The Effects of Overall Service Quality, Customer Value, Customer Trust, and Customer Satisfaction on Customer Loyalty in the Hotel Industry

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\textbf{ABSTRACT}

This study examines the relationship between hotel customer loyalty and service quality, customer value, customer trust, and customer satisfaction. It aims to validate a previously unidentified theoretical model in the Indonesian hospitality industry. This study employs a quantitative approach. The first distributing a survey to 181 four-star hotel guests in Jakarta. Collect information on service quality, customer value, customer trust, and customer satisfaction through surveys. Then, PLS-SEM analyzes the collected data and establishes the proposed Structural Equation Model (SEM). The findings indicate that service quality influences customer value, trust, and satisfaction. This study found no correlation between customer trust and customer loyalty. However, there is a positive correlation between customer satisfaction and customer loyalty, as demonstrated by the test.

In addition, customer value positively affects customer loyalty. As a result, the suggested model helps hotel owners create a program to improve their customer service to increase customer trust, satisfaction, value, and loyalty and raise the sector's profitability. This research benefits the hotel services industry by validating the suggested structural model and offering insight into consumer perceptions. As a result, hotel operators will be better able to incorporate service quality to increase customer trust, satisfaction, value, and loyalty.

Keywords: Service Quality, Customer Value, Customer Trust, Customer Satisfaction, Loyalty, Hotel Industry, Indonesia.

\textbf{INTRODUCTION}

Given the fierce competition in the hospitality and recreation industry, it is critical to understand the link between overall service quality and customer loyalty, and behavioral loyalty (Luturlean & Anggadwita, 2016). Significant due to low switching costs in the hospitality industry (Bajpai & Sardana, 2020). Hotel customers must pay switching costs, which can be financial, psychological, or time and effort resulting from switching someone
using brands or products (Lam et al., 2004). Overall, Service Quality in the hospitality industry results in lower switching costs and a lower likelihood of customers switching from one hotel to another (Tanford, Raab, and Kim, 2012). Improve service excellence and customer retention by influencing customer attitudes and behavior loyalty, such as service quality, satisfaction, trust, value, and engagement (Su, Pan, and Chen, 2017). Under normal operating conditions, hotels that take a customer-centric approach should be able to attract, retain, and develop profitable, long-term customer relationships. Customer loyalty is critical for all businesses, including hotels, because attracting new customers is more expensive than keeping old ones (Palacios-Marques, Guijarro, and Carrilero, 2016).

In Indonesia, the hospitality service sector follows a philosophy similar to that of other developing countries, emphasizing creating unforgettable customer experiences by offering and incubating competitive hospitality products and services, ultimately increasing attitudinal and behavioral loyalty (Priyo, Mohamad and Adetunji, 2019). Due to the diversity of customer needs and service level expectations, the variety of hospitality services is critical. Due to its socio-economic and political circumstances, Jakarta has faced numerous operational challenges as a tourist destination (Mufti, 2020). Despite fierce competition in the tourism sector, particularly in the hospitality sector, Indonesia remains the most popular tourist destination due to its high service quality. The impact of service quality on hospitality and tourism is in the previous research (Priyo, Mohamad, and Adetunji, 2019). However, the main composition influencing attitudes and behavior related to loyalty is still being determined. This study is unique because it investigates the impact of overall service quality on the attitudinal and behavioral loyalty dimension in the Indonesian hotel service sector, bridging a knowledge gap.

Service quality is the difference between what customers get and expect (‘Services Marketing: People, Technology, Strategy, 2004). According to Wirtz (2017), overall service quality is managing a company’s level of excellence to meet its customers' needs. Meanwhile, Nyagadza (2022) described overall service quality as a collection of benefits obtained by consumers on the simplicity with which they can receive goods or services by focusing more on the customers' words, services, characteristics, and levels. Mention of these benefits can be direct or implied. The most consistent way to satisfy customer expectations (external service standards and prices) and the service performance system is to provide overall service quality (internal service standard, cost, and profit). The study by O. D. Safi (2020) concluded that overall service quality has five dimensions: 1) tangibles refer to a company's physical ability. 2) a company's ability to provide quick and accurate services is reliable. 3) responsiveness is assisting customers and providing quick and dependable services. 4) assurance refers to a company's ability to develop a sense of trust among its customers. 5) empathy is paying attention to customers, understanding their specific needs, and providing a convenient operational time. In this study, overall service quality uses a measurement scale developed by Yilmaz (2009) for use in the hospitality industry (2009) for use in the hospitality industry. The scale assesses customers' perceptions of service quality concerning the five overall service quality dimensions in hotel services and performances.
The findings of Lemy (2019) research indicate a positive relationship between the quality of the service and the trust that customers have in that service. According to the research carried out by Setiawan (2017), the quality of the service provided positively influences customer trust. Therefore, customers who have confidence in a company will be happy to do business with it because they believe they will receive a high-quality service. On the other hand, customers who do not have faith in the company will only enjoy doing business if there is assurance that they will receive high-quality services. Customer satisfaction is essential in gaining loyal customers, according to research. Ismail (2021) discovered that customer satisfaction is a critical factor in determining customer loyalty in their research.

In contrast, (Sanyal & Hisam, 2019) demonstrated that service quality, passenger satisfaction, and preference are linked. Customer evaluation of a service provider's work based on previous experiences and impressions is the closest concept to results related to service quality. Research conducted by Priyo (2019), Tabaku (2019), and Ahani (2019) concluded that service quality affects customer value as a result of empirical research findings on the effect of service quality on customer value. However, according to Hurlimann (2008), who came to a different conclusion, perceived quality does not impact customer value. On the contrary, customers are more likely to trust a company that provides high-quality service and good value for their money. Thus, the development of trust, especially trust, must be a fundamental component of any marketing strategy that aims to create genuine customer relationships. It happens when viewed from a marketing perspective. The customer must have the impression that they can depend on the business.

Customer trust is a customer's knowledge and conclusions about objects, attributes, and benefits (Krasniqi & Krasniqi, 2014). Trust is widely regarded as a necessary component for a relationship's success. A relationship will not last long if there is no trust. Trust is the willingness to rely on a trusted business partner (Schiffman & Kanuk, 2015). Previous research has shown that trust is a factor that can predict a customer's Loyalty (Lemy, Goh & Ferry, 2019; Tabaku & Kruja, 2019). The trust established between a customer and a service provider helps strengthen the customer's allegiance to the service organization (Lemy, Goh, and Ferry, 2019). According to Roy (2014), a customer who is loyal to a company and its products or services is essentially showing trust in the company. One factor that distrust determines customer loyalty is creating a solid connection between the company and its clients (Setiawan & Sayuti, 2017). In addition, Ranaweera and Prabhu (2003) pointed out that trust is a more powerful feeling than satisfaction and that it is also a better predictor of loyalty.

Customer satisfaction is a person's happiness or disappointment from contrasting the product's (or result's) perceived performance with their assumptions regarding the customer's behavior (Su, Pa & Chen, 2017). Their perceptions of product quality, price, and location shape a customer's happiness or dissatisfaction (Bailia, Soegoto & Loindong, 2014). According to Woen (2021), customer satisfaction predicts a company's future success because it measures how well customers respond to its future business. According to Vijay Anand (2018), customer satisfaction results from buyers' perceptions of companies' performance in meeting their expectations. When it meets customer
expectations, they are satisfied, and when it exceeds their expectations, they are overjoyed. As a result, customer satisfaction is a feeling of pleasure with the results that customers experience after receiving excellent and satisfying service and company performance that meets expectations. Loyalty from customers is an essential component in achieving relationship satisfaction. Customers genuinely loyal to a company are likely to become advocates for the brand through word-of-mouth advertising. Still, they remain faithful to the company's goods and services over an extended period. According to Alauddin et al. (2019), there is a link between customer satisfaction and loyalty. The findings show that service quality leads to customer satisfaction and that customer satisfaction leads to customer loyalty. According to other research (Priyo, Mohamad & Adetunji, 2019), customer satisfaction and loyalty have an overall positive effect.

According to Ahani (2019), value is the most crucial factor and determinant of a business's long-term success, and the tourism industry is no exception. Customer value is a common term because it is measured primarily from the customer's perspective (Følstad & Kvale, 2018). The concept of customer value is currently in high demand among practitioners/managers and academics, particularly those involved in the business field and the marketing function, demonstrating the significance of customer value understanding to marketing and business success. Customer value is a fundamental element of business success (Graf & Maas, 2008), and delivering superior customer value compared to competitors (Superior Customer Value) is crucial to prevailing in the marketplace (Roostika & Muthaly, 2010). Therefore, organizations prioritizing customer value will maintain a competitive advantage over time (Morteza Maleki Minbashrazgah orcid, Azim Zarei, and Zahedeh Hajiloo, 2016). Khasanah (2015) argues that loyalty to a brand is an expression of both the mind and behavior. However, it has criticized behavioral standards (such as repeat purchases) for lacking a conceptual basis for a dynamic process (Fitrizal & Limakrisna, 2019).

Consequently, customer loyalty is considered a structure of attitude. For example, the propensity to recommend service offers to other clients. The cognitive approach is another approach to customer loyalty. The operational definition of this strategy typically refers to the initial product or service that comes to mind when purchasing.

According to Tabaku (2019), a brand's long-term success is in something other than the number of repeat buyers. Customer loyalty refers to repeated purchases of brands or businesses by consumers. As opposed to being loyal, consumers may repurchase a product for various reasons. A lower alternative price, for instance, makes repeat purchases more likely. Because there is no alternative, many consumers can demonstrate their loyalty. If other providers do not meet other consumers' expectations, they may not seek alternatives (it is assumed that there are alternatives). Regarding loyalty, no generalizations are possible. However, a few characteristics can be identified regardless of whether a consumer approaches loyalty.

According to Bloemer (1999), loyalty can be achieved from two perspectives: behavior (behavioral perspective) and attitude (attitude perspective). The behavioral perspective examines the behavior demonstrated by repeated purchases based on previous purchases (Zins, 2001). On the other hand, the attitude of perspective brings a person's attitudes closer
together. There are four stages of customer loyalty, according to Oliver (1999), namely the cognitive phase, the affective phase, the conative phase, and the action phase. When a customer receives information about a brand, product, or service, it indicates that the company is better or more desirable than the competition. With the encouragement of marketing activities, moving customers to other companies at this stage is the easiest. Loyalty is an accumulation of satisfaction with a particular brand, product, or service during the affective phase. Affective loyalty based on satisfaction is still susceptible to switching brands, products, or services due to competitive pressure, a desire to try new brands, or a drop in product quality. Conative phase, i.e., the stage in which a person develops loyalty from positive experiences with a particular brand, product, or service. Conative loyalty includes a promise to repurchase; this promise is more akin to motivation than a promise to repurchase. Customers are still vulnerable to switching to other companies during this stage. Finally, the action phase, which follows the intention and motivation of the previous phase, is transformed into readiness to act and a desire to overcome obstacles in acting. According to Zeithaml et al.(1996), there are several indicators of customer loyalty, including 1) Telling others good things about the company. 2) Tell others about the company when they ask for recommendations. 3) Persuade others to buy something. 4) Think about being the first person to buy a product or service. 5) Willing to buy from the company again in the future.

METHOD

Sekaran (2016) states, "the research method is a scientific technique for obtaining data with specific goals and applications." This study employs descriptive and verification techniques. According to Sekaran (2016), descriptive research determines the existence of values and independent variables, one or more variables, without comparing or connecting them with other variables to conclude. The purpose of verification research is to test a theory. The research will attempt to produce new scientific information, namely a conclusion indicating whether a hypothesis is accepted or rejected. This study employs non-probability sampling as its sampling method. According to Sekaran (2016), "non-probability sampling is a sampling technique that does not provide each element or member of the population with equal opportunities to be selected as a sample." The chosen nonprobability sampling method is of the incidental sampling type. Sekaran (2016) states, "Accidental sampling is a sampling technique based on chance, that is, anyone who by chance or coincidentally meets the researcher will be the sampled. If the person who happens to meet the researcher is suitable, then it is used as a data source." For this study, collected 181 samples were using an online questionnaire distributed to respondents who had made reservations and checked out from various hotels in Jakarta.
Figure 1 practically illustrates the influence between variables in the model in this study, which will be tested to see the influence of overall service quality, customer value, customer trust, and customer satisfaction on customer loyalty in the hospitality industry. Based on the conceptual framework, the influence between variables is as follows: (H1) Overall service quality positively affects customer trust. (H2) Overall service quality positively affects customer satisfaction. (H3) Overall service quality positively affects Customer Value. (H4) Customer trust positively affects Customer Loyalty. (H5) Customer Satisfaction positively affects Customer Loyalty. (H6): Customer value positively affects Customer Loyalty.

**RESULTS AND DISCUSSION**

<table>
<thead>
<tr>
<th>Table 1 Characteristics of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Grand Total</td>
</tr>
<tr>
<td><strong>Age</strong></td>
</tr>
<tr>
<td>&lt;18 years old</td>
</tr>
<tr>
<td>&gt; 29 years old</td>
</tr>
<tr>
<td>18 - 29 years old</td>
</tr>
<tr>
<td>Grand Total</td>
</tr>
<tr>
<td><strong>Employment type</strong></td>
</tr>
<tr>
<td>Mahasiswa</td>
</tr>
<tr>
<td>BUMN employee</td>
</tr>
<tr>
<td>Civil Servants (PNS)</td>
</tr>
<tr>
<td>Private employees</td>
</tr>
<tr>
<td>Self-employed</td>
</tr>
<tr>
<td>Grand Total</td>
</tr>
<tr>
<td><strong>Education</strong></td>
</tr>
<tr>
<td>Diploma</td>
</tr>
<tr>
<td>Bachelor Degree</td>
</tr>
<tr>
<td>Master's Degree</td>
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<tr>
<td>High school</td>
</tr>
</tbody>
</table>
Table 1 describes the profile of the respondents in this study. For the gender of the respondents, 49.72% are male, and 50.28% are female. In this study, it was found that respondents <18 years old were 0.55%, followed by 45.30% >29 years old, and the most were in the range of 18-29 years old, with 54.14% in total. Most respondents are private employees, as much as 47.51%, followed by self-employed, as much as 16.02%. Civil servants (PNS) are as much as 15.47%, followed by students, as much as 12.71%, and the fewest are BUMN employees at 8.29%. For the latest education, respondents with the highest education as a diploma 13.81%, Bachelor's degree by 50.83%, Master's degree by 14.36%, and high school students 20.99%. For monthly income, as many as 25.41% of respondents have salaries <4,500,000, and as many as 34.25% are > Rp. 8,000,000, and 40.33% have an income of Rp. 4,500,000 – 8,000,000.

The validity test is whether the indicators that measure these variables measure what it wants to measure. In other words, the indicators that measure these variables are valid (Sekaran & Bougie, 2016). In this study, the statistical tool used in testing the validity is the factor loading criteria for determining whether an indicator is valid or not is determined by the size of the research sample. This study used a sample of 181 respondents, so the factor loading value determining whether the sample is valid is 0.45. Judging from the following criteria are used to determine whether an indicator is valid. Statement items are valid if the loading factor is more significant than 0.45. the statement item is invalid if the loading factor is less than 0.45. In addition, the reliability test tests the consistency of answers from respondents who measure a variable (Sekaran & Bougie, 2016). According to table 2, all the factor loading indicators have values greater than 0.45. Therefore, if the value of the variable data in this study is more significant than 0.45, it can be concluded that it is reliable. The Cronbach's Alpha Coefficient is an analytical tool used to perform reliability testing, and the basis for making decisions is whether or not an indicator is reliable.

All statements in the questionnaire are proven to be consistent or reliable if Cronbach's Alpha Coefficient > 0.60. Conversely, all statements in the questionnaire are inconsistent or reliable if Cronbach's Alpha Coefficient is less than 0.60. Since Cronbach's Alpha Coefficient for this study is more significant than 0.60, the variables that were put through their paces during this research can be relied upon.

Table 2 Validity and Reliability Test

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Validity Test</th>
<th>Reliability Test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Factor loading</td>
<td>Conclusion</td>
</tr>
<tr>
<td>Grand Total</td>
<td>181</td>
<td></td>
</tr>
</tbody>
</table>

Grand Total | 181 | | | | | |
Table 3 displays the results of fitting the model. As shown in Table 3, selecting several models fit indicators from various model fit testing criteria. The five criteria for testing the fit model are RMSEA, IFI, TLI, CFI, and CMIN/DF. Generate appropriate model conclusions; two criteria, namely GFI and NFI. Producing the conclusion of the marginal fit model and one criterion, namely the p-value of Chisquare, results in an inappropriate model conclusion. It was possible to test hypotheses because most model fit criteria were satisfied.

Table 3 Model Fit Test Indicator

<table>
<thead>
<tr>
<th>Measurement Type</th>
<th>Measurement</th>
<th>Model Fit</th>
<th>Result</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute fit measures</td>
<td>Chi-square</td>
<td>low Chi Square</td>
<td>277.739</td>
<td>Poor fit</td>
</tr>
<tr>
<td></td>
<td>p-value Chi-Square</td>
<td>≥ 0.05</td>
<td>0.000</td>
<td>Poor fit</td>
</tr>
<tr>
<td></td>
<td>GFI</td>
<td>≥ 0.90</td>
<td>0.858</td>
<td>Marginal fit</td>
</tr>
<tr>
<td></td>
<td>RMSEA</td>
<td>≤ 0.10</td>
<td>0.081</td>
<td>Model fit</td>
</tr>
<tr>
<td></td>
<td>NFI</td>
<td>≥ 0.90</td>
<td>0.890</td>
<td>Model fit</td>
</tr>
<tr>
<td></td>
<td>IFI</td>
<td>≥ 0.90</td>
<td>0.937</td>
<td>Model fit</td>
</tr>
<tr>
<td></td>
<td>TLI</td>
<td>≥ 0.90</td>
<td>0.924</td>
<td>Model fit</td>
</tr>
<tr>
<td></td>
<td>CFI</td>
<td>≥ 0.90</td>
<td>0.937</td>
<td>Model fit</td>
</tr>
<tr>
<td>Parsimonious fit measure</td>
<td>CMIN/DF</td>
<td>Between 1 to 5</td>
<td>2.187</td>
<td>Model fit</td>
</tr>
</tbody>
</table>

Table 4 Hypothesis Result
Hypothesis Description | Estimate | C.R. | p-value | Result
--- | --- | --- | --- | ---
H1 Overall Service Quality Positively Affects Customer Trust | 0.799 | 6.758 | 0.000 | Supported
H2 Overall Service Quality Has Positive Effect on Customer Satisfaction | 0.912 | 12.548 | 0.000 | Supported
H3 Overall Service Quality Positively Affects Customer Value | 0.824 | 12.555 | 0.000 | Supported
H4 Customer Trust Has a Positive Effect on Customer Loyalty | 0.026 | 1.071 | 0.142 | Not Supported
H5 Customer Satisfaction Has Positive Effect on Customer Loyalty | 0.512 | 4.446 | 0.000 | Supported
H6 Customer Value Positively Affects Customer Loyalty | 0.139 | 1.958 | 0.025 | Supported

Hypothesis 1 tests the positive effect of Overall Service Quality on Customer Trust. The processed results show an estimated coefficient value of 0.799 which means that an increase in Overall Service Quality will increase Customer Trust. Conversely, a decrease in Overall Service Quality will reduce Customer Trust. The p-value of the t statistic is 0.000 < 0.05, so Ho is rejected (H1 is accepted) so that Overall Service Quality positively affects Customer Trust. Reinforcing what Nyagadza (2022) found in a previous study, which showed a positive correlation between the variables studied. Hypothesis 2 tests the positive effect of Overall Service Quality on Customer Satisfaction. The processing results show an estimated coefficient value of 0.912 which means that an increase in Overall Service Quality will increase Customer Satisfaction. Conversely, a decrease in Overall Service Quality will reduce Customer Satisfaction. The p-value of the t statistic is 0.000 < 0.05. Then Ho is rejected (H2 is accepted) so that Overall Service Quality positively affects Customer Satisfaction. The research supports what Tabaku (2019) found in a previous investigation, showing a clear correlation between the factors considered. Lastly, hypothesis 3 tests the positive effect of Overall Service Quality on Customer Value. The processed results show an estimated coefficient value of 0.824 which means that an increase in Overall Service Quality will increase Customer Value. Conversely, decreasing Overall Service Quality will reduce Customer Value. The p-value of the t statistic is 0.000 < 0.05, then Ho is rejected (H3 is accepted), so Overall Service Quality positively affects Customer Value. This research supports what Fitrizal (2019) found in his research. Previous studies revealed a positive relationship between the parameters examined. Hypothesis 4 tests the positive effect of Customer Trust on Customer Loyalty. The processed results show an estimated coefficient value of 0.026. The p-value of the t statistic is 0.142 > 0.05. Then Ho is accepted (H4 Rejected) so that Customer Trust does not affect customer loyalty. This research contradicts the findings of Tabaku (2019), which states a positive correlation between different variables. Hypothesis 5 tests the positive effect of Customer Satisfaction on Customer Loyalty. Processed results show an estimated coefficient value of 0.512, which means that increasing Customer Satisfaction will increase Customer loyalty, and conversely, decreasing Customer Satisfaction will reduce Customer loyalty. The p-value of the t statistic is 0, < 0.05, then Ho is rejected (H5 is accepted) so that Customer Satisfaction
positively affects Customer Loyalty. The research confirms what Batinic (2016) found in his earlier study, which showed a strong correlation between the studied variables. Hypothesis 6 tests the positive effect of Customer Value on Customer Loyalty. Processed results show an estimated coefficient value of 0.139, which means that increasing Customer Value will increase Customer loyalty, and conversely, decreasing Customer Value will reduce Customer loyalty. The p-value of the t statistic is 0.025 <0.05. Then Ho is rejected (H6 Accepted) so that Customer Value proves to have a positive effect on customer loyalty. The research supports the previous research by Palacios-Marques (2016) which revealed a positive relationship between the parameters studied.

CONCLUSION

Despite the study's limitations, the findings have helped advance our knowledge of how attitudes and behavioral loyalty among hotel guests are related to overall service quality, satisfaction, trust, value, and commitment. In order to generate cross-cultural comparisons and methodological validation, it is possible to conduct complementary research studies in other developed regions of the world (not only Jakarta, located in Southeast Asia). In conclusion, the findings will likely impact future research questions. The findings show that service quality influences customer trust, satisfaction, value, and loyalty. Customer satisfaction, customer value, and loyalty support earlier research by Nyagadza (2022). Customers should pay more attention to advice or insight from people they know and trust, which is the difference in the results that show that customer loyalty does not affect customer trust. The main takeaways from the current study include that customers frequently compare and leisurely consider other options while deciding whether to purchase hotel services based on some of the offer's key features.

Additionally, fundamental values play a significant role in how customers decide what they need or want from specific hotel services. A high level of customer attitude loyalty develops whenever a customer is pleased with the perceived value of the overall service at any given hotel. Customer behavior and attitude loyalty toward the full range of services provided is very simple if a company can satisfy their basic needs, such as a hotel's requirements. Management implications include raising hotel standards, making the hotel more commensurate with the money customers pay, and demonstrating that customers stand behind the services they select can persuade customers to recommend the hotel to others or use its services again in the future. This improvement can bring about an alignment between customer loyalty and service quality.

REFERENCES


