

The Influence of Service Quality and Location on Customer Loyalty through Customer Satisfaction Staying at the Hotel Garuda Pontianak

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Abstract

The purpose of this study is to determine the Influence of Service Quality and Location on Customer Loyalty Through Customer Satisfaction Staying at the Garuda Pontianak Hotel. This study uses an associative method. Primary data in this study were collected through; (1) Interviews; (2) Questionnaires. The minimum sample was 96 people, the researcher took a sample of 100 respondents. The results of the study showed that all indicator items in the measurement model showed good item validity, with outer loadings values above 0.7. The tested constructs also met strong reliability standards, with Cronbach's alpha and Composite Reliability values above 0.7, and Average Variance Extracted (AVE) exceeding 0.5, indicating adequate convergent validity. Discriminant validity has also been met, as indicated by the AVE root value which is greater than the correlation between constructs. The results of the Goodness of Fit Model test show that the exogenous constructs (Service Quality and Location) have a moderate influence on Customer Satisfaction, with an R-squared value of 0.308.

Keywords: Service Quality, Customer Loyalty, Customer Satisfaction, Hotel Garuda Pontianak

Received: June 20, 2024

Revised: July 21, 2024

Accepted: August 24, 2024

Introduction

In the current business development, business competition in the service industry, namely hotels, has become a very interesting phenomenon. This can be felt especially in Pontianak City, which is one of the centers of economy, government, and tourism in Indonesia. Along with the development of technology, hotel business actors in Pontianak are required to continue to innovate in order to meet the increasingly diverse market demands. The hotel industry is a form of service industry that combines products and services to meet customer needs. Products in the context of hospitality include physical facilities such as building design, interior, exterior of hotel rooms, restaurants, and various other facilities offered by the hotel. Meanwhile, services involve direct interaction between hotel staff and guests, such as reception, room service, restaurant service, and various other forms of support.

In an effort to increase customer satisfaction, hotels provide their customers with services that have high value, namely service quality and location. Providing maximum service in satisfying consumers so that it can become a superior hotel. Service quality is a key factor that distinguishes one hotel from another. Good service can create a positive experience for guests and contribute to customer satisfaction and the hotel's reputation. Therefore, Hotel management often focuses on staff training, facility maintenance, and customer service to ensure smooth hotel operations and guest satisfaction.

Likewise, location is one of the situational factors that also influences hotel accommodation. The strategic location of a hotel that is easily accessible to tourists or potential customers can

increase its appeal. Factors such as proximity to tourist attractions, business centers, public transportation, or accessibility to other important facilities are the main considerations in choosing a hotel. If all elements are carried out optimally to consumers who use the service, it will create satisfaction for consumers. This satisfaction can create a long-term relationship between service providers and customers and create customer loyalty. Those who are satisfied tend to be more loyal and willing to maintain business relationships with service providers.

The hotel industry in Indonesia, especially Pontianak, is growing rapidly where there are various hotel companies in quite a large number. The development of the hotel business can be seen from the number of hotels built and operating in Pontianak. In Pontianak City, it is known that the Garuda Pontianak Hotel is a 3-star hotel and there are 24 hotel businesses in Pontianak City that have a 4-star to 1-star classification. For businesses, especially the Garuda Pontianak Hotel, of course, this kind of hotel service industry business is a form of threat because the more other hotel services that emerge, the tighter the competition that occurs.

There are types of rooms at the Garuda Pontianak Hotel with various different prices. The minimum price offered at the Garuda Pontianak Hotel varies greatly. The cheapest room type is Superior and the most expensive is Executive. Prices for all room types can change at any time depending on the management policy of the Garuda Pontianak Hotel. The Garuda Pontianak Hotel has 3 types of rooms, namely Superior, Deluxe, and Executive for the Superior room type, it is divided into 2 layout positions, namely Heritage and Smart.

Hotel Garuda Pontianak always prioritizes good service which makes Hotel Garuda Pontianak very popular with guests. The experience of staying provided by professional and friendly hotel staff creates a positive impression for every visitor. Every detail in the service, from check-in to check-out, is carefully arranged and attention provides a special touch that makes guests feel appreciated. Having a strategic location and complete facilities is the main choice for guests, the right location in the city center and close to Supadio Pontianak Airport. This hotel provides the perfect balance between location convenience and accessibility for tourists and business people. The amount of revenue at Hotel Garuda Pontianak in 2021 to 2023. The amount of revenue in 2022 increased by 42.38% from 2021. In 2023 it increased by 3.09% from 2022.

Based on the results of interviews with marketing staff at Hotel Garuda Pontianak, the increase and decrease in the amount of revenue was due to the loyalty of customers who stayed. Customers are very satisfied at Hotel Garuda Pontianak due to the quality of friendly service, maintained room cleanliness, and efficient room service. So far there have been no complaints from consumers who have stayed regarding the services at Hotel Garuda Pontianak. Location is also a major advantage at Hotel Garuda Pontianak with the hotel being located in an easily accessible location close to business centers, tourist attractions, or transportation facilities, customers feel very satisfied and more comfortable and practical to stay.

Methods

This type of research is associative. According to Siregar (2020, p. 15) "Associative research is research that aims to determine the relationship between two or more variables". This study aims to determine the relationship between the variables studied, namely service quality, location, customer satisfaction and customer loyalty. Primary data in this study were collected through; (1) Interviews; (2) Questionnaires. The population in this study were all customers who used services or stayed at the Garuda Pontianak Hotel. The minimum sample was 96 people, the researcher took a sample of 100 respondents. The sampling technique in this study was to use purposive sampling. The measurement in this study used the Likert Scale. To test the hypothesis model, the researcher used Structural Equation Modeling (SEM).

Result and Discussion

Measurement Model

Measurement Model is assessed based on reliability and validity values. The results of outer loadings can be seen as follows:

Table 1. Outer Loadings Results

	Quality of Service (X1)	Location (X2)	Customer satisfaction (Y1)	Customer Loyalty (Y2)
X1.1	0.817			
X1.2	0.734			
X1.3	0.922			
X1.4	0.832			
X1.5	0.925			
X2.1		0.845		
X2.2		0.924		
X2.3		0.834		
X2.4		0.920		
X2.5		0.902		
X2.6		0.722		
X2.7		0.806		
X2.8		0.822		
Y1.1			0.743	
Y1.2			0.795	
Y1.3			0.783	
Y2.1				0.829
Y2.2				0.814
Y2.3				0.838

Source: Processed Data, 2024

Based on the table of outer loadings values in table 1, it can be seen that all items or indicators have outer loading values > 0.7 . So it can be concluded that all items or indicators have been valid in terms of item validity. Furthermore, an analysis of Construct Reliability and Validity is carried out. Construct Reliability and Validity are measuring the reliability and validity of latent variable constructs. The test results for Construct Reliability and Validity can be seen in the following table:

Table 2. Construct Reliability and Validity Test Results

	Cronbach's alpha	rho_A	Composite Reability	Avarege Variance Extracted(AVE)
Service Quality (X1)	0.902	0.916	0.928	0.721
Location (X2)	0.944	0.956	0.954	0.721
Customer Satisfaction (Y1)	0.666	0.669	0.817	0.599
Customer Loyalty (Y2)	0.771	0.780	0.867	0.684

Source: Processed Data, 2024

Based on table 2 above, it can be seen that all constructs have a Cronbach's alpha value > 0.7 , so it can be concluded that all constructs used are reliable. The table above also explains the

results of convergent validity testing, which can be seen from the Average Variance Extracted (AVE) value. The AVE value of all constructs is > 0.5. So it can be concluded that all constructs are convergently valid. The next step is to conduct discriminant validity testing, as can be seen in the following table:

Table 3. Discriminant Validity (Fornell-Larcker)

	Quality of Service (X1)	Location (X2)	Customer Satisfaction (Y1)	Customer Loyalty (Y2)
Service Quality (X1)	0.536			
Location (X2)	0.416	0.234		
Customer Satisfaction (Y1)	0.877	0.545	0.633	
Customer Loyalty (Y2)	0.553	0.517	0.667	0.452

Source: Processed Data 2024

Table 3 above shows that all the roots of the AVE (Fornell-Larcker Criterion) of each construct are greater than the correlation with other variables, so the discriminant validity requirements in the model in this study have been met. Other test outputs on the model are carried out by looking at the R Square value which tests the Goodness Fit Model in the inner model of the study. The test results can be seen in the following table:

Table 4. Goodness Fit Model

	<i>R-square</i>	<i>Adjusted R-square</i>
Customer Satisfaction (Y1)	0.308	0.293
Customer Loyalty (Y2)	0.449	0.431

Source: Processed Data, 2024

The table above shows that the R Square value indicating the simultaneous influence of X1, and X2, on Y1 is 0.308. So it can be concluded that all exogenous constructs (X1, X2,) simultaneously influence Y1 by 0.308 or 55%. Therefore, the Adjusted R Square is more than 25% but less than 75%, so the influence of all exogenous constructs (X1, X2,) on Y1 is moderate. The table above shows that the R Square value indicating the simultaneous influence of X1, X2, and Y1 on Y2 is 0.316. So it can be concluded that all exogenous constructs (X1, X2, Y1) simultaneously influence Y2 by 0.449 or 67%. Therefore, the Adjusted R Square is more than 25% but less than 75%, so the influence of all exogenous constructs (X1, X2, Y1) on Y2 is moderate.

Structural Model

In this section, the results of hypothesis testing are explained, by looking at the test results for Direct Effects and Indirect Effects. The test results for direct effects can be seen in the following table:

Table 5. Direct Effect

<i>Hypothesized path</i>	<i>Standardized path coefficient</i>	<i>t-statistic</i>	<i>P Values</i>	<i>Results</i>
H1: Service Quality > Customer Satisfaction	0,140	2,782	0,005	Accepted
H2: Location > Customer Satisfaction	0,094	2,918	0,017	Accepted

H3: Service Quality > Customer Loyalty	0,120	2,795	0,005	Accepted
H4: Location > Customer Loyalty	0,180	3,120	0,002	Accepted
H5: Customer Satisfaction > Customer Loyalty	0,134	3,321	0,001	Accepted

Source: Processed Data, 2024

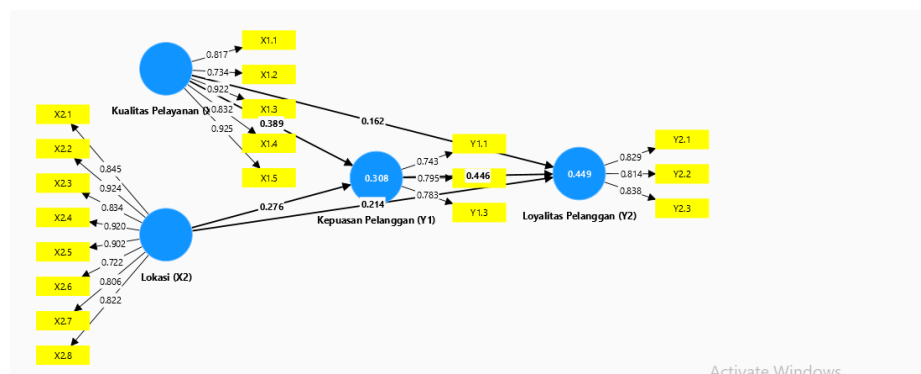
It can be seen in the output above that the direct relationship (direct effect) between Service Quality and Customer Satisfaction, Location and Customer Satisfaction, Service Quality and Customer Loyalty, Location and Customer Loyalty and Customer Satisfaction and Customer Loyalty has a p-value of less than the significance level of 0.05 so it is stated as significant. The test results for indirect effects can be seen in the following table:

Table 6. Indirect Effect

	<i>Standardized path coefficient</i>	<i>t-statistic</i>	<i>P Values</i>	<i>Results</i>
H6: Service Quality > Customer Loyalty > Customer Satisfaction	0,015	4,213	0,001	Accepted
H7: Location > Customer Loyalty > Customer Satisfaction	0,089	4,293	0,000	Accepted

Source: Processed Data, 2024

It can be seen in the output above that the indirect effect of Service Quality on Customer Loyalty mediated by Customer Satisfaction, and Location on Customer Loyalty mediated by Customer Satisfaction has a p-value less than the significance level of 0.05 so it is stated as significant. The results of the hypothesis testing can be seen in the following figure:



Source: Data Chart, 2024

The Effect of Service Quality on Customer Satisfaction

The test of the direct effect between Service Quality on Customer Satisfaction obtained a t-statistic value of 2.782 with a p-value of 0.005. This shows that there is a direct effect between Service Quality on Customer Satisfaction. So it can be said that H1, namely Service Quality has a positive and significant effect on Customer Satisfaction, is accepted. The results of this study support the research conducted by Thungasal and Siagian (2019) which shows that customer satisfaction is formed by the existence of satisfactory service quality.

The Effect of Location on Customer Satisfaction

The test of the direct effect between Location on Customer Satisfaction obtained a t-statistic value of 2.918 with a p-value of 0.017. This shows that there is a direct effect between Location on Customer Satisfaction and its influence is strong. The t-statistic value indicates that the relationship between the two is positive. So it can be said that H2, namely Location has a positive and significant effect on Customer Satisfaction, is accepted. The results of this study support the research by Alfaini, et al. (2002) which shows that location has a significant positive effect on customer satisfaction. That easy access to the location will make it easier for customers to find the place.

The Effect of Service Quality on Customer Loyalty

The test of the direct effect between Service Quality and Customer Loyalty has a t-statistic value of 2.795 with a p-value of 0.005. This shows that there is a direct effect between Service Quality and Customer Loyalty. So it can be said that H3, namely Service Quality has a positive and significant effect on Customer Loyalty, is accepted. The results of this study support the research conducted by Lusiah, et al. (2019), which shows that service quality is one of the determinants of customer loyalty because good service quality will create and maintain customer loyalty. So, the higher the quality of service applied, the more customer loyalty will increase.

The Influence of Location on Customer Loyalty

The test of the direct influence between Location on Customer Loyalty obtained a t-statistic value of 3.120 with a p-value of 0.002. This shows that there is a direct influence between Location and Customer Loyalty, the influence is strong. The p-value indicates that the relationship between the two is positive. So it can be said that H4, namely Location has a positive and significant effect on Customer Loyalty, is accepted. The results of this study also support previous research conducted by Nurhayati and Chasanah (2019), which stated that location has a positive effect on customer loyalty.

The Influence of Customer Satisfaction on Customer Loyalty

The test of the indirect influence between Customer Satisfaction on Customer Loyalty obtained a t-statistic value of 3.321 with a p-value of 0.001. This shows that there is a direct influence between Customer Satisfaction on Customer Loyalty but the influence is weak. The t-statistic value indicates that the relationship between the two is positive. So it can be said that H5, namely Customer Satisfaction has a positive and significant effect on Customer Loyalty, is accepted. The results of this study support previous research conducted by Qomariah (2012) which shows that the satisfaction variable has a positive effect on loyalty.

The Influence of Service Quality on Customer Loyalty through Customer Satisfaction.

The test of the indirect influence between Service Quality on Customer Loyalty through Customer Satisfaction obtained a t-statistic value of 4.213 with a p-value of 0.001. So it can be said that H6, namely Service Quality on Customer Loyalty through Customer Satisfaction has a positive and significant effect on Customer Loyalty through Customer Satisfaction, is accepted.

The results of this study are supported by research conducted by Thungasal and Siagian (2019) which states that customer loyalty can be increased with high service quality through customer satisfaction. This is in accordance with the statement (Van Looy, Gemmel, and Van Dierdonck, 2003, p.124) that the level of customer satisfaction is determined from the results of the

comparison between the expected service quality and the quality of service received. And supported by (Tjiptono, 2008, p.348) that customer satisfaction will then contribute to the creation of customer loyalty.

The Influence of Location on Customer Loyalty through Customer Satisfaction

The test of the indirect influence between Location on Customer Loyalty through Customer Satisfaction obtained a t-statistic value of 4.293 with a p-value of 0.000. So it can be said that H7, namely Location on Customer Loyalty through Customer Satisfaction has a positive and significant effect on Customer Loyalty through Customer Satisfaction, is accepted.

The results of this study support the research conducted by Rahmadani (2019) which shows that consumer satisfaction is a variable that mediates the influence of location on consumer loyalty. In addition, it is also in line with the research of Karomah (2018) The Influence of Product Quality, Service, Price and Location on Customer Loyalty through Satisfaction as an Intervening Variable (Case Study of Consumers at Super Geprek Dinoyo Malang Restaurant), which found that satisfaction is an intervening variable that mediates the relationship between location and customer loyalty at Super Geprek Dinoyo Malang Restaurant.

Conclusion

Based on the results of the measurement and structural model analysis, it can be concluded that all indicator items in the measurement model show good item validity, with outer loadings values above 0.7. The tested constructs also meet strong reliability standards, with Cronbach's alpha and Composite Reliability values above 0.7, and Average Variance Extracted (AVE) exceeding 0.5, indicating adequate convergent validity. Discriminant validity has also been met, as indicated by the AVE root value which is greater than the correlation between constructs. The results of the Goodness of Fit Model test show that the exogenous constructs (Service Quality and Location) have a moderate effect on Customer Satisfaction, with an R-squared value of 0.308. In addition, the exogenous constructs (Service Quality, Location, and Customer Satisfaction) have a significant effect on Customer Loyalty, with an R-squared value of 0.449. Hypothesis testing shows that all hypotheses tested, both direct and indirect effects, are accepted. Service Quality and Location have a significant effect on Customer Satisfaction and Customer Loyalty, both directly and through the mediation of Customer Satisfaction. This finding is consistent with previous literature and suggests that improving service quality and location can significantly improve customer satisfaction and loyalty.

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