

The influence of service quality and price on guest loyalty during the COVID-19 pandemic with guest satisfaction as an intervening variable at Hotel Grand Cityhall Medan

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ABSTRACT

The COVID-19 pandemic had a very significant impact on all aspects of the economy in Indonesia including tourism, as a result the number of foreign tourist visits to Indonesia decreased sharply and the ban on tourism activities caused the Indonesian tourism industry to experience a significant decline. To attract tourists to Indonesia, the world of tourism has improved a lot, one of which is hospitality. Hotel business actors must try to display different offerings and services by creating uniqueness and distinctiveness that can attract visitors to stay. This study aims to determine whether service quality and price affect customer loyalty through guest satisfaction at the Hotel Grand Cityhall Medan. The research method used is quantitative. The samples taken in this study were 98 respondents. This research is sourced from primary data obtained through questionnaires. The data analysis technique used in this study is Structural Equation Modeling (SEM) analysis using the Partial Least Square (PLS) program. The results in this study indicate that service quality and price have an influence on customer satisfaction, service quality has no influence on customer loyalty while price has an influence on customer loyalty, customer satisfaction has no influence on customer loyalty, service quality has no influence on customer loyalty through guest satisfaction and price has no influence on customer loyalty through guest satisfaction.

Keywords: Service Quality, Price, Guest Loyalty, Guest Satisfaction

1. INTRODUCTION

The COVID-19 pandemic has profoundly affected various sectors of the Indonesian economy, including tourism. In an effort to curb the spread of the virus, the government implemented policies of social and physical distancing. These were followed by large-scale social restrictions for the Indonesian populace. Consequently, foreign tourist visits to Indonesia plummeted, and the prohibition of tourism activities led to a significant downturn in the country's tourism industry (Paludi, 2022:3). The tourism sector in North Sumatra Province was particularly hard-hit by the ramifications of COVID-19—a challenge faced globally and by Indonesia as well. This downturn is evident in the many travel agents reporting cancellations of tour packages up until June 2020 and the notable lack of demand for new ones. These cancellations also affected related industries: tour guides and hotels saw a decline in business. The occupancy rates in hotels within Medan City and other tourist destinations dropped dramatically. Tour guides found themselves without work as there were no tourists to

escort. Additionally, many tourist attractions in various regencies and cities closed due to the decline in visitors.

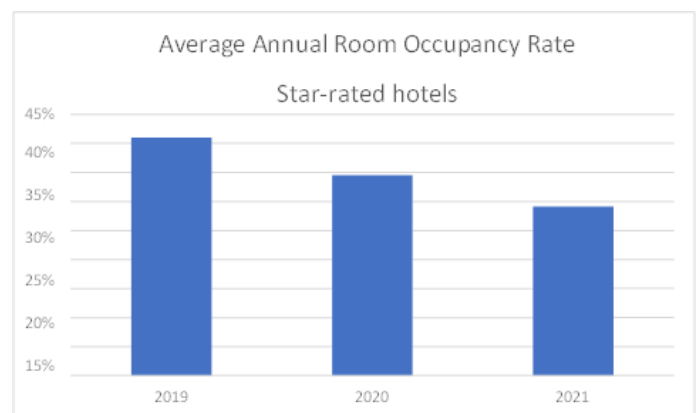


Figure 1. Average Annual Star Hotel Room Occupancy Rate Based on statistical data released by BPS North Sumatra

Source: BPS North Sumatra Province

Figure 1 illustrates the declining Room Occupancy Rate (TPK) of star-rated hotels in North Sumatra from 2019 to 2021. In 2019, the annual average room occupancy rate stood at 41 percent. However, it fell to 34.51 percent in 2020, marking a decrease of 6.49 percent from the previous year. The decline continued in 2021, with the rate dropping to 29.11 percent, which is a 5.4 percent decrease compared to 2020.

Table 1. Hotel and Other Accommodation Room Occupancy Rate by Month and Classification (%) Before the Pandemic and After the Pandemic

Month/Year	Average (Before Pandemic)			Average (After Pandemic)		
	2016	2017	2018	2019	2020	2021
January	47.05	41.99	43.15	38.30	46.63	30.21
February	44.83	39.17	40.48	41.24	44.51	29.90
March	48.70	49.76	45.22	44.74	30.86	29.69
April	46.09	45.23	40.53	41.21	15.89	25.68
May	44.78	46.39	44.47	35.52	22.50	35.36
June	51.51	39.97	45.93	41.39	22.80	33.01
July	46.90	50.03	65.80	41.56	28.36	23.40
August	51.10	51.32	39.48	39.71	25.49	24.11
September	48.36	43.32	35.73	40.73	30.01	28.28
October	54.58	44.47	35.57	41.31	33.82	31.62
November	52.87	48.48	48.47	43.83	34.79	31.21
December	48.95	45.23	42.79	42.05	41.62	39.84
Annual	48.78	45.47	44.21	41.00	34.51	29.11

Source: BPS North Sumatra Province

From Table 1, we can deduce a significant reduction in the number of guests both before and during the pandemic. Comparing year on year during the pandemic to the three years preceding it, the disparity is evident. The peak guest attendance before the pandemic was in July 2018, registering at 65.80%. However, post-pandemic, the highest attendance dwindled to just 46.63%, marking a decrease of 19.17%. The pandemic's nadir saw guest numbers plummet to a mere 15.89%. This significant drop can be attributed to government measures at the time, which included social distancing, work-from-home mandates, and home isolation, effectively curtailing outdoor activities.

Table 2. Room Sales Revenue Rate of Grand Cityhall Medan Hotel per Year

Year	Number of	Average	Revenue
2018	57.062	840.664	47.969.971.112
2019	62.966	984.648	61.999.318.059
2020	32.128	726.766	23.349.541.596
2021	44.423	673.177	29.904.541.334
2022	61.492	757.012	46.550.188.637
Total	258.071	3.982.267	209.773.560.738

Based on Table 2, it is evident that there was a significant decrease in the number of guests from 62,966 in 2019 to 32,128 in 2020, a reduction of 30,838. Concurrently, the average room price also saw a decline. The onset of the COVID-19 pandemic necessitated adjustments across all sectors. Stakeholders in the tourism industry were compelled to adapt for sustainability.

Despite the challenges in attracting patrons, the hospitality sector is anticipated to entice visitors with various offerings: exemplary service quality, promotional deals, competitive pricing, advertising through both print and electronic mediums, among others (Fahlevi et al., 2023). Providing an unforgettable experience can foster long-lasting relationships, bolstering a hotel's reputation and ensuring guest loyalty. The service quality in a hotel manifest in its infrastructure, the amenities it offers, the tools it utilizes, and the demeanor of its staff (Ekhsan et al., 2020). Quick and courteous services enhance guest satisfaction. If the services surpass guest expectations, then satisfaction is achieved. A study by Ibrahim & Thawil (2019: 235) posits that service quality embodies the unique characteristics of a product or service that cater to the public's needs and aspirations.

Beyond service quality, pricing plays a pivotal role in guest satisfaction. The cost of a product stems from its production cost coupled with the desired profit margin. In the hospitality domain, there's rigorous competition concerning pricing (Fahlevi et al., 2020). Guests invariably seek superior service quality at an economical rate. From both the enterprise and guest perspectives, pricing is crucial. Service quality and price share a positive correlation; excellent service warrants a reasonable fee. A heightened satisfaction level, stemming from stellar service, prompts guests to revisit and organically advocate for the hotel, signifying that a company's marketing strategy shouldn't hinge solely on competitive pricing. What retains guest loyalty is the perception of price fairness. This fairness in pricing is an evaluation of the outcome and process to ensure an acceptable and balanced result. Price fairness can be gauged based on various parameters, which appear to be truncated in the provided information.

1. Guests feel like they are paying a fair price for every purchase.
2. Reference to the level of price fairness, where guests find it reasonable if a product or service of the same type but from different companies has a different price.
3. The price fairness policy determined by the company is reasonable and acceptable to guests.
4. The fairness of the price set is an ethic, where guests are always informed of price changes made by the company before the new price is implemented.

Another factor influencing guest loyalty is guest satisfaction. Essentially, a guest's satisfaction or dissatisfaction with a product or service will impact their subsequent behavior. According to research conducted by Sintia Ayu Syapriani (2020), it's evident that guest satisfaction positively and significantly affects guest loyalty at the Madani Hotel Medan. This implies that when satisfaction levels rise, it leads to an uptick in guest loyalty. Conversely, lower guest satisfaction results in diminished loyalty. The satisfaction experienced by guests makes them more committed or loyal to the products and services offered. In simpler terms, an individual feels satisfied if the received outcome meets or surpasses their expectations, whereas dissatisfaction arises when their expectations aren't met. The satisfaction one feels impacts their behavior, driving them to continually use a service, cultivating loyalty.

Grand Cityhall Medan Hotel stands as one of the five-star accommodations in Medan City. Situated strategically at Jalan Balai Kota No. 1 Medan 20112, this hotel boasts a prime location right at the city's zero point. Established in 2010 under

the name Grand Aston Cityhall Medan, it underwent a rebranding in June 2020 to become the Grand Cityhall Medan Hotel. With an offering of 250 rooms, encompassing both hotel and apartment types, the establishment also features 8 restaurants, 17 meeting rooms, and a large event space. Amenities at the Grand Cityhall Hotel include both smoking and non-smoking rooms, access to a swimming pool and sauna, gym and spa, shopping arcade, business center, complimentary Wi-Fi, laundry services, car rental, round-the-clock room service and security, and ATM facilities.

2. METHODOLOGY

Research Location

The research took place at the Grand Cityhall Medan Hotel in Medan, North Sumatra, classified as a City Hotel. Its strategic location makes it convenient for guests to reach destinations and conduct business meetings promptly. The choice of this location for research is due to the hotel's strategic position, comprehensive facilities, and positive reputation reflected through ratings in various online booking applications.

Population and Sample

The research focuses on guests visiting Grand Cityhall Medan. As of June 2022, the hotel had 2,758 visitors. Not all of them were included in the research. The sampling technique adopted was non-probability, specifically incidental sampling. The Slovin formula, which is used to determine sample sizes when population behavior is uncertain, was employed. The error tolerance limit was set at 10%. Using this formula, it was calculated that the sample size needed was 98, but for simplicity, the researchers rounded up to 100.

Data Collection Technique:

Interview, direct interaction involving question-answer sessions to obtain detailed and valid information. Questionnaire, structured questions and statements were provided to respondents to collect data. The Likert scale was used to measure the attitudes, opinions, and perceptions of individuals about social phenomena. This 5-point Likert scale was chosen for the research.

Analysis

Inferential Statistics is techniques that analyze sample data and apply the results to a population. The chosen method for this study was Structural Equation Modelling (SEM) using Partial Least Square (PLS). PLS is powerful, with not many assumptions required. SEM is a statistical analysis technique allowing the examination of direct and indirect effects between complex variables. There are two types: covariance-based SEM (CBSEM) and variance-based SEM (VBSEM). CBSEM focuses on parameters with a specific model approach, while VBSEM emphasizes prediction with a variance approach. Partial Least Square (PLS) can be utilized when the sample is substantial but has a weak theoretical foundation or when the relationships between variables are complex but the sample size is small. PLS uses two evaluations: the measurement model (for testing validity and reliability) and the structural model (for testing causality or hypothesis).

3. RESULTS

Overview of Grand Cityhall Medan Hotel

The Grand Cityhall Hotel Medan occupies a prime location right at Medan's kilometre 0 (Zero). Situated in the Cityhall area, it's arguably the most strategically positioned hotel in Medan. The hotel's architecture draws inspiration from the surrounding old buildings, adopting a "colonial" era style. Notably, the hotel's "D'Heritage" restaurant is housed within a section of the Cityhall building that retains its original architecture. As with other 5-star hotels, guests are treated to amenities like a swimming pool, fitness center, and spa. We found the "Premier Deluxe Room" we stayed in to be quite comfortable, equipped with an LCD TV featuring Cable TV broadcasts, a well-furnished bathroom with both a bathtub and shower, and breakfast. Additionally, subject to availability, guests can choose the view direction from their room. Beyond the rooms, Grand Cityhall Hotel Medan offers a range of facilities, including shopping arcades, car rental services, designated non-smoking floors, sleep concierge, and a dedicated concierge service. For business travelers, there's a conference center with breakout rooms. Guests are also welcomed with a complimentary refreshment drink at the lobby. Additional amenities include a beauty salon, convenience store, free WIFI, laundry and dry cleaning services, dental clinic, 24-hour doctor on call, guarded covered car parking available 24/7, a business center, and special kiddies towels.

Inferential Statistics with SEM

Testing the Measurement Model (Outer Model)

The first model in this study was carried out using all indicators on all variables, can be seen in Figure 2 below:

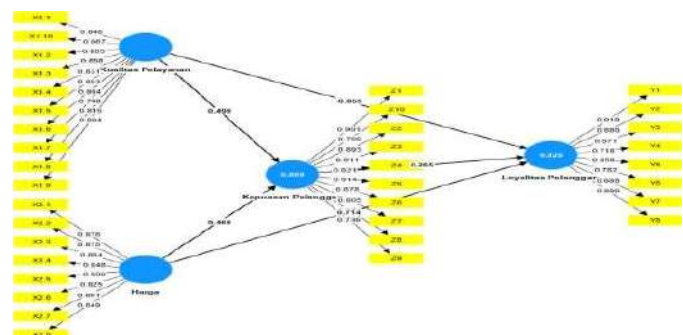


Figure 2. Outer Model Analysis Results

Source: Smart PLS, 2023

Testing instruments is essential because if the tool is neither valid nor reliable, its use in data collection may yield unreliable results (Sugiyono, 2017: 65). The measurement model, when using a reflective model, undergoes tests for convergent validity, discriminant validity, and composite reliability. An indicator's reflection measure is considered robust if its correlation with the construct being evaluated is greater than 0.70. However, as stated by Dahlan et al. (2014: 67), for research in its early stages, a measurement scale with a loading value between 0.5 and 0.6 is deemed adequately reliable.

Table 3. Outer Loadings

	Outer Loadings	Description
X1.1 <- Service Quality	0.848	Valid
X1.10 <- Service Quality	0.867	Valid
X1.2 <- Service Quality	0.885	Valid
X1.3 <- Service Quality	0.858	Valid
X1.4 <- Service Quality	0.831	Valid
X1.5 <- Service Quality	0.853	Valid
X1.6 <- Service Quality	0.864	Valid
X1.7 <- Service Quality	0.798	Valid
X1.8 <- Service Quality	0.815	Valid
X1.9 <- Service Quality	0.894	Valid
X2.1 <- Price	0.878	Valid
X2.2 <- Price	0.875	Valid
X2.3 <- Price	0.864	Valid
X2.4 <- Price	0.848	Valid
X2.5 <- Price	0.806	Valid
X2.6 <- Price	0.825	Valid
X2.7 <- Price	0.861	Valid
X2.8 <- Price	0.849	Valid
Y1 <- Guest Loyalty	0.918	Valid
Y2 <- Guest Loyalty	0.880	Valid
Y3 <- Guest Loyalty	0.871	Valid
Y4 <- Guest Loyalty	0.718	Valid
Y5 <- Guest Loyalty	0.856	Valid
Y6 <- Guest Loyalty	0.782	Valid
Y7 <- Guest Loyalty	0.888	Valid
Y8 <- Guest Loyalty	0.889	Valid
Z1 <- Guest Satisfaction	0.901	Valid
Z10 <- Guest Satisfaction	0.709	Valid
Z2 <- Guest Satisfaction	0.893	Valid
Z3 <- Guest Satisfaction	0.911	Valid
Z4 <- Guest Satisfaction	0.821	Valid
Z5 <- Guest Satisfaction	0.914	Valid
Z6 <- Guest Satisfaction	0.878	Valid
Z7 <- Guest Satisfaction	0.805	Valid
Z8 <- Guest Satisfaction	0.851	Valid
Z9 <- Guest Satisfaction	0.736	Valid

Based on Table 3 it is stated that all indicators in this study have a value > 0.70 which is declared valid.

Convergent Validity

Convergent validity is employed to highlight the correlation between reflective items and other variables. An indicator is considered adequate if it achieves a loading factor value greater than 0.70 (Hair et al., 2021: 154). This loading factor value indicates the significance of each indicator or item in measuring the respective variable.

Table 4. Cross Loading

	Service Quality (X1)	Price (X2)	Guest Loyalty (Y)	Guest Satisfaction (Z)
X1.1	0.848			
X1.2	0.885			
X1.3	0.858			
X1.4	0.831			
X1.5	0.853			
X1.6	0.864			
X1.7	0.798			
X1.8	0.815			
X1.9	0.894			
X1.10	0.867			
X2.1		0.878		
X2.2		0.875		
X2.3		0.864		
X2.4		0.848		
X2.5		0.806		
X2.6		0.825		
X2.7		0.861		
X2.8		0.849		
Y1			0.918	
Y2			0.880	
Y3			0.871	
Y4			0.718	
Y5			0.856	
Y6			0.782	
Y7			0.888	
Y8			0.889	
Z1				0.901
Z2				0.893
Z3				0.911
Z4				0.821
Z5				0.914
Z6				0.878
Z7				0.805
Z8				0.851
Z9				0.736
Z10				0.709

Source: Smart PLS, 2023

From the analysis presented above, it's evident that the correlation of the construct with its measurement item is stronger than its correlation with other constructs. This suggests that the latent construct predicts its block size more effectively than it does for other block sizes. For convergent validity, it can also be gauged using another metric: Average Variance Extracted (AVE). Achjari (2004) recommends an AVE value greater than 0.70. As depicted in Table 4.9, all four variables are deemed valid because they all surpass the recommended AVE threshold of 0.70. Specifically, the service quality variable (X1) has an AVE of 0.726, the price variable (X2) stands at 0.724, guest loyalty (Y) is at 0.727, and guest satisfaction (Z) is 0.714.

Table 5. Average Variance Extracted (AVE)

	AVE
Price	0.724
Guest Satisfaction	0.714
Service Quality	0.726
Guest Loyalty	0.727

Source: Smart PLS, 2023

Discriminant Validity (Cross Loading)

Discriminant validity in this study is assessed using the Fornell-Larcker criteria, as proposed by Fornell and Larcker (1981: 126). According to this criterion, the square root of a construct's AVE should exceed its correlation values with other constructs. The outcomes from the discriminant validity tests are presented below:

Table 6. Fornell Lacker Criterion

	Price	Guest Satisfaction	Service quality	Guest Loyalty
Price	0.851			
Guest Satisfaction	0.826	0.845		
Service quality	0.848	0.801	0.852	
Guest Loyalty	0.804	0.815	0.796	0.853

Source: Smart PLS, 2023

The results of the analysis indicate that the square root of the AVE for the guest satisfaction variable is 0.845, which surpasses its correlation value of 0.826. Similarly, for the service quality variable, the square root of the AVE is 0.852, exceeding its correlation with both guest satisfaction and price. Furthermore, the square root of the AVE for the guest loyalty variable stands at 0.853, which is higher than its correlation with both service quality and price. A square root AVE value exceeding its correlation affirms that the requirements for discriminant validity have been satisfied.

Composite Reability

In this study, the composite reliability test aims to evaluate the reliability value of the block of indicators measuring the construct. The composite reliability value is analogous to the Cronbach's alpha. A value of 0.7 for composite reliability is typically deemed an acceptable benchmark (Achjari, 2004: 72). The outcomes from the composite reliability test are detailed below:

Table 7. Cronbach Alpha and Composite Reliability Value

	Cronbach's alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)	Average Variance Extracted (AVE)
Price	0,946	0,946	0,955	0,724
Guest Satisfaction	0,955	0,961	0,961	0,714
Service Quality	0,958	0,959	0,964	0,726
Guest Loyalty	0,945	0,950	0,955	0,727

Source: Smart PLS, 2023

Table 7 reveals that both the Composite Reliability and Cronbach's Alpha values for the variables of service quality (X1), price (X2), guest satisfaction (Z), and guest loyalty (Y) are above 0.70. This indicates that the constructs for each variable possess strong reliability.

Inner Model Analysis (Structural Model)

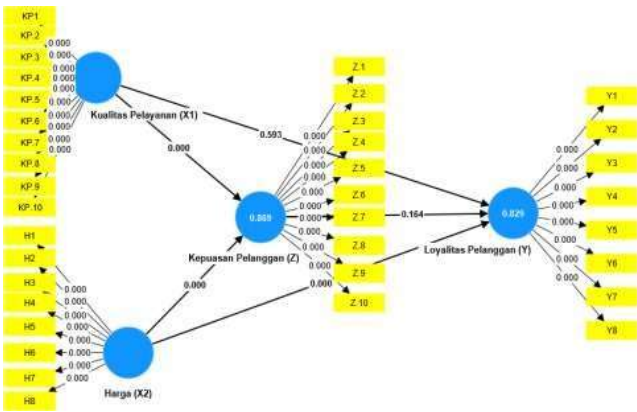


Figure 3. Inner Model Analysis Results

Source: Smart PLS, 2023

The evaluation of the inner or structural model is conducted to understand the relationships between constructs, the significance values, and the R-square of the research model. The structural model is assessed using the R-square to gauge the dependent construct as a structural path parameter. The coefficient of determination, R², measures the extent to which the model can elucidate the variance in the dependent variable. This coefficient serves as an indicator of the model's predictive accuracy (Hair et al., 2014: 154). It quantifies the percentage of variance in the endogenous construct explained by all its influencing exogenous constructs. If an endogenous latent variable in the structural model yields an R² value of 0.67, it suggests a substantial level of model accuracy. The outcomes for the R-square estimation for endogenous constructs are detailed in Table 8:

Table 8. R-Square Values

	R-square	Adjusted R-square
Guest Satisfaction	0.869	0.867
Guest Loyalty	0.829	0.823

The structural model reveals that the service quality and price variables influencing guest satisfaction have an R² value of 0.867. This denotes a high model adequacy and suggests that the variability of the guest satisfaction construct (Z) explained by service quality (X1) and price (X2) is 86.70%. The unaccounted variability of 13.30% may be attributed to other unstudied variables. Furthermore, the structural model indicates that variables such as service quality, price, and guest satisfaction that influence guest loyalty (Y) have an R² value of 0.823. This also indicates a good model fit, suggesting that the variability in the guest loyalty construct (Y) accounted for by guest satisfaction (Z) is 82.30%, with the remaining 17.70% potentially explained by other variables not covered in this study.

Hypothesis Testing Results

The testing of the structural relationship model seeks to elucidate the interactions among the study's variables. This testing is undertaken via the t-test, determining relationships either directly or indirectly. The criteria for the direct approach rely on the output diagram and the values within the path coefficient and indirect effect. The results of these tests are outlined in Table 9 below:

Table 9. Direct Relationship Test Results

	Original sample (O)	Sample average (M)	Standard deviation (STDEV)	T-statistic (O/STDEV)	P-Values
Service Quality -> Guest Satisfaction	0.499	0.507	0.507	6.832	0.000
Service Quality -> Guest Loyalty	0.212	0.237	0.117	1.471	0.637
Price -> Guest Loyalty	0.714	0.714	0.129	5.554	0.000
Price -> Guest Satisfaction	0.468	0.462	0.075	6.282	0.000
Guest Satisfaction -> Guest Loyalty	0.265	0.270	0.203	1.306	0.192

Source: Smart PLS, 2023

In PLS, statistical testing of each hypothesized relationship is conducted using simulations. Here, the bootstrapping method was applied to the sample being examined. The significance of the path coefficient was assessed using the t-statistic: The first hypothesis tested posited that service quality influences guest satisfaction. Analysis showed that the relationship between the service quality and guest satisfaction variables yielded a path coefficient value of 0.499 with a p-value of 0.000 (<0.05). This suggests that an increase in service quality correlates with a rise in guest satisfaction. Therefore, this hypothesis is confirmed. The second hypothesis proposed a relationship between service quality and guest loyalty. Analysis showed that this relationship has a path coefficient value of -0.055 and a p-value of 0.637 (>0.05), suggesting that service quality doesn't significantly influence guest loyalty. Hence, this hypothesis is rejected. The third hypothesis asserted an effect of price on guest satisfaction. Analysis found a path coefficient of 0.468 and a p-value of 0.000 (<0.05), indicating that price significantly impacts guest satisfaction. This hypothesis is therefore confirmed. The fourth hypothesis suggested that price influences guest loyalty. Analysis demonstrated a path coefficient of 0.714 and a p-value of 0.000 (<0.05), confirming that price affects guest loyalty. The fifth hypothesis proposed a link between guest satisfaction and guest loyalty. However, with a path coefficient of 0.265 and a p-value of 0.192 (>0.05), the results indicate that guest satisfaction doesn't significantly impact guest loyalty. Therefore, this hypothesis is rejected.

Table 10. Indirect Relationship Test Results

	Original Sample (O)	Sample Average (M)	Standard deviation (STDEV)	T-statistic (O/STDEV)	P value (P values)
Service Quality -> Guest Satisfaction -> Guest Loyalty	0.132	0.136	0.105	1.256	0.209
Price -> Guest Satisfaction -> Guest Loyalty	0.124	0.125	0.098	1.272	0.204

Source: Smart PLS, 2023

From Table 10, the analysis reveals: The relationship between service quality and guest loyalty mediated by guest satisfaction has a path coefficient of 0.132 and a p-value of 0.209 (>0.05). This indicates no significant influence of service quality on guest loyalty via guest satisfaction. Thus, the hypothesis is rejected. Similarly, the relationship between price and guest loyalty mediated by guest satisfaction yields a path coefficient of 0.124 and a p-value of 0.204 (>0.05). This suggests that price doesn't significantly impact guest loyalty via guest satisfaction, leading to the rejection of this hypothesis.

4. DISCUSSION

The Effect of Service Quality on Guest Satisfaction

Research results indicate that service quality significantly influences guest satisfaction at the Grand Cityhall Hotel Medan. Consequently, service quality is a crucial element to enhance guest satisfaction. A company's level of service quality is paramount to its success. The extent to which the quality meets expectations relies on how the actual service aligns with what guests anticipate. Perceived Quality, a critical determinant of service quality, reflects the user's impression of service quality, which is shaped by past experiences. For optimal interactions, staff should exude friendliness and establish strong rapport with guests. Ratminto emphasized the importance of punctuality, amicability, and fulfilling promises in service delivery. Kotler further highlighted that service quality is vital to augmenting guest satisfaction. Guest satisfaction flourishes when a company's service matches expectations, which in turn bolsters the company's benefits, as Wiyanto suggests. Benefits include increased clientele, an enhanced company image, and fostering guest loyalty. Consistent with these findings, studies by Astrida, Zulfiqar, Suryani, Risko Putra, Sri Suryoko, and M. Istifau underscore the positive impact of service quality on guest satisfaction. Thus, enhancing service quality directly correlates with heightened guest satisfaction at the Grand Cityhall Hotel Medan.

The Effect of Price on Guest Satisfaction

Research data shows that price plays a pivotal role in shaping guest satisfaction at the Grand Cityhall Hotel Medan. Guests frequently use price as a value indicator when assessing the benefits of products or services. If perceived benefits rise alongside price perception, the overall value amplifies. Kotler postulated that price is a factor affecting guest satisfaction. Therefore, the product or service quality must align with its price point. Feedback suggests that the pricing of Grand Cityhall Medan Hotel is deemed reasonable, resonating with the quality guests experience. Additionally, Fandy Tjiptono believes that competitive pricing is pivotal to retaining guest satisfaction. Companies must strike a balance in their pricing strategy to avert guest dissatisfaction or potential setbacks. Thus, prices should reflect the benefits guests derive. Consistent findings from research by Astrida, Yeni, Zulfiqar, and Yeni Rosa et al. advocate that reasonable pricing bolsters guest satisfaction. Therefore, the Grand Cityhall Medan Hotel should ensure their pricing aligns with the perceived value, adjusting as needed to maintain customer satisfaction.

The Effect of Service Quality on Guest Loyalty

Statistical analysis indicates that service quality doesn't necessarily foster guest loyalty. Field observations suggest that many respondents, mainly those with significant income, stayed at the Grand Cityhall Medan Hotel sporadically, driven by curiosity rather than loyalty. Moreover, service quality didn't seem to be the primary factor for their repeat visits. This finding mirrors Ria Octavia's (2019) research on PT. Bank Index Lampung, where service quality wasn't a determinant for customer loyalty.

The Effect of Price on Guest Loyalty

Research results confirm that price significantly influences guest loyalty at the Grand Cityhall Medan Hotel. From a consumer standpoint, price often dictates purchasing decisions. Competitive pricing from rivals can sway guest behavior. Hence, prices that are too high or too low can jeopardize guest satisfaction. Kotler and Armstrong theorized that while the right price attracts guests, it should also meet their expectations. Studies by Astrida, Nurlaili, Lisa, Zulfiqar, and Yeni Rosa reiterate that fair pricing fosters guest loyalty. Hence, the Grand Cityhall Medan Hotel should continuously evaluate their pricing strategy to ensure guest loyalty.

The Effect of Guest Satisfaction on Guest Loyalty

Statistical analysis reveals that guest satisfaction doesn't directly translate to guest loyalty. Observations indicate that even satisfied guests might opt for alternative hotels. Yosephine Angelina Aulia's (2016) research on iPhone users supports this notion, suggesting that customer satisfaction doesn't guarantee brand loyalty.

The Effect of Service Quality on Guest Loyalty Through Guest Satisfaction

The study suggests that service quality doesn't impact guest loyalty via guest satisfaction. Guests who perceive excellent service quality exhibit high loyalty without necessarily passing through the satisfaction phase. This is consistent with findings from Sintia Ayu Sapriani's (2020) study on Madani Hotel Medan.

The Effect of Price on Guest Loyalty Through Guest Satisfaction

Research indicates that price doesn't influence guest loyalty through guest satisfaction. Price impacts both guest satisfaction and loyalty directly. Guests who perceive fair pricing exhibit heightened loyalty without the intermediary stage of satisfaction. This observation aligns with Sintia Ayu Sapriani's (2020) findings regarding Madani Hotel Medan.

5. CONCLUSION

This study aimed to analyze the impact of service quality and price on guest loyalty, with guest satisfaction serving as an intervening variable at the Grand Cityhall Hotel Medan. The findings are as follows; service quality is positively correlated with guest satisfaction. Improved service quality leads to increased guest satisfaction, while a decline in service quality results in decreased satisfaction. Optimal service quality, therefore, inherently leads to heightened guest satisfaction. Price perceptions similarly influence guest satisfaction. If guests perceive a higher value for the price they're paying, their satisfaction increases. Conversely, if they perceive a price as being too high for the value received, their satisfaction decreases. This suggests that when the price aligns with perceived benefits, guest satisfaction naturally follows. Service quality, surprisingly, does not directly influence guest loyalty. Field observations indicate that the perceived quality, whether good or bad, doesn't guarantee guest loyalty. Many respondents, primarily those with standard salaries, occasionally stay at the Grand Cityhall Hotel Medan, typically during holidays or to experience its facilities, rather than exhibiting loyalty.

Price, however, does affect guest loyalty. Higher perceived value for the price enhances guest loyalty, while a mismatch between price and perceived value decreases loyalty. When the price corresponds with the perceived benefits, guests naturally exhibit loyalty to the hotel's offerings.

Interestingly, even if guests are satisfied, it doesn't necessarily ensure loyalty to Grand Cityhall Hotel Medan. Various factors can influence a guest's decision to switch hotels, even if they had a satisfactory stay. Service quality doesn't impact guest loyalty via guest satisfaction at the Grand Cityhall Hotel Medan. This indicates that service quality directly affects loyalty, making guest satisfaction a non-intervening variable. Similarly, price doesn't influence guest loyalty through guest satisfaction at the Grand Cityhall Hotel Medan. The direct impact of price on loyalty again means guest satisfaction isn't an intervening variable.

Recommendations

Based on the findings, the following recommendations are proposed: For service quality: The Grand Cityhall Hotel Medan should maintain and enhance its physical aesthetics, including its buildings, rooms, and facilities. Additionally, staff responsiveness needs improvement, particularly when addressing guest complaints, to ensure a satisfactory guest experience. For pricing: The hotel should reconsider its pricing strategy to ensure it matches the service quality offered. Offering competitive services at prices aligned with guest expectations will drive value perception. Regarding guest satisfaction: Beyond regular surveys, the hotel should form dedicated teams committed to a zero-complaints strategy, focusing on building, maintaining, and enhancing guest relationships continuously. For guest loyalty: Understanding and catering to guests' needs, wants, and desires is essential. The hotel should aim to foster long-term relationships, making their bond with guests robust against competition. Flexibility and special pricing offers for regular guests could further bolster this relationship.

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