYPOTHESES

Building a strong brand has become an imperative for businesses seeking to retain customers in increasingly saturated and competitive markets. Theoretical and empirical studies in marketing have evolved significantly in recent decades, particularly concerning customer loyalty, brand equity, and strategic relationship-building. This literature review synthesizes findings from previous research related to strategic positioning, relational marketing, brand image, and brand loyalty, in order to develop a comprehensive conceptual framework suited to low-switching-cost environments such as the telecommunications sector. Smith and Aaker (1992) posited that brand loyalty forms the core of brand equity by ensuring sustainable revenue and reducing customer acquisition costs. More recent studies (Tueanrat et al., 2021) highlight that brand loyalty has evolved with the proliferation of digital marketing channels, where elements like online reviews and influencer endorsements significantly influence brand perception. Effective management of brand equity enhances a firm's competitive edge, particularly in highly saturated markets, where traditional product-based differentiation is minimal. This research builds upon brand equity theories to investigate how positioning and relational marketing strategies enhance brand loyalty through brand image development.

Positioning is no longer static; instead, it has become dynamic in response to data-driven environments (Dinnie, 2003; Yu, 2024). Strategic positioning enhances brand perception and is increasingly implemented via personalization, customer insight, and competitive differentiation strategies. Firms that refine their positioning using market trends can secure better brand associations and loyalty outcomes. For instance, companies in the telecommunications sector frequently introduce new services tailored to evolving customer needs, reinforcing brand associations and consumer trust.

Brand image is not only shaped by internal positioning strategies but also by external influences, such as social perceptions and word-of-mouth (WOM) communication (Arifin et al., 2024). Hawkins and Mothersbaugh (2010) asserted that brand image is significantly influenced by opinions within consumers' social networks. This finding is echoed by Hollebeek et al. (2014), who reported that peer recommendations, especially through digital platforms, strongly shape brand evaluations. Moreover, user-generated content and eWOM on social media channels have become crucial factors in shaping consumer trust and brand image (Erkan & Evans, 2016). Companies that leverage these external factors through influencer marketing and online testimonials strengthen their credibility. Brand image serves as a cognitive shortcut in consumer decision-making (Keller,

2013). When shaped by relational strategies and consistent communications, a strong image reinforces trust and consumer attachment (Hollebeek et al., 2014; Moreira et al., 2017). Loyalty itself consists of attitudinal and behavioral dimensions, both of which are influenced by perceived brand strength and emotional bonds (Bolton et al., 2018; Fournier, 1998).

Relational marketing emphasizes trust and commitment, which are foundational to long-term brand relationships (Berry, 1995; Morgan & Hunt, 1994). Trust is developed through ethical conduct, transparency, and consistent service delivery (Özdemir, 2023), while relationship commitment is strengthened through emotional engagement and loyalty programs (Verhoef et al., 2009). These mechanisms collectively influence brand image and retention. Commitment is another fundamental element of relational marketing. Morgan & Hunt (1994) defined relationship commitment as the intention to maintain long-term, mutually beneficial partnerships. Contemporary studies, such as those by Verhoef et al. (2009), have expanded on this concept by demonstrating how digital engagement platforms enhance customer commitment. Brands that offer personalized loyalty programs and exclusive rewards create emotional bonds with their customers, making it less likely for them to switch to competitors. Additionally, seamless integration of customer experience across digital and physical touchpoints further reinforces this commitment.

The dual dimensions of loyalty – attitudinal and behavioral – are vital for comprehensive customer engagement. Fournier (1998) posited that brand relationships resemble interpersonal relationships, with emotional connections driving long-term loyalty. Recent research by Bolton et al. (2018) supports this view, emphasizing that while behavioral loyalty can be sustained through tactical initiatives like discounts and promotions, attitudinal loyalty requires a deeper sense of brand affinity. Companies that invest in cultivating emotional engagement through personalized content, storytelling, and responsive service are more likely to benefit from customer advocacy.

Beyond the core constructs, marketing communication plays an essential supporting role in

shaping and conveying brand values to consumers. Marketing communication strategies have become increasingly complex with the proliferation of digital channels. Bokhari and Manzoor (2022) highlighted the role of marketing communication in bridging brand identity and brand image. Modern communication strategies require consistency across multiple platforms, including social media, advertising, and public relations (G. Belch & M. Belch, 2015). A lack of alignment between brand identity and communication can result in confusion and diminished brand associations. Consequently, firms must adopt integrated marketing communication (IMC) approaches to ensure cohesive messaging.

In competitive markets where functional product differences are minimal, brand image becomes a key differentiator. Keller (2013) explained that brand image simplifies consumer decision-making by reducing the cognitive effort required to evaluate product options. This phenomenon, often referred to as heuristic processing, is particularly relevant in sectors like telecommunications, where service offerings are similar across providers. Moreira et al. (2017) found that a strong brand image enhances perceived reliability and trust, ultimately giving firms a competitive edge. This view is further supported by Hermansyah et al. (2025), who found that in emerging markets like Indonesia, perceived intangible assets such as environmental and social responsibility can indirectly shape profitability by influencing stakeholder trust and brand credibility. The current research explores how telecommunications companies leverage brand image to distinguish themselves and retain customers.

The integration of positioning and relational marketing strategies highlights the interconnected nature of modern brand management. Cravens and Piercy (2012) emphasized that segmentation, targeting, and positioning (STP) must work in tandem with relational marketing to create a unified strategy. Recent advancements in customer analytics, as noted by Kumar and Reinartz (2012), have enabled brands to refine their segmentation and targeting efforts. Firms that align these strategies with relational marketing initiatives achieve stronger customer engagement and brand loyalty.

Key performance indicators (KPIs) such as customer satisfaction, retention, and profitability are essential for measuring the effectiveness of marketing strategies. Kaplan & Norton (2001) proposed the Balanced Scorecard framework to monitor these metrics. Chaffey & Ellis-Chadwick (2016) noted that advancements in real-time analytics have improved firms' ability to track and optimize their performance metrics. Companies that continuously monitor and adjust their marketing strategies based on KPI insights are better positioned to maintain competitive relevance.

In summary, the literature highlights the interplay between strategic positioning, relational marketing, brand image, and brand loyalty, particularly in industries with limited service differentiation and high customer mobility. However, limited research has explored these dynamics within emerging markets, where price sensitivity and multi-SIM usage complicate loyalty development.

Therefore, this study aims to examine how strategic positioning performance and relational marketing influence brand loyalty, with brand image acting as a mediating variable, using empirical data from the Indonesian telecommunications sector.

Based on the literature review constructed, the following hypotheses are proposed:

- H1: *Strategic positioning performance positively affects brand image.*
- H2: *Relational marketing positively affects brand image.*
- H3: *Brand image positively affects brand loyalty.*
- H4: *Strategic positioning performance directly affects brand loyalty.*
- H5: *Relational marketing directly affects brand loyalty.*
- H6: *Brand image mediates the relationship between strategic positioning performance and brand loyalty.*
- H7: *Brand image mediates the relationship between relational marketing and brand loyalty.*

2. METHODOLOGY

This study employed a quantitative research approach using Partial Least Squares Structural Equation Modelling (PLS-SEM) to examine the causal relationships between strategic positioning performance, relational marketing, brand image, and brand loyalty in the Indonesian telecommunications sector. PLS-SEM was selected due to its ability to analyze complex models involving both reflective constructs and mediation effects, as well as its robustness in handling small to medium sample sizes and non-normal data distributions (Dharsana et al., 2024; Hair & Alamer, 2022; Kusumawati et al., 2024; Nohong et al., 2024).

Primary data were collected through a structured questionnaire distributed to prepaid GSM mobile service users in Makassar City, Indonesia, during August–September 2024. Makassar was purposefully selected because it represents urban telecommunications behavior in the eastern region of Indonesia. A stratified random sampling technique was applied to ensure proportional representation across demographic variables such as age, gender, and provider affiliation. A total of 460 valid responses were obtained, exceeding the minimum sample size recommended for PLS-SEM.

The survey instrument consisted of two sections. The first section gathered demographic information, including respondents' gender, age, education level, and primary cellular provider. The second section measured the four key constructs adapted from previous validated studies, rated on a 5-point Likert scale ranging from "strongly disagree" to "strongly agree." Strategic positioning performance was measured using 25 indicators, capturing four dimensions of customer perception on positioning relevance and accuracy (Naomi Kimaro et al., 2024). Relational marketing was assessed using 16 items, covering trust, commitment, communication, and personalization dimensions (Negassa, 2023). Brand image and brand loyalty were measured using 11 (Özkan et al., 2020; Smith & Aaker, 1992) and 10 indicators (Tutor et al., 2024), respectively. The full questionnaire is included in Appendix A.

Data analysis followed the standard two-step PLS-SEM procedure using SmartPLS software. In the

first step, the measurement model was assessed by evaluating composite reliability, average variance extracted (AVE), and discriminant validity to ensure the reliability and validity of each construct. Outer loading values were carefully reviewed, and in accordance with Hair and Alamer (2022), indicators with loading values below 0.50 were removed due to insufficient contribution to their respective latent variables. The final model retained only indicators with acceptable outer loading scores, thereby enhancing the measurement model's convergent validity and construct clarity.

In the second step, the structural model was tested to assess the strength and significance of the hypothesized relationships using a bootstrapping procedure with 5,000 subsamples. The analysis reported path coefficients, p-values, R² values, and variance inflation factors (VIFs) to evaluate the model's explanatory power and detect multicollinearity. All VIF values were below the acceptable threshold of 5, confirming the absence of multicollinearity and supporting the robustness of the final model.

Table 1. Respondents' profile

Indicator	Respondents, n	Total respondents, %
Gender		
Male	246	53%
Female	214	47%
Age, years		
16-25	180	39%
26-64	255	55%
>65	25	5%
Educational level, degree		
Senior high school/diploma	173	38%
Bachelor	199	43%
Master	71	15%
Doctor	9	2%
Others	8	2%
Cellular provider		
Telkomsel	247	54%
Indosat	152	33%
XL Axiata	61	13%

A total of 460 prepaid GSM users in Makassar participated in the survey. The sample reflected a relatively balanced gender distribution (53% male, 47% female), with the majority aged between 26 and 64 years (55%), followed by 16-25 years (39%), and above 65 (5%). Educational attainment was high, with 43% holding a bachelor's degree, 38%

having completed high school or diploma-level education, and 17% possessing postgraduate qualifications. In terms of provider usage, Telkomsel dominated (54%), followed by Indosat (33%) and XL Axiata (13%), reflecting the competitive market dynamics in the region.

The questionnaire utilized validated indicators adapted from prior research, covering strategic positioning performance, relational marketing, brand image, and brand loyalty. Items were translated and adjusted for linguistic clarity without altering conceptual integrity. A pilot test with 30 respondents ensured content reliability. This is the sole publication based on this dataset.

This study focuses on Indonesia's prepaid GSM segment, an underrepresented yet critical market in loyalty literature. While survey-based methods are commonly used, future studies could benefit from complementary qualitative or longitudinal approaches to enhance theoretical richness and generalizability.

3. RESULTS

By using a survey to collect the data for the 460 respondents, the descriptive statistics for the study variables, including strategic positioning performance (SP), relational marketing (RM), brand image (BI), and brand loyalty (BL), are presented in Table 2. The results indicate that all variables were measured on a five-point Likert scale, with observed minimum and maximum values ranging from 1.00 to 5.00.

Strategic positioning performance recorded the highest mean value (M = 4.45, SD = 0.53), suggesting that respondents generally perceived their firms' strategic positioning to be strong. This indicates that the strategies implemented by businesses to position themselves in the market are well-received by consumers. Similarly, brand loyalty exhibited a high mean score (M = 4.23, SD = 0.51), implying that customers demonstrate a strong commitment to the brands they engage with.

Relational marketing had a mean of 4.10 (SD = 0.67), indicating that customer relationship management efforts are generally perceived as effective, although there is a relatively higher variation in

responses compared to the other constructs. This suggests that while relational marketing is generally positive, there may be disparities in its implementation across different organizations. Brand image yielded the lowest mean score ($M = 3.87$, $SD = 0.53$), reflecting that while brand perception is favorable, there is still a room for improvement in strengthening brand associations and positioning in consumers' minds.

The standard deviations for all variables are relatively low (ranging from 0.51 to 0.67), indicating moderate variability in responses. This suggests that respondents' perceptions of strategic positioning, relational marketing, brand image, and brand loyalty were generally consistent.

Table 2. Descriptive statistics

Variables	Mean	St. Deviation	Minimum	Maximum
SP	4.45	0.53	1.00	5.00
RM	4.1	0.67	1.00	5.00
BI	3.87	0.53	1.00	5.00
BL	4.23	0.51	1.00	5.00

Note: SP = strategic positioning performance; RM = relational marketing; BI = brand image; BL = brand loyalty.

Table 3 indicates that all constructs – strategic positioning performance (SP), relational marketing (RM), brand image (BI), and brand loyalty (BL) – demonstrate statistically significant contributions to the model. Each construct's significant weight is supported by p-values < 0.000 , which is well below the 0.01 threshold (1% significance level) (Hair et al., 2022). These findings confirm that the constructs meaningfully contribute to the measurement model and provide strong empirical support for their relationships.

In addition to statistical significance, the VIF values were examined to assess collinearity among the independent variables. The VIF values for all

constructs range from 0.115 to 0.538, which are well below the accepted threshold of $VIF < 5$ (Hair & Alamer, 2022). These results indicate the absence of multicollinearity, confirming that each construct is independent and contributes uniquely to the model.

The outer loading results in Appendix 1 assess the reliability and validity of the measurement model by evaluating the strength of the relationships between observed indicators and their respective latent constructs. Outer loading values above 0.70 indicate that an indicator reliably measures its construct (Hair & Alamer, 2022). Overall, these findings confirm that all observed indicators meaningfully contribute to their respective latent constructs, satisfying the recommended criteria for convergent validity. The consistently high outer loadings indicate that strategic positioning performance, relational marketing, brand image, and brand loyalty are well-represented by their respective indicators, ensuring measurement reliability. The absence of weak indicators further supports the robustness of the measurement model, allowing for reliable interpretation and analysis in the subsequent structural model assessment. These results reinforce the appropriateness of the constructs and ensure that their relationships within the theoretical framework can be examined with confidence.

Table 4. Goodness-of-fit results

Criteria	Rule of thumb	Result
Chi-square Minimum/degrees of freedom	< 3	2.134
Goodness of Fit Index	> 0.9	1.118
Comparative Fit Index	> 0.9	0.986
Parsimony-Adjusted Comparative Fit Index	> 0.9	0.992
Fit Minimum function	almost 0	0.211
Root Mean Square Error of Approximation	< 0.05	0.015

Table 3. Measurement model test results

Indicators	Parameter	Result	Rule of thumb	Interpretation
SP	Significant weight	p-values < 0.000	p-values < 0.01 (level = 1%)	Accepted
	VIF	0.538	$VIF < 5$	Accepted
RM	Significant weight	p-values = 0.000	p-values < 0.01 (level = 1%)	Accepted
	VIF	0.399	$VIF < 5$	Accepted
BI	Significant weight	p-values = 0.000	p-values < 0.01 (level = 1%)	Accepted
	VIF	0.178	$VIF < 5$	Accepted
BL	Significant weight	p-values = 0.000	p-values < 0.01 (level = 1%)	Accepted
	VIF	0.115	$VIF < 5$	Accepted

The goodness-of-fit results presented in Table 4 provide an assessment of the overall model fit, ensuring that the structural model adequately represents the data. The Chi-square minimum/degrees of freedom is 2.134, which is well within the acceptable range of less than 3, indicating that the model demonstrates a good fit and does not exhibit excessive discrepancy between the observed and expected covariance matrices (Hair & Alamer, 2022). The Goodness of Fit Index exceeds the recommended threshold of 0.9, with a value of 1.118, confirming an excellent fit. Similarly, the Comparative Fit Index and Parsimony-Adjusted Comparative Fit Index yield values of 0.986 and 0.992, respectively, both exceeding the 0.9 threshold, further validating the model's robustness.

The Fit Minimum Function, which ideally should be close to zero, is 0.211, suggesting a low level of residual variance and a strong alignment between the theoretical model and the empirical data. Additionally, the Root Mean Square Error of Approximation (RMSEA), a key measure for evaluating model fit, is 0.015, which is well below the accepted threshold of 0.05, indicating a superior model fit with minimal approximation error. Collectively, these results confirm that the structural model meets the essential goodness-of-fit criteria, ensuring its validity and suitability for hypothesis testing and further analysis. The high goodness-of-fit indices strengthen the reliability of the model, supporting its application in explaining the relationships among strategic positioning performance, relational marketing, brand image, and brand loyalty.

However, Figure 1 presents the results of the structural model in the PLS-SEM analysis, demonstrating the relationships among strategic positioning performance (SP), relational marketing (RM), brand image (BI), and brand loyalty (BL). The hypothesis testing was conducted by estimating the direction of each variable relationship, the path coefficients, and their significance levels.

More specifically, the results indicate that strategic positioning performance has a significant positive effect on brand image (BI) ($\beta = 0.469$, p -value < 0.01). This suggests that an effective positioning strategy strengthens brand perception, enhancing customer recognition and differentiation in the telecom-

munications sector. Similarly, relational marketing also demonstrates a strong positive effect on brand image ($\beta = 0.476$, p -value < 0.01), confirming that customer relationship-building activities, trust development, and service personalization contribute significantly to the formation of a strong brand image. Given these results, Strategic positioning and relational marketing together explain 26% of the variance in brand image ($R^2 = 0.26$), reinforcing the importance of these constructs in shaping brand perception.

The findings further confirm that brand image significantly influences brand loyalty ($\beta = 0.379$, p -value < 0.01), underscoring the notion that customers who perceive a brand positively are more likely to remain loyal. Additionally, strategic positioning performance directly affects brand loyalty ($\beta = 0.323$, p -value = 0.04), while relational marketing also has a direct impact on brand loyalty ($\beta = 0.288$, p -value = 0.03). These results suggest that both positioning and relational marketing strategies contribute to customer retention, though their effects are partially mediated by brand image.

Moreover, the model confirms that brand image serves as a partial mediator between both strategic positioning performance and brand loyalty, as well as relational marketing and brand loyalty. This mediation effect highlights that while strong positioning and relationship-building efforts can directly enhance customer loyalty, their impact is more substantial when they simultaneously improve brand image.

Finally, the R^2 value for brand loyalty is 0.49, indicating that 49% of the variance in brand loyalty is explained by the combined effects of brand image, strategic positioning performance, and relational marketing. This relatively strong explanatory power confirms that these marketing strategies play a crucial role in sustaining customer loyalty within the competitive telecommunications sector. The findings suggest that firms aiming to improve brand loyalty should adopt an integrated approach that combines strong positioning, relationship marketing, and brand image management to achieve long-term customer retention.

The results of the structural model analysis using PLS-SEM confirm the significance of the pro-

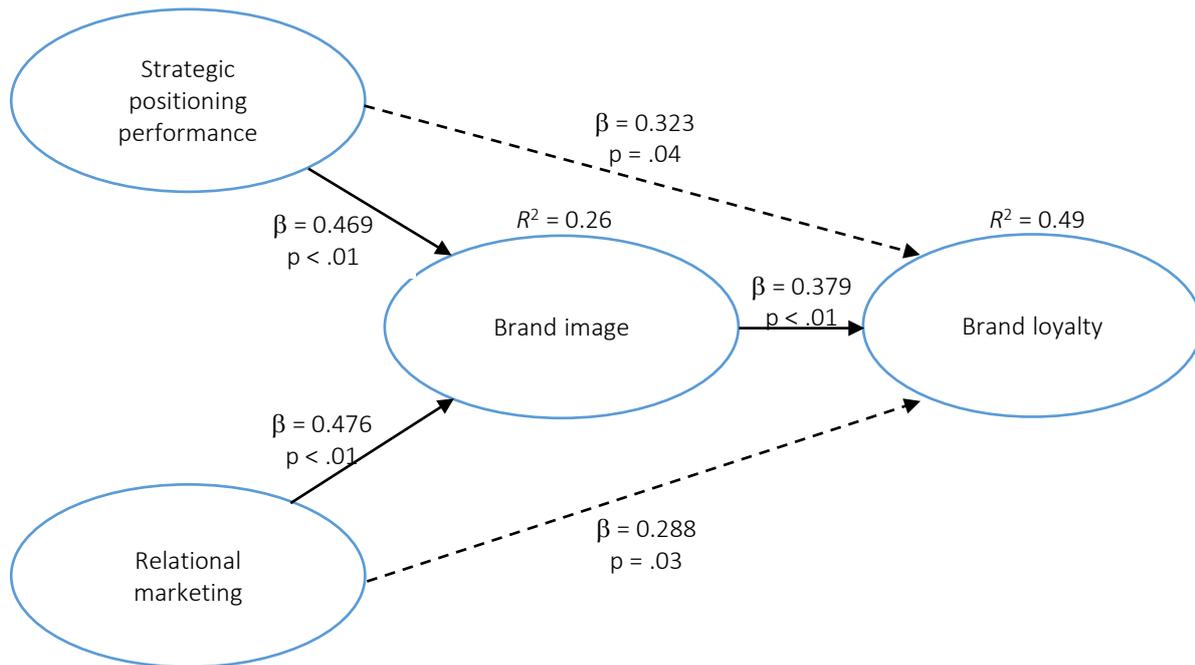


Figure 1. PLS-SEM analysis

posed hypotheses. As shown in Table 5, strategic positioning performance (SP) had a positive and statistically significant influence on brand image (BI), with a path coefficient of 0.469 and a p-value < 0.001, confirming *H1*. Relational marketing (RM) also had a strong positive impact on brand image, with a coefficient of 0.476 and $p < 0.001$, thereby supporting *H2*. Additionally, Brand Image significantly affected brand loyalty (BL), with a coefficient of 0.379 and a p-value < 0.001, providing support for *H3*.

Table 5. Path coefficients and p-values

Interaction	Expected sign	Path coefficients	Interpretation
SP → BI	(+)	0.469***	<i>H1</i> is supported
RM → BI	(+)	0.476***	<i>H2</i> is supported
BI → BL	(+)	0.379***	<i>H3</i> is supported

Note: significant level = * ($\alpha = 10\%$), ** ($\alpha = 5\%$), *** ($\alpha = 1\%$).

The analysis also included an examination of mediation effects based on bootstrapping with 5,000 subsamples, following Hair & Alamer (2022). As shown in Table 6, strategic positioning performance showed a direct effect on brand loyalty (BL) with a coefficient of 0.323 ($p = 0.038$), supporting *H4*. Similarly, relational marketing directly influenced brand loyalty with a coefficient of 0.288 ($p = 0.030$), confirming *H5*.

The indirect effect of strategic positioning on brand loyalty through brand image yielded a path coefficient of 0.178 with a p-value of 0.071, suggesting partial mediation. The indirect path from relational marketing to brand loyalty via brand image showed a coefficient of 0.181 ($p = 0.064$), also indicating partial mediation. These findings affirm the mediating role of Brand Image in both relationships.

Table 6. Mediation effect test results

Structural paths	Coefficient	p-value	Interpretation
Direct effect			
SP → BL	0.323	0.038	<i>H4</i> is supported
RM → BL	0.288	0.030	<i>H5</i> is supported
Indirect effect			
SP → BI → BL	0.178	0.071	Partial mediation
RM → BI → BL	0.181	0.064	Partial mediation

4. DISCUSSION

This study extends the literature on brand management by integrating strategic positioning and relational marketing into a cohesive framework that explains brand loyalty through the mediating role of brand image. While previous studies have typically addressed these constructs in isolation or within mature economies, this research addresses

a critical gap by examining them in the context of the Indonesian prepaid GSM market – a sector that is price-sensitive, highly competitive, and under-represented in empirical research. The integration of positioning and relational strategies reflects the growing demand for holistic brand-building approaches that respond to consumer complexity in emerging markets (Cravens & Piercy, 2012; Kumar & Reinartz, 2012). This is consistent with findings by Hermansyah et al. (2025), who emphasized that in emerging markets like Indonesia, firm-level strategic and intangible assets must be carefully aligned to compensate for volatile consumer behavior and weak regulatory environments.

The results reveal that strategic positioning performance exerts a strong influence on brand image. This aligns with recent findings that effective positioning reinforces consumer perceptions of brand relevance, uniqueness, and consistency (Dinnie, 2003; Yu, 2024). In saturated markets such as telecommunications, product-based differentiation is often minimal; thus, strategic positioning functions as a vital tool for communicating brand distinctiveness and value propositions. Brands that continuously adapt their positioning to reflect customer insights and market trends are more likely to secure favorable brand associations and build sustainable loyalty (Tueanrat et al., 2021).

Relational marketing, which centers on trust-building and long-term commitment, also significantly shapes brand image. The findings support the view that relationship quality – grounded in transparency, emotional engagement, and personalized service – enhances customer perceptions and strengthens brand credibility (Berry, 1995; Özdemir, 2023). In the digital age, customer expectations are influenced by social proof and peer endorsement. Brand image is no longer shaped solely by firm-driven narratives but also by external influences such as word-of-mouth, social media interactions, and user-generated content (Erkan & Evans, 2016; Hollebeek et al., 2014). This underscores the importance of customer-centred communication strategies that complement relationship marketing efforts and reinforce brand identity.

Brand image emerges as a central mechanism in the formation of customer loyalty. A positive brand

image reduces cognitive effort in decision-making and facilitates emotional attachment – both of which are essential for long-term consumer retention (Keller, 2013; Moreira et al., 2017). In service industries where offerings are homogenous, brand image serves as a heuristic that guides evaluations of quality and reliability. Brands that consistently project credible and favorable images gain consumer trust and advocacy, which are core components of attitudinal loyalty (Bolton et al., 2018; Fournier, 1998). Consequently, firms that neglect image management risk customer churn, even if their pricing and service delivery are competitive.

Furthermore, the findings demonstrate that brand image mediates the effects of both strategic positioning and relational marketing on brand loyalty. This suggests that positioning and relational strategies influence loyalty both directly and indirectly – via cognitive and affective evaluations of the brand (Hair & Alamer, 2022; Martínez-López et al., 2013; Nitzl et al., 2016). This supports the view that brand image acts as a filter that translates strategic and relational cues into behavioral outcomes. Effective brand-building thus requires not only individual efforts in positioning or relationship management, but also alignment with a coherent brand image strategy.

The managerial implications are considerable. Firms should avoid treating positioning and relational marketing as separate domains. Instead, they must adopt an integrated approach that aligns brand identity, customer experiences, and communication strategies. In the telecommunications sector – where price competition and customer churn are persistent challenges – this approach offers a pathway to sustainable differentiation. Creating emotional bonds through personalized services and reinforcing those messages with consistent branding enhances both image and loyalty (Arifin et al., 2024; Verhoef et al., 2009). These findings echo Hermansyah et al. (2025), who argued that in highly competitive environments, firms must go beyond compliance or surface-level strategies and embed stakeholder-oriented branding approaches to secure long-term financial and reputational value.

In conclusion, this study contributes novel insights to the field of brand equity by empirically

demonstrating how strategic positioning and relational marketing influence brand loyalty through brand image in a low-switching-cost environment. The research validates theoretical propositions by contextualizing them in a dynamic emerging market, where digital experiences, peer influence, and brand-driven narratives increasingly mediate cus-

tomers' engagement. It highlights the value of synchronizing positioning clarity, relational depth, and brand image consistency to build enduring customer loyalty. As firms seek to navigate the complexities of modern service markets, this integrated model offers a robust foundation for future academic inquiry and practical brand management.

CONCLUSION

This paper investigates how strategic positioning and relational marketing shape customer loyalty when brand image operates as a mediating construct in the Indonesian telecommunications industry. The empirical testing confirmed that positioning efforts and relationship-oriented strategies make independent contributions to loyalty outcomes, while brand image strengthens these effects by translating strategic and relational signals into favorable customer perceptions.

The results suggest that strategic positioning performance remains a crucial factor in fostering customer loyalty, as it helps firms differentiate themselves in a highly competitive market. At the same time, relational marketing enhances consumer trust, engagement, and long-term commitment, making it an essential component of sustainable customer relationships. The partial mediation of brand image further reinforces the notion that a well-managed brand perception strengthens the impact of positioning and relationship-building strategies, ensuring greater customer retention and loyalty. From a managerial perspective, telecommunications companies should integrate strategic positioning and relational marketing initiatives with brand image development. Given the highly competitive nature of the industry and low switching costs, firms must move beyond price-based competition and invest in long-term brand-building strategies. Enhancing customer experience, digital engagement, and brand reputation management will further solidify customer trust and ensure lasting loyalty.

Despite its valuable contributions, this study has several limitations. First, the research employs a cross-sectional survey design, capturing consumer perceptions at a single point in time. This limits the ability to examine causal relationships and behavioral changes over time. Future research should consider longitudinal studies to track the evolution of strategic positioning performance, relational marketing, brand image, and brand loyalty, providing deeper insights into how these relationships develop in response to market changes. Second, the study is geographically limited, as data were collected from a single market within the telecommunications industry. While the findings offer practical implications, their generalizability across different regions and industries remains uncertain. Further research could expand the model by including additional psychological and experiential variables, such as perceived value or emotional attachment, which may provide a richer explanation of why customers remain loyal. Comparative and longitudinal studies would also help to establish how these mechanisms operate across regions, cultures, and over time, as well as how digital transformation and AI-driven customer engagement reshape the pathways to loyalty.

AUTHOR CONTRIBUTIONS

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APPENDIX A

Table A1. Measurement items and sources for each construct

Construct	Indicator code	Statement	Source
Strategic positioning performance (X1)	X1.1	Our organization regularly maps consumer trends and preferences.	Naomi Kimaro et al. (2024)
	X1.2	We implement safety systems to reduce workplace risks.	
	X1.3	We use advanced algorithms to monitor customer behavior.	
	X1.4	We integrate market information into strategic decision-making.	
	X1.5	Our company has a mature data analytics process.	
	X1.6	We innovate consistently to meet market demands.	
	X1.7	The company has operational advantages over competitors.	
	X1.8	Our team has a deep understanding of the market.	
	X1.9	Our management systems support competitive advantage.	
	X1.10	We strategically plan the collection and use of market information.	
	X1.11	Employees are encouraged to document experiential knowledge.	
	X1.12	The organization analyzes competitors' strengths and weaknesses.	
	X1.13	Risks and opportunities are identified early.	
	X1.14	Our products are perceived to be of higher quality than competitors'.	
	X1.15	We consistently meet or exceed customer expectations.	
	X1.16	Our firm is highly responsive to changing customer needs.	
	X1.17	We produce at a lower cost than competitors.	
	X1.18	Our offerings are unique in the telecom sector.	
	X1.19	The internet is used to respond quickly to customer demands.	
	X1.20	Smart systems are used in decision-making.	
	X1.21	We maintain secure backups for important data.	
	X1.22	Our employees are highly skilled in big data analytics.	
	X1.23	Our firm identifies new market opportunities quickly.	
	X1.24	We offer added value not found in competitors.	
	X1.25	We are able to adjust strategies according to market dynamics.	
Relational marketing (X2)	X2.1	The company listens when I express concerns.	Negassa (2023)
	X2.2	The company responds constructively to my concerns.	
	X2.3	I feel that we share similar values.	
	X2.4	This company acts in accordance with customer expectations.	
	X2.5	The company provides updates when new services are available.	
	X2.6	The company fulfills its promises.	
	X2.7	Product information is always accurate.	
	X2.8	The company delivers the promised benefits consistently.	
	X2.9	I believe the company wants to fulfill my needs.	
	X2.10	The company is trustworthy and dependable.	
	X2.11	The company answers inquiries promptly and respectfully.	
	X2.12	The company's service quality matches my expectations.	
	X2.13	The company recognizes and values me as a customer.	
	X2.14	I feel emotionally connected to the company.	
	X2.15	I believe the relationship with the company is long-term.	
	X2.16	The quality of service is always consistent.	
Brand image (Z)	Z.1	This brand is stable and well-established.	Smith & Aaker (1992), Özkan et al. (Y.Y.)
	Z.2	This brand provides better service than other telecom companies.	
	Z.3	The company supports meaningful social causes.	
	Z.4	The company promotes ethical business practices.	
	Z.5	This telecom company has a positive societal image.	
	Z.6	This company contributes positively to society.	
	Z.7	This brand is actively involved in community development.	
	Z.8	I believe this brand has a good reputation.	
	Z.9	The company has a powerful and clear image.	
	Z.10	The company is known for sustainability and environmental responsibility.	
	Z.11	The brand is socially responsible in its operations.	
Brand loyalty (Y)	Y.1	I intend to continue using this brand in the future.	Tutor et al. (2024)
	Y.2	I often recommend this telecom brand to others.	
	Y.3	I remain loyal even if other providers offer similar services.	
	Y.4	I consider myself a loyal customer of this brand.	
	Y.5	I would continue purchasing from this telecom brand.	
	Y.6	I speak positively about this brand.	
	Y.7	I encourage others to choose this telecom company.	
	Y.8	This company is my top priority when making telecom decisions.	
	Y.9	I have no intention of switching to another telecom provider.	
	Y.10	This brand is my first choice.	

APPENDIX B

Table B1. Outer loading results

Construct /variable	Indicator code	Outer loading	
Strategic positioning performance (X1)	X1.1	0.537	
	X1.3	0.558	
	X1.4	0.546	
	X1.5	0.534	
	X1.6	0.544	
	X1.7	0.557	
	X1.8	0.558	
	X1.9	0.516	
	X1.10	0.545	
	X1.11	0.540	
	X1.12	0.555	
	X1.13	0.511	
	X1.14	0.533	
	X1.16	0.536	
	X1.17	0.544	
	X1.18	0.543	
	X1.20	0.562	
	X1.21	0.561	
	X1.22	0.522	
	X1.23	0.550	
	X1.24	0.531	
	X1.25	0.543	
	Relational marketing (X2)	X2.1	0.543
		X2.2	0.550
		X2.3	0.551
X2.4		0.543	
X2.6		0.547	
X2.7		0.553	
X2.9		0.528	
X2.11		0.558	
X2.12		0.525	
X2.15		0.536	
X2.16		0.547	
Brand image (Z)	Z.2	0.545	
	Z.3	0.518	
	Z.5	0.536	
	Z.6	0.551	
	Z.7	0.550	
	Z.9	0.549	
	Z.10	0.544	
Brand loyalty (Y)	Y.1	0.547	
	Y.2	0.538	
	Y.3	0.550	
	Y.4	0.544	
	Y.5	0.525	
	Y.6	0.548	
	Y.7	0.538	
	Y.8	0.526	
	Y.9	0.549	