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Effect of Service Quality on Hotel Guest Loyalty with Hotel Guest Satisfaction as an Intervening Variable in Five-Star Hotel

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Abstract: ***The tourism sector is one of the sectors that supports regional and national income. The tourism sector includes hotels, tourist attractions, and other sectors that support the tourism sector. Tourism has an important role in increasing the country's foreign exchange by increasing the number of tourists. The hotel becomes a company managed by the owner by providing services and facilities and is paid according to the services received without special approval. Hotels are used as an alternative accommodation that is sought after by immigrants, therefore hotel prices are very influential in attracting tourists. The purpose of this research is to analyze effect of service quality on hotel guest loyalty with hotel guest satisfaction as an intervening variable in Five-Star Hotel. The approach in this research is a quantitative approach. Population in the study were guests at Five-Star Hotel in Medan City. Sampling technique in this research carried out through purposive sampling. Sample in this study were guests who had stayed at least twice at Five-Star Hotel in Medan City. The number of samples in this study based on the Slovin formula was 100 respondents. Hypothesis testing in this research uses path analysis. The research results show that service quality has a significant effect on hotel guest satisfaction in Five-Star Hotel. Service quality has a significant effect on hotel guest loyalty in Five-Star Hotel. Hotel guest satisfaction has a significant effect on hotel guest loyalty in Five-Star Hotel. Service quality has a significant effect on hotel guest loyalty through hotel guest satisfaction in Five-Star Hotel.***

Keywords: ***Service Quality, Hotel Guest Loyalty, Hotel Guest Satisfaction.***

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1. INTRODUCTION

The tourism sector is one of the sectors that supports regional and national income. The tourism sector includes hotels, tourist attractions, and other sectors that support the tourism sector. Tourism development has an important role in encouraging economic activity, improving Indonesia's image, improving community welfare, and providing expanded employment opportunities (Alimuddin et al., 2023). This role is demonstrated, among other things, by the contribution of tourism to the country's foreign exchange receipts generated by foreign tourist visits, added value to gross domestic product, and employment. In addition, tourism also plays a role in efforts to enhance national identity and encourage public awareness and pride in the nation's cultural riches by introducing tourism products such as the richness and uniqueness of nature and the sea, museums, folk arts, traditions, and effective tools for environmental conservation nature and traditional cultural arts. Tourism has an important role in increasing the country's foreign exchange by increasing the number of tourists.
Hotels are companies that use buildings and other special facilities where anyone can pay for accommodation and food as well as access to other services or facilities (Arjana, 2020). Currently, hotels are developing very rapidly. Hotels are not only a place of accommodation but also help advance regional development. The hotel becomes a company managed by the owner by providing services and facilities and is paid according to the services received without special approval. Hotels are used as an alternative accommodation that is sought after by immigrants, therefore hotel prices are very influential in attracting tourists. Hotels have various types of room prices, room rates differ depending on the type and size of the room and also the facilities available. Room rates with fixed prices are room prices that cannot be negotiated or without discounts. Meanwhile, discounted prices are standard room prices with a certain percentage discount.

In the current era of globalization, there are more and more business opportunities that can be developed, so business competition is getting tougher. Companies will experience difficulty in competing if they cannot satisfy their customers. Customer satisfaction will help customers to become loyal which will then have an impact on business sustainability (Griffin, 2005). Therefore, companies must take strategic steps to overcome existing competition. In this very tight competitive situation, it is difficult to add new customers, so retaining existing customers is very important, so the right marketing strategy is needed to meet customer needs. so that customers will feel satisfied and become loyal customers to the company.
Customers can be said to be loyal if they make purchases regularly and periodically so that it can be said that loyal customers are customers who buy at least twice in a certain time period. Efforts to create customer satisfaction are made to influence customer attitudes to build customer loyalty as well. Loyalty is a strong commitment to purchase a product or service regularly and continue to subscribe even though there are situational influences that have the potential to cause a change in behavior (Tjiptono, 2008). Customer loyalty is very important for companies to maintain business continuity. Loyal customers are those who are very satisfied with a product or service so they have enthusiasm to promote it to others.
Customer satisfaction is likened to a customer's evaluation after making a purchase, where comparing perceptions of the performance of the product or service chosen can meet or exceed

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expectations before purchase (Manap, 2016). If the perception of performance meets expectations, then customer satisfaction is created. But if the perception of performance does not meet expectations, then customers will feel dissatisfaction.

Dissatisfied customers will easily switch to using products or services from other companies. Dissatisfied customers will usually convey their bad experiences about a product or service to other people. If eleven people pass on the information to other people, then bad information about a product or service will develop and have the potential to cause major losses for the company in terms of meeting customer expectations. Moreover, nowadays the internet can become a means for customers to spread bad news regarding expressions of their dissatisfaction with a product or service. Dissatisfaction leads to negative attitudes towards the company, reduced likelihood of repeat purchases, brand switching, and complaints. Therefore, it is important for companies to pay attention to customer satisfaction.

Service quality is an important factor in increasing competitiveness. Customer expectations are always changing all the time so the quality of service provided must also be adjusted (Kotler and Keller, 2012). Customers will assess the service provided by a company by comparing one company with other similar companies, as well as by comparing the service they receive with the service they expect. Service quality is a condition related to the extent to which the service provider can provide a form of service that meets customer expectations.

Customer service is an important factor in efforts to expedite sales and purchases. By providing good service to all customers, it will have a big influence on sales and purchases. Therefore, companies must think more carefully about the importance of service to customers. With the large influence of increased sales, it has an impact on purchasing the products being sold so that customers buy more goods.

The purpose of this research is to analyze effect of service quality on hotel guest loyalty with hotel guest satisfaction as an intervening variable in Five-Star Hotel.

2. RELATED WORKS

2.1 Service Quality

Service quality is everything that is able to fulfill customer desires or needs. The services that must be provided to consumers, for example, serve customers in a friendly, fast and precise manner, courtesy towards customers, ability and reliability to provide reliable service so that customers feel satisfied with the service provided by a company (Kotler and Keller, 2012). Service quality is one measure to determine the level of consumer satisfaction. Satisfied consumers will share their taste and experience with other consumers. The service dimensions consist of (Prasetijo and Jhon, 2005):

a. Reliability, namely the ability to provide promised services quickly and satisfactorily.
b. Responsiveness of employees' desire and willingness to provide services responsively.
c. Guarantee that include knowledge, competence and politeness as well as the trustworthy nature of employees.
d. Empathy which includes ease in establishing relationships, effective communication, being patient in serving customers.
e. Physical evidence which includes physical facilities, employee equipment and communication facilities.

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2.2 Loyalty

Loyalty is an effort to create close relationships with customers over a long period of time so that customers do not switch to other products or services (Tjiptono, 2008). Loyalty is a strong commitment to purchase a product or service regularly and continue to subscribe even though there are situational influences that have the potential to cause a change in behavior. Customer satisfaction can provide several benefits, such as establishing a harmonious relationship between customers and the company, satisfied customers will make repeat purchases, recommend the products or services offered by the company to others and will even create customer loyalty.

Customer loyalty can be classified based on levels as follows:

a. Terrorists are customers who like to terrorize companies because they have been disappointed and hurt the company. Bias is caused by dissatisfaction from poor service, bad experiences, inappropriate products and other unpleasant things that encourage customers to tell other people about their bad experiences.

b. Defectors are customers who have felt disappointed and hurt but don't like to tell other people about their bad experiences unless that person asks first.

c. Mercenaries are customers who are like mercenaries, who will easily move to a competing company if they feel that the competing company offers more attractive offers and cheaper prices.

d. Hostages are customers to be pitied. At first glance, these customers look like they are satisfied, but are actually forced to buy the product or service because they have no other choice, there are no alternative products or services and the customer's budget is limited.

e. Loyalists are customers who choose to remain loyal to the products or services offered by a company even though there are more attractive offers, better specifications and even cheaper prices offered by competing companies.

f. Apostles are customers who are loyal to the products or services offered by the company, buy regularly from time to time and always recommend and help promote these goods or services.

2.3 Satisfaction

Customer satisfaction is a reaction in the form of feelings of satisfaction felt due to the experience of using a product or service based on the statement (Manap, 2016). Buyers will feel satisfied depending on the perceived performance and previous buyers' expectations. Satisfaction is a feeling of pleasure or disappointment felt by buyers as a result of comparing performance with their expectations. If it is felt that performance or work results do not meet expectations, buyers will feel dissatisfied. If the performance or work results exceed what the buyer expects, the buyer will feel satisfied and even want to continue to subscribe to use the products or services offered by the company. Satisfaction is a fulfilment response from consumers. Satisfaction is the result of a consumer's assessment that a product or service has provided a level of enjoyment where this level of fulfillment can be more or less. Customer satisfaction or dissatisfaction is the customer's response to the evaluation of the perceived discrepancy or disconfirmation between previous expectations or other performance norms and the actual performance of the product that is felt after its use. Some ways to increase customer satisfaction include:

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a. Create customer service.
b. Create loyalty programs.
c. Create a gift program.
d. Build a customer community.
e. Create an adjustment program.

3. METHODOLOGY

The approach in this research is a quantitative approach, namely research that seeks to provide proof of the truth of facts in the field and is assessed scientifically based on a theoretical framework relating to the problems raised using numbers and calculations (Sugiyono, 2017). Quantitative research is mostly conducted using statistical methods that are used to collect quantitative data from research studies. This research method uses a mathematical framework and theories related to the quantity in question. A quantitative approach is an approach that primarily uses a post positivist paradigm in developing science such as thinking about cause and effect, reduction to variables, hypotheses, and specific questions using measurement and observation as well as theory testing, using research strategies such as experiments and surveys that require statistical data. So in quantitative research, as the name suggests, many are required to use numbers, starting from data collection, interpretation of the data, and the appearance of the results. The objectives of quantitative research are:

1. Develop and use mathematical models, theories, or hypotheses related to natural phenomena. The measurement process is a central part of quantitative research because it provides a fundamental link between empirical observations and the mathematical expression of quantitative relationships.
2. Determining the relationship between variables in a population. There are two types of quantitative research designs, namely descriptive and experimental. Descriptive quantitative studies take measurements only once. This means that the relationship between the variables being investigated only occurs once. Meanwhile, experimental studies carry out measurements between variables before and after to see the cause and effect relationship of the phenomenon being studied. Next, the characteristics of quantitative research will be explained.

Population is the total number consisting of objects or subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn (Sugiyono, 2017). Population in the study were guests at Five-Star Hotel in Medan City. Sample is part of the number and characteristics of the population (Sugiyono, 2017). Sampling method used is a non-probability sampling method, with sampling technique in this research carried out through purposive sampling, namely a sample determination technique based on criteria determined by the researcher (Sugiyono, 2017). Sample in this study were guests who had stayed at least twice at Five-Star Hotel in Medan City. The number of samples in this study based on the Slovin formula was 100 respondents.
Data collection instruments in this quantitative research use (Sugiyono, 2017):

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a. Questionnaire

It is a tool used to obtain relevant data with high validity and reliability. This method is in the form of a series of written questions that must be answered related to a particular research topic in accordance with the researcher's knowledge of a group of people or individuals or respondents. Collecting data using questionnaires is relatively easy, fast, and costs less than other methods. This method allows researchers to study the characteristics, knowledge, attitudes, and behavior of respondents.

b. Interview

An interview is a question and answer activity between the interviewer who asks questions, and the resource person who provides answers with information as needed by the interviewer. Interviews can be conducted either face to face or indirectly using digital media.

c. Observation

A method of collecting data by making direct observations. This technique can be used to evaluate cognitive and non-cognitive aspects such as attitudes, job evaluations and respondents' situations. Experimental research such as laboratory research is included in observation techniques because evaluation is carried out by looking at the influence of predetermined variables. This observation method requires guidelines containing definite indicators in making observations so that the research is structured and the data produced is not biased and the observations made by the researcher only focus on the research object or behavior. In the observation guidelines, it is necessary to determine the object to be studied, an operational definition related to the object to be observed, a description of the object to be observed, to prepare short questions regarding the indicators of the object to be observed, to carry out experimental observations and to compile the questions that have been prepared into a statement. Complete and systematic. This data collection technique will produce primary data and available observation notes.

Hypothesis testing in this research uses path analysis. Path analysis is a statistical analysis technique developed from multiple regression analysis. Used to analyze relationship patterns between variables. This model is to determine the direct or indirect influence of a set of independent variables on the dependent variable (Kurdhi et al., 2023).

4. RESULTS AND DISCUSSION

4.1 General Description

Hotel is a daily supply of accommodation rooms within a building which can be equipped with eating and drinking services, entertainment activities and other facilities. Hotel consists of a classified hotel and a non-classified hotel (Badan Pusat Statistic, 2024). A starred hotel is the business of providing an accommodation, eating and drinking as well as other services for the public by using a building or a part of a building (Badan Pusat Statistik, 2024). It is managed commercially and meets specified requirements as a star hotel or including diamonds set forth in the decree of fostering agency. For example, five star hotel, four star hotel, and so on.

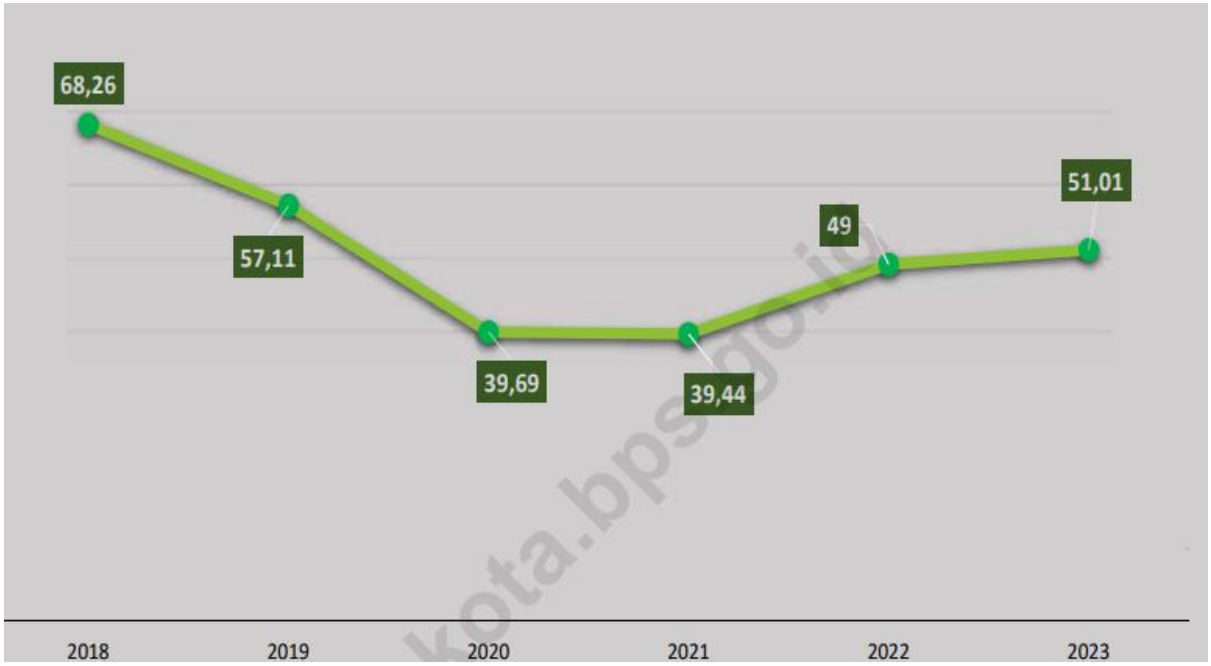
Tourism industry needs enough facilities to support both quality and quantity. The rapid increase in number of foreign visitors should be followed by increase in number of hotels for

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accommodation. In 2022 there were 361 hotels, comprising 58 stars hotels and 303 non-stars hotels. If we look at the hotel room occupancy rate, in 2023 it will increase to 51.01 percent compared to the previous year which reached 49.00 percent. The average length of stay in 2023 is the same as in 2022, namely 1.37.

Figure 1. Room Occupancy Rate of Hotels and Other Accomodation in Medan Municipality, 2018-2023



Source: Badan Pusat Statistik, Hotels Survey

4.2 Hypothesis Testing Result

The significance of the estimated parameters provides very useful information about the relationship between the research variables. The basis used in testing hypotheses is the value contained in the output result for inner weight or path coefficients. In partial least squares statistical testing of each hypothesized relationship is carried out using the bootstrap method on the sample. Table 1 provides the bootstrapping test results from partial least squares analysis:

Table 1. Hypothesis Testing Result

Information	Hypothesis	P-Value	Conclusion
H_1	Service quality has a significant effect on hotel guest satisfaction.	0.000	Accepted
H_2	Service quality has a significant effect on hotel guest loyalty.	0.001	Accepted
H_3	Hotel guest satisfaction has a significant effect on hotel guest loyalty.	0.000	Accepted

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H_4	Service quality has a significant effect on hotel guest loyalty through hotel guest satisfaction.	0.000	Accepted

Source: Research Results, 2024 (Processed Data)

Service quality has a significant effect on hotel guest satisfaction in Five-Star Hotel. With good service, customer satisfaction is created. After customers are satisfied with the products and services received, customers will compare the services provided. If the customer is truly satisfied, the customer will make repeat purchases and the customer will tell many people that the company is good and will be willing to recommend to other people to shop at the same place. Therefore, companies from now on must think carefully about how important service to customers is through service quality. Because now it is increasingly recognized that service is an important aspect in surviving in the business world and winning the competition (Sudirman et al., 2023).

Service quality has a significant effect on hotel guest loyalty in Five-Star Hotel. Trust and loyalty from consumers is very important for the company's progress and of course this can be realized with the right sales strategy. If a company wants to get maximum profit or profit, it should make various efforts to improve and develop its services so that the expected goals can be achieved. Loyalty to products by satisfied consumers tend to be loyal, where they will repurchase the same product. Customer satisfaction is a post-purchase evaluation, if customer satisfaction is achieved then customer loyalty will arise, therefore customer satisfaction is very important for the company. One way to increase customer satisfaction is by improving the quality of service in the company (Prasetijo and Jhon, 2005).

Hotel guest satisfaction has a significant effect on hotel guest loyalty in Five- Star Hotel. Dissatisfied customers will easily switch to using products or services from other companies. Dissatisfied customers will usually convey their bad experiences about a product or service to other people. If eleven people pass on the information to other people, then bad information about a product or service will develop and have the potential to cause major losses for the company in terms of meeting customer expectations. Moreover, nowadays the internet can become a means for customers to spread bad news regarding expressions of their dissatisfaction with a product or service (Pandiangan et al., 2021).

Service quality has a significant effect on hotel guest loyalty through hotel guest satisfaction in Five-Star Hotel. To create customer satisfaction and customer loyalty, companies must have the right marketing strategy. It cannot be denied that marketing plays an important role in the success of a company in realizing its main objectives. Using the right marketing strategy helps companies provide information about the goods or services they offer according to the target market. Goods or services will have a higher selling value if the company can provide what consumers need. Today's marketing paradigm has shifted, not only focusing on sales and marketing targets, but companies must also focus on establishing good relationships with customers over the long term (Pandiangan et al., 2023).

5. CONCLUSION

The research results show that service quality has a significant effect on hotel guest satisfaction in Five-Star Hotel. Service quality has a significant effect on hotel guest loyalty in Five-Star

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Hotel. Hotel guest satisfaction has a significant effect on hotel guest loyalty in Five-Star Hotel. Service quality has a significant effect on hotel guest loyalty through hotel guest satisfaction in Five-Star Hotel.

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