

The Influence of Service Quality and Price to Customer Loyalty with Customer Satisfaction as a Mediating Variable

AnugrahArgaSaputra, Ralina Transistari
Sekolah Tinggi IlmuManajemen YKPN Yogyakarta Indonesia

ABSTRACT: *This study aims to analyze the effect of service quality and price on customer loyalty with customer satisfaction as a mediating variable for Cakra Kembang Hotel Yogyakarta's customers. The sampling method used was incidental sampling. The analysis of the measurement model uses a reflective indicator test consisting of convergent validity, discriminant validity, individual item reliability, and internal consistency reliability, while the formative indicator test uses collinearity statistics. The structural analysis uses path coefficient, indirect effect, and coefficient of determination. The results showed that: service quality does not affect customer satisfaction, the price has a positive effect on customer satisfaction, service quality does not affect customer loyalty, customer satisfaction has a positive effect on customer loyalty, the price does not affect customer loyalty, customer satisfaction does not mediate service quality on customer loyalty, and customer satisfaction mediates the effect of price on customer loyalty.*

KEY WORD: *service quality, price, customer loyalty, and customer satisfaction.*

Date of Submission: 12-08-2022

Date of Acceptance: 28-08-2022

I. INTRODUCTION

Yogyakarta is one of the cities in Indonesia which is known by various names, such as the city of education, the city of artists, the city of batik, the city of tolerance, and others. In addition to these various designations, the city of Yogyakarta is also a city with a good economic growth in Indonesia. According to the Central Bureau of Statistics, the economy of the Special Region of Yogyakarta grew 6.20% during 2018, moving faster than 2017 when they grew by 5.26%. One of the contributors to this fast economic growth rate of Yogyakarta is the hotel business which was able to grow by 67.86% on July 2019, even though the rate of foreign tourist arrivals decreased by 22.80% (Central Bureau of Statistics of the Special Region of Yogyakarta, 2019).

In its development, the hospitality business, especially in Yogyakarta, has experienced significant growth. The influence of the city of Yogyakarta as a city of education, culture and tourism is one of the factors that boost the growth of the hospitality business. Based on data from The Central Bureau of Statistics of the Special Region of Yogyakarta, the Room Occupancy Rate (TPK) for star hotels in the Special Region of Yogyakarta in July 2019 was 67.86%, an increase of 3.55 percent compared to the previous month's TPK which was recorded at 64.31%. Meanwhile, the TPK for non-star hotels grew by 33.78%, a decrease of 1.15 percent compared to the TPK in June 2019. One of the hotels that is growing in Yogyakarta is Hotel Cakra Kembang. In 2018 it managed to grow by 51.30%, higher than 2017 which was only 46.99% based on room sales data (Central Bureau of Statistics for the Special Region of Yogyakarta, 2019).

The high rate of growth of the hospitality business certainly also creates an increasingly fierce competition. To overcome this fierce competition, a lot of effort is needed. One thing that can be done is to create a customer-oriented marketing strategy. Customer-oriented marketing strategy is a marketing strategy that emphasizes the satisfaction of consumers' emotional needs and wants (McDonald & Keegan, 1999). According to Parasuraman (in Alaan's research, 2016), service quality has five dimensions that consists of tangible, empathy, reliability, responsiveness and assurance. In addition, according to Zeithaml (in Caroline & Chandra, 2013) price is also one of the factors that determines customer satisfaction, because they will see the price first before knowing the quality of the service provided. If the provided services are comparable to the price offered, then the customer will be satisfied. This needs to be considered because according to Kotler et al. (2019), satisfied customers will have an emotional bond with the products or services they consume and tend to be loyal to the company.

A lot of different researches on service quality have been carried out, such as the research conducted by Seprihana (2016) with the results that the tangible, assurance, and empathy dimensions affect customer satisfaction, whereas reliability and responsiveness does not. Alaan's research (2016) found that the assurance

variable does not affect customer satisfaction, same with reliability and responsiveness. Meanwhile, based on research conducted by Harianto and Hartono (2013), all dimensions of service quality have a significant effect on customer satisfaction and customer satisfaction has a significant effect on customer loyalty. These results are different from research conducted by Aryani and Rosinta (2011) which shows that service quality does not affect customer loyalty. Research conducted by Thungasal and Hotlan (2019) found that service quality and price had a significant effect on customer satisfaction, while Caroline and Chandra's (2013) research stated that quality had an effect on consumer satisfaction but the price did not affect customer satisfaction.

The importance of knowing the effect of service quality and price on customer loyalty through customer satisfaction and the finding of gaps/differences in the results of several previous studies on the same variable is one of the reasons this research was conducted. The results of the study are expected to be used as an input for management to increase customer loyalty.

II. LITERATURE REVIEW

According to John J. Sviokla (in Tjiptono, 2014), one of the factors that determine the level of success and quality of the company is the company's ability to provide services to customers, the company's success in providing quality services to its customers, high market achievement, and profit improvement. Meanwhile, according to Zeithaml (in Lupiyoadi, 2018) the service quality improvements of a product has an important influence for companies to defend themselves and achieve success in the face of competition.

One approach to service quality that is widely used as a reference in marketing research is the SERVQUAL (*Service Quality*) model developed by Parasuraman et al. The SERVQUAL model is built by comparing two main factors, which are the customer's perception of the service they receive with their expected service. In one of the studies on SERVQUAL by Parasuraman et al. (in Lupiyoadi, 2018) which involves 800 customers (divided into four companies) aged 25 years and over, it is concluded that there are five dimensions of SERVQUAL as follows:

- a. Tangible, which is the ability of a company to show its existence to external parties. The appearance of the company's physical facilities and infrastructure that can be relied on by the surrounding environment is tangible evidence of the services provided by service providers, which includes physical facilities (e.g. buildings, warehouses, etc.), equipment and equipment used (technology), and the appearance of the staff.
- b. Reliability, which is the company's ability to provide services as promised accurately and reliably. Performance must be in accordance with customer expectations which means timeliness, the same service for all customers without errors, a sympathetic attitude, and with high accuracy.
- c. Responsiveness, which is an obligation to help and provide fast and appropriate service to customers, by conveying clear information. Letting customers wait for a long time without certainty creates a negative perception of service quality.
- d. Assurance, consists of knowledge, courtesy, and the ability of company employees to foster customer trust in the company. This includes several components, which is communication, credibility, security, competence, and courtesy.
- e. Empathy, which is giving genuine individual or personal attention given to customers with the intention of understanding their needs and wants. This is done with the hope that the company understands the customer's personality, understands the customer's specific needs, and has a comfortable operating time for the customer.

According to Tjiptono (in Caroline & Chandra, 2013), the process of determining the maximum price will be limited by customer demand, especially purchasing power. Djati and Darmawan (in Caroline & Chandra, 2013), state that a high price level indicates the high quality or high status and some target customers want the best. If prices are lowered a little below this price level, they can see a bargaining opportunity, but if the price listed is too low, they start to worry about the quality and stop buying.

According to Zeithaml (in Caroline & Chandra, 2013) when customers choose between several existing brands, customers will evaluate prices in absolute terms but still compare several price standards as a reference for making purchases. Price is an extrinsic factor that functions as a substitute for quality when customers do not have sufficient information about intrinsic attributes, so customers only use price to measure quality (if only the price is known). But when the intrinsic quality of the product is known, then this assumption becomes less convincing.

Satisfaction is the level of one's feelings after comparing the performance of the product or service received with what they expect (Kotler & Keller, 2009). There are many benefits for the company by achieving a high level of customer satisfaction, including increasing customer loyalty and preventing turnover. According to Fornell (in Lupiyoadi, 2018) service companies reduce customer sensitivity to price, reduce marketing failure costs, reduce operating costs caused by increasing customer numbers, increase advertising effectiveness, and improve business reputation.

According to Zeithaml and Bitner (in Lupiyoadi, 2018), the main determinant of customer satisfaction is customer perception of service quality. For example, in mobile telecommunication services, service quality is measured by call/telephone quality, device price, service value-added, procedure convenience, and customer service.

If further reviewed, customer satisfaction (through service quality) can be improved with these following approaches (Kotler & Keller, 2009):

- a. Minimizing the gap between management and customers. For example, conducting research using the customer focus method by distributing questionnaires over several periods to determine customer service perceptions. In addition, research using the observation method for company employees regarding the implementation of services.
- b. Companies must be able to build a shared commitment to create a vision for service improvement, which includes improving the way of thinking, behavior, abilities, and knowledge of all existing human resources. For example, using the brainstorming method or the management by walking around method to maintain employee commitment.
- c. Provide opportunities for customers to submit complaints by creating a complaint and suggestion system, such as a toll-free hotline.
- d. Develop and implement accountable, proactive, and marketing partnerships according to the marketing situation. Companies contact customers after the service process occurs to find out customer satisfaction and expectations (accountable). Companies contact customers from time to time to find out the development of its services (proactive). Meanwhile, partnership marketing is an approach where companies build closeness with customers which is beneficial to improve the company's image and position in the market.

According to Sheth & Mittal (in Lupiyoadi, 2018), customer loyalty is a customer's commitment to a brand, store, or supplier, based on a very positive attitude and reflected in consistent repeat purchases. Meanwhile, customer loyalty in the context of service marketing is defined by Bendapudi & Berry (in Lupiyoadi, 2018) as a response that is closely related to a pledge or promise to uphold the commitment that underlies the continuity of the relationship and is usually reflected in continuous purchases from the same service provider based on dedication and pragmatic constraints.

Kotler (in Japarianto & Komariyah, 2007) says "the long term success of a particular brand is not based on the number of customers who purchase it only once, but on the number who become repeat purchases". In this case, it can be concluded that loyal consumers are not measured by how much they buy, but by how often they make repeat purchases, including recommending other people to buy. According to Fornell (in Lupiyoadi, 2018), the significance of customer loyalty is closely related to the continuity of the company and the strong growth of the company in the future. Thus, in order for a company to be able to maintain a stable level of profit when the market is maturing and business competition is intense, a defensive strategy that seeks to retain current customers is more important than an aggressive strategy that expands the size of the market by attracting potential customers. Meanwhile, according to Zeithaml et. Al. (in Japarianto & Komariyah, 2007), the ultimate goal of a company's success in establishing relationships with its customers is to form strong loyalty. Indicators of strong loyalty are:

- a. Customers said positive things about the product that they bought.
- b. Customers recommend the products that they bought to friends.
- c. Customers continue to purchase the products that they bought.

The relationship between service quality and customer satisfaction based on Sepriliana's research (2016) shows that service quality has a positive effect on customer satisfaction, as well as in the research of Harianto and Hartono (2013) where service quality has a significant effect on customer satisfaction, so that if service quality increases, customer satisfaction also increased. According to Kotler and Keller (2009) this needs to be considered because satisfied customers will have an emotional bond with the products or services consumed and tend to be loyal to the company. Based on the theory and previous research, the first hypothesis is as follows:

H1: Service quality has a positive effect on customer satisfaction.

According to Zeithaml (in Caroline & Chandra, 2013) price is an extrinsic factor as a substitute function of quality when customers do not have sufficient information about intrinsic attributes, so customers use price to estimate quality when only price is known. Thungasal and Hotlan (2019) showed that service quality and price had a significant effect on customer satisfaction, while Caroline and Chandra (2013) stated that price had no effect on customer satisfaction. The differences in the results of the two studies indicate that there are other factors that influence customer satisfaction besides the location difference, so it is worthy of research. Based on this, the second hypothesis is formulated as follows:

H2: Price has a positive effect on customer satisfaction.

Good service quality will make customers have the desire to make repeat purchases. The creation of customer satisfaction can provide benefits for the company, one of which is the creation of harmonious relations between the company and its customers. This relationship is the basis for the emergence of repeat purchases and the creation of customer loyalty, as well as forming word of mouth recommendations that are profitable for the company (Sigit&Euis, 2017). In their research, Thungasal and Hotlan (2019) obtained results where service quality has a positive and significant effect on customer loyalty. This shows that the better service quality will cause customers to be satisfied and loyal. The third hypothesis is formulated as follows:

H3: Service quality has a positive effect on consumer loyalty.

Customer satisfaction has a great influence in creating customer loyalty. Customers will be loyal to a product or service if the customer gets satisfaction from the product or service. To increase satisfaction, companies need to set a marketing strategy so that customers are interested in the services offered (Sigit&Euis, 2017). Research by Harianto and Hartono (2013) and Thungasal and Hotlan (2019), shows that customer satisfaction has a positive and significant effect on customer loyalty. Research conducted by Riswanto and Yohanes (2014) found that customer satisfaction had no effect on customer loyalty. These differences underlie this research and the fourth hypothesis is formulated as follows:

H4: Customer satisfaction has a positive effect on customer loyalty.

Customer loyalty describes the commitment given by the customer to reuse the services that will be provided in the future. Thungasal and Hotlan's (2019) research results show that there is a positive and significant relationship between price and customer loyalty. If the price is comparable to the services provided, the customer will feel satisfied and want to return to use the service, then the fifth hypothesis is formulated as follows:

H5: Price has a positive effect on customer loyalty.

According to Sigit and Euis (2017) customer satisfaction is the main cause of high customer loyalty, so providing services with good quality is the key to achieving customer satisfaction. Even so, the company may have provided good service quality and customers are satisfied with the service quality, but customers have not been loyal to the company. This can happen because customer loyalty has not reached a certain level of satisfaction. Based on this, the sixth hypothesis is formulated as follows:

H6: There is an indirect effect of service quality on consumer loyalty mediated by customer satisfaction.

According to Djati and Darmawan (in Caroline & Chandra, 2013), states that a high price will indicate high quality or high status. Some target customers want the best, so that if there is not a big difference between the price and the services provided, satisfaction will arise. Satisfied consumers tend to be loyal, because it has been proven from previous purchase experience. To achieve this satisfaction, the company must synergize the price with the services provided properly and maintain it regularly. Based on this theory, the seventh hypothesis is formulated as follows:

H7: There is an indirect effect of price on consumer loyalty mediated by consumer satisfaction.

III. RESEARCH METHOD

This study uses interval continuum data, which is continuum quantitative data that is the same distance, but does not have an absolute zero value. According to Cooper and Schindler (in Sugiyono, 2014) suggest that the attitude measurement scale (very good, good, not good, not good) with a score of 4, 3, 2, 1 is interval data because the distance is the same. The sampling technique used in this research is Non-probability Sampling with Incidental Sampling technique. The criteria for respondent data that can be accepted in this study are respondents with a minimum of 2 stays, this is done to help measure customer loyalty variables.

This study uses multivariate analysis (correlation or multiple regression), and according to Roscoe (in Sugiyono, 2014) the number of samples used is 10 times the number of variables studied. There are 4 research variables (2 independent + 1 dependent + 1 mediation), so the minimum number of sample members is 40. Data collection in this study used a questionnaire with a Likert scale.

The analysis used in this research is partial least square (PLS). According to (Hair et al., 2013) there is no identification problem so the model can still be estimated with a small sample size (30-50). This convinced researchers to use PLS because the sample size of 41 people used in this study was under the small sample size. The PLS analysis used in this study was carried out using the SmartPLS program (v.3.2.8).

Reflective Indicator

The reflective indicator test tests indicators that have the characteristics of the direction of a causal relationship from latent variables to indicators, between indicators are expected to be correlated (the instrument must have consistency reliability), so that if one indicator is missing it will not change the meaning of the variable being measured and the measurement error is at indicator level (Haenlein& Andreas, 2004). The

reflective indicator test consists of convergent validity, discriminant validity, individual item reliability, and internal consistency reliability (Henseler et al., 2009).

1) **Convergent Validity Test**

This test is done by looking at the average variance extracted (AVE), where this value describes the amount of variance or diversity of manifest variables (indicators) that can be contained by latent variables (constructs). An AVE value of at least 0.5 indicates a good measure of convergent validity (Afthanorhan&Asyraf, 2013), which means that the latent variable (construct) can explain on average more than half the variance of the indicators.

From the test, it is known that all AVE values have a value greater than 0.5, so it can be said that all variables meet the requirements for use and there is no problem in the convergent validity test.

2) **Discriminant Validity Test**

This test is carried out by cross loading examination (Subiyakto, 2017). The cross loading examination of each indicator is carried out by comparing the relationship of the indicator with its construct and other block constructs. If the correlation between the indicator and its construct is higher than the correlation with other block constructs, this indicates that the construct predicts the size of their block better than other blocks (Afthanorhan&Asyraf, 2013).

After testing, the result shows that all loadings on the intended construct are greater than the loading values with other constructs, so it can be said that there is no problem in testing discriminant validity.

3) **Item Reliability Individual Test**

This test is done by looking at the standardized loading factor value. This value describes the magnitude of the relationship between each indicator and its construct. If the loading factor value is above 0.7, then the loading factor value can be said to be valid as an indicator that measures the construct (Yamin& Kurniawan, 2011).

After testing, it is known that all items have a loading factor above 0.7 so it can be said that all indicators are valid for use in the research model. These results are obtained after deleting the indicators X1.1, X1.2, and X1.3 because the indicators are worth 0.427, 0.444, and 0.669, respectively, which means they are not reliable because the value is less than 0.7. Retesting was carried out without indicators X1.1, X1.2, and X1.3 both convergent validity, discriminant validity, and internal consistency reliability because the analysis of measurement models consisting of reflective indicator tests and formative indicator tests were calculated together through the PLS algorithm in smartPLS.

4) **Internal Consistency Reliability Test**

This test is carried out by looking at the composite reliability (CR) value with a threshold above 0.7 (Afthanorhan&Asyraf, 2013). After testing, the result shows that all composite reliability values are above 0.7 so it can be said that all variables meet the requirements for use and there are no problems in the composite reliability test.

Formative Indicator

The formative indicator test examines indicators that have a causal relationship from indicators to latent variables, between indicators are assumed to be uncorrelated (no internal consistency reliability test is needed), so eliminating one indicator will result in changing the meaning of the latent variable and measurement error is at the level of the latent variable. The formative indicator test was carried out by collinearity statistics test (Haenlein& Andreas, 2004).

This statistical collinearity test was conducted to determine the relationship between indicators, whether the formative indicators experienced collinearity by knowing the VIF value. The VIF value between 5 – 10 means that the indicator has collinearity (Haenlein& Andreas, 2004).

After testing, it is known that all indicators of VIF value are below 5, so it can be said that there is no collinearity. These results were obtained after removing the X1.5 indicator which previously had a VIF value of 6.670 which means collinearity occurs. Because X1.5 is deleted, the reflective indicator test automatically also uses data without X1.5 indicators, both of which (reflective indicator test and formative indicator test) are calculated together through the PLS algorithm in SmartPLS.

Structural Analysis

1) **Path Coefficient Test**

The Path Coefficient test is the magnitude of the relationship or influence of the latent construct which is carried out by the Bootstrapping procedure. In the results of this path coefficient, there is a P-value that is used to determine whether the hypothesis is accepted or rejected by comparing the significance value (P-value) with a significance level of 0.05 or 5%, so that if the significance value is 0.05 then the hypothesis is accepted (Wiyono, 2011).

2) **Indirect Effect Test**

The Indirect Effect Test is used to determine the indirect effect of the independent variable on the dependent variable through intervening variables or mediation. Decision-making is done by comparing the significance value (P-value) with a significance level of 0.05 or 5%, so that if the significance value is 0.05 then the hypothesis is accepted (Wiyono, 2011).

3) **Coefficient of Determination Test**

The Coefficient of Determination Test (R2) is used to measure how far the model's ability to explain variations in the dependent variable is. The analysis of the coefficient of determination can be seen in the Model Summary table which can be seen from the Adjusted R Square (Kuncoro, 2011).

IV. RESULTS AND DISCUSSION

The measurement of the model (outer model) is carried out through two test stages, namely the reflective indicator test and the formative indicator test. The reflective indicator test consists of convergent validity, discriminant validity, individual item reliability, and internal consistency reliability (Henseler et al., 2009). Meanwhile, the formative indicator test was carried out by a collinearity statistics test (Haenlein & Andreas, 2004). Both tests were performed using the PLS algorithm in smartPLS.

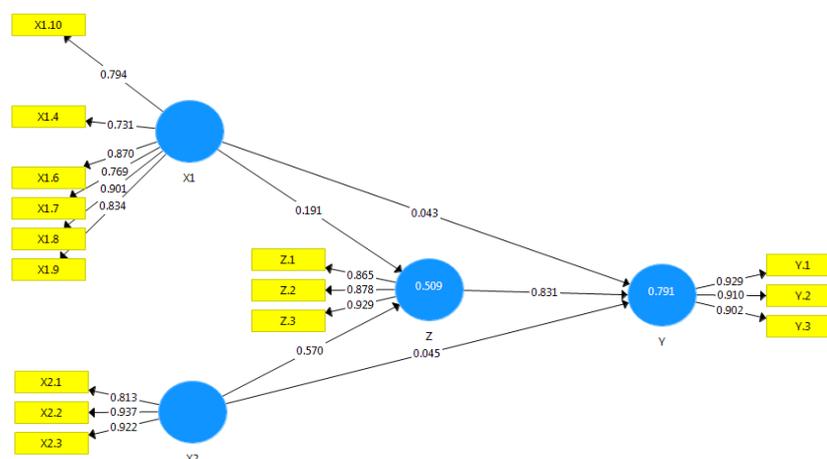


Figure 1. Model Measurement Results

From Figure 1, it can be seen that all items have a loading factor value above 0.7 so it can be said that all indicators are valid for use in the research model. These results were obtained after deleting the indicators X1.1, X1.2, and X1.3 because these indicators each had a value of 0.427, 0.444, and 0.669, which means they are not reliable because the value is less than 0.7. Retesting was carried out without indicators X1.1, X1.2, and X1.3, both tests of convergent validity, discriminant validity, and internal consistency reliability because the analysis of measurement models consisting of reflective indicator tests and formative indicator tests were calculated together through the PLS algorithm in smartPLS.

Path Coefficient Test

Table 1. Path Coefficient Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values
X1 → Y	0.043	0.085	0.155	0.277	0.782
X1 → Z	0.191	0.275	0.259	0.737	0.461
X2 → Y	0.045	0.041	0.164	0.272	0.786
X2 → Z	0.57	0.501	0.254	2.244	0.025
Z → Y	0.831	0.792	0.126	6.577	0.000

Table 1 shows that of the five hypotheses tested, there are only 2 hypotheses that have a P-value below 0.05, which are hypothesis X2 to Z (price to customer satisfaction) and hypothesis Z to Y (customer satisfaction to loyalty) with the original sample value of 0.570 and 0.831 so that both hypotheses can be accepted. Meanwhile the three rejected hypotheses are X1 to Y (service quality to customer loyalty), X1 to Z (service quality to customer satisfaction) and X2 to Y (price to customer loyalty).

Indirect Effect Test

Table 2. Indirect Effect Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
X1→Z → Y	0.159	0.206	0.191	0.833	0.405
X1→Z→ Y	0.474	0.408	0.221	2.147	0.032

It can be seen from table 2 above that of the two hypotheses tested, there is only one hypothesis that has a significance level of ≤ 0.05 , which is the hypothesis X2→Z→Y (price on consumer loyalty through customer satisfaction) meaning that the hypothesis is accepted or there is an indirect effect between X2 to Y which is mediated by Z. While the hypothesis X1→Z→Y (quality of service on customer loyalty through customer satisfaction) is rejected or there is no indirect effect between these variables.

Coefficient of Determination Test

Table 3. Coefficient of Determination Test Results

	R Square	R Square Adjusted
Y	0.791	0.774
Z	0.509	0.483

It can be seen from Table 3 that the value of R square adjusted variable Y (Customer Loyalty) is 0.774 (77.4%) and the value of R square adjusted variable Z (Customer Satisfaction) is 0.483 (48.3%) which indicates that the service quality variable and price contributed 77.3% influence on the consumer loyalty variable, while the remaining 22.6% was explained by other variables not included in this study. Likewise, the variable of consumer satisfaction that received the influence of service quality and price variables was 48.3%, while the remaining 51.7% was explained by other variables not included in this study.

Based on the results of structural analysis X1→Z, obtained a P-value of $0.461 > 0.05$ which means that service quality does not affect customer satisfaction. Thus H1 which states that service quality has a positive effect on customer satisfaction is **not proven** in this study. This is in line with previous research conducted by Seprihana (2016), as well as other previous research conducted by Alaan (2016) where service quality consisting of several dimensions does not affect hotel customer satisfaction. While the P-value obtained from the structural analysis X2→Z is $0.025 < 0.05$ and the original sample is 0.570 indicating that the price has a positive effect on consumer satisfaction. Thus, H2 which states that price has a positive effect on consumer satisfaction is **proven** in this study. This is in line with previous research conducted by (Thungasal&Hotlan, 2019).

Based on the results of structural analysis, obtained P-value X1→Y is worth $0.782 > 0.05$, which means that service quality does not affect consumer loyalty. Thus H3 which states that service quality has a positive effect on consumer loyalty is **not proven**. This is in line with previous research conducted by (Aryani&Rosinta, 2011). Meanwhile, the P-value at X2→Y is $0.786 > 0.05$, which means that the price does not affect consumer loyalty. Thus H5 which states that price has a positive effect on consumer loyalty is **not proven** in this study. This is in line with previous research conducted by Suwarni and Septina (2011) which stated that there was no effect of price on customer loyalty.

The P-value at Z→Y is $0.000 < 0.05$ and the original sample is 0.831, indicating that customer satisfaction has a positive effect on customer loyalty. Thus, H4 which states that customer satisfaction has a positive effect on consumer loyalty is proven in this study. This is in line with previous research conducted by Harianto and Subagio (2013), where if the customer is satisfied to a certain level, the possibility of being loyal tends to be greater.

For the analysis of mediating variables, the results of the indirect effect test X1→Z→Y obtained a P value of $0.405 > 0.05$ which indicates that there is no indirect effect between service quality and consumer loyalty mediated by consumer satisfaction. Thus, H6 which states that there is an indirect effect of service quality on consumer loyalty mediated by customer satisfaction is **not proven**, this is in line with previous research conducted by Lusiah and Adhitya (2019). Meanwhile, the results of the indirect effect test X2→Z→Y produced a P value of $0.032 < 0.05$, which means that there is an indirect effect of price and customer loyalty mediated by customer satisfaction. Thus, H7 which states that there is an indirect effect of price and consumer loyalty mediated by consumer satisfaction is **proven**. This is in line with previous research conducted by (Fangessa, 2017).

V. CONCLUSION

The results of this study concludes that: (1) service quality does not affect Hotel Cakra Kembang customer's satisfaction, (2) price has a positive effect to Hotel Cakra Kembang customer's satisfaction, (3) service quality does not affect Hotel Cakra Kembang customer's loyalty, (4) price does not affect Hotel Cakra Kembang customer's loyalty, and (5) customer satisfaction has a positive effect to customer loyalty. While there is no indirect effect of service quality on customer loyalty (mediated by customer satisfaction), there is an indirect effect of price to customer loyalty (mediated by customer satisfaction) at Cakra Kembang Hotel.

Cakra Kembang Hotel management should pay close attention to product pricing, to make sure that the product pricing correctly represents the quality of services provided, and the customer becomes satisfied with the amount of the price they paid. Since the data used in this research are limited, the writer suggests that the next researchers should increase the number of samples used in their research to make the result more representative.

REFERENCES

- [1]. Afthanorhan, B. W. dan Asyraf, W. M. (2013). A comparison of partial least square structural equation modeling (PLS-SEM) and covariance based structural equation modeling (CB-SEM) for confirmatory factor analysis. *International Journal of Engineering Science and Innovative Technology (IJESIT)*. 2 (5). 198-205.
- [2]. Alaan, Yunus. (2016). Pengaruh Service Quality (Tangible, Empathy, Reliability, Responsiveness dan Assurance) terhadap Customer Satisfaction: Penelitian Pada Hotel Serela Bandung. *Jurnal Manajemen*. 15 (2).
- [3]. Aryani, Dwi. dan Febrina, R. (2010). Pengaruh Kualitas Layanan terhadap Kepuasan Pelanggan dalam Membentuk Loyalitas Pelanggan. *Jurnal Ilmu Administrasi dan Organisasi*. 17 (2). 114-126.
- [4]. Badan Pusat Statistik Daerah Istimewa Yogyakarta. (2019). *Perkembangan Pariwisata dan Transportasi Udara Daerah Istimewa Yogyakarta, Juli 2019* (Online). <https://bit.ly/3OWioqb>
- [5]. Caroline, Olive. dan Chandra, K. (2013). Pengaruh Kualitas Layanan dan Harga Terhadap Loyalitas Pelanggan Melalui Kepuasan Pelanggan Hotel Zodiak di Bandung. *Jurnal Manajemen*. 12 (2).
- [6]. Fangessa, Atalie. S. (2017) Pengaruh Harga dan Kualitas Layanan Terhadap Loyalitas Konsumen Melalui Kepuasan Konsumen PT. Citra Mandiri Sejati. *Agora*. 5 (1).
- [7]. Ghozali, Imam. (2018). *Aplikasi Analisis Multivariate dengan Program IBM SPSS*. Semarang: UNDIP.
- [8]. Haenlein, Michael. and Andreas, M. K. (2004). *A Beginner's Guide to Partial Least Squares Analysis*. *Understanding Statistics*. 3 (4). 283-297.
- [9]. Hair, J. F., Ringle, C. M., and Sarstedt, M. (2013). Editorial-Partial Least Squares Structural Equation Modeling: Rigorous Applications, Better Results and Higher Acceptance. *Long Range Planning*. 46. 1-12.
- [10]. Harianto, David. dan Hartono, S. (2013). Analisa Pengaruh Kualitas Layanan, Brand Image, dan Atmosfer Terhadap Loyalitas Konsumen Dengan Kepuasan Konsumen Sebagai Variabel Intervening Konsumen Kedai DEJA-VU Surabaya. *Jurnal Manajemen Pemasaran*. 1 (1) 1-8.
- [11]. Henseler, J., Ringle, C. M., dan Sinkovics, R. R. (2009). The use of partial least square path modeling in international marketing. *Advances in International Marketing*. 20. 277-319.
- [12]. Japarianto, Laksmono. dan Komariyah. (2007). Analisis Kualitas Layanan Sebagai Pengukur Loyalitas Pelanggan Hotel Majapahit Surabaya Dengan Pemasaran Relasional Sebagai Variabel Intervening. *Dimensi Manajemen Perhotelan*. 3 (1). 34-42.
- [13]. Jogiyanto. (2009). *Sistem Teknologi Informasi*. Yogyakarta: Andi Offset.
- [14]. Kotler, P. dan Kevin, L. K. (2009). *Manajemen Pemasaran*. Alih bahasa oleh Bob Sabran, M.M. Edisiketigabelas. Jilid 2. Jakarta: Erlangga.
- [15]. Kuncoro, Mudrajad. (2011). *Metode Kuantitatif Teori dan Aplikasi Untuk Bisnis & Ekonomi*. Yogyakarta: UPP STIM YKPN.
- [16]. Lupiyoadi, Rambat. (2018). *Manajemen Pemasaran Jasa: Berbasis Kompetensi*. Jakarta: Salemba Empat.
- [17]. Lusiah, Djatmiko. N. dan Adhitya, A. (2019). Pengaruh Kualitas Pelayanan terhadap Loyalitas Pelanggan Melalui Kepuasan Pelanggan Jasa Transportasi Online. *Jurnal Ekonomi*. No. 2. 213-226.
- [18]. Seprihana. (2016). Pengaruh Kualitas Pelayanan terhadap Kepuasan Konsumen Pada Hotel Garuda di Pontianak. *Jurnal Bisma*. 1 (2).
- [19]. Sigit, Kharisma. N. dan Euis, S. (2017). Kualitas Produk dan Kualitas Layanan terhadap Kepuasan dan Loyalitas Nasabah. *Jurnal Keuangan dan Perbankan*. 21 (1). 157-168.
- [20]. Subiyakto, S. (2017). Development of the Readiness and Success Model for Assessing the Information System Integration. The author version of the presented paper (in publishing) In *International Conference on Science and Technology (ICOSAT)*. Jakarta.
- [21]. Sugiyono. (2014). *Metode Penelitian Kuantitatif Kualitatif dan R&D*. Bandung: Alfabeta.
- [22]. Suwarni dan Septina, D. M. (2011). Pengaruh Kualitas Produk dan Harga terhadap Loyalitas Melalui Kepuasan Konsumen. *Jurnal Ekonomi Bisnis*. 16 (1).
- [23]. Thungasal, C. E. dan Hotlan, S. (2019). Pengaruh Kualitas Layanan dan Harga terhadap Loyalitas Pelanggan Melalui Kepuasan Konsumen Pada Hotel Kasuari. *Agora*. 7 (1).
- [24]. Tjiptono, Fandy. (2014). *Pemasaran Jasa: Prinsip, Penerapan & Penelitian*. Yogyakarta: Andi Offset
- [25]. Wiyono, Gendro. (2011). *Merancang Penelitian Bisnis dengan Alat Analisis SPSS 17.0 & Smart PLS 2.0*. Yogyakarta: UPP STIM YKPN.