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The Mediating Role Of Customer Satisfaction In The Relationship Between Service Quality, Digital Experience, And Customer Loyalty At Kambaniru Beach Hotel & Resort, Waingapu, East Nusa Tenggara

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Abstract

This study investigates the role of customer satisfaction in mediating the effects of service quality and digital experience on customer loyalty at Kambaniru Beach Hotel & Resort, Waingapu, East Nusa Tenggara. The study was motivated by the discrepancy between the increasing number of tourist arrivals in East Sumba and the hotel's relatively low occupancy and repeat-guest rates. A quantitative approach was employed using survey data collected from hotel guests, and the relationships among variables were analyzed using Structural Equation Modeling (SEM). The findings reveal that service quality and digital experience each have positive and significant effects on both customer satisfaction and customer loyalty. Customer satisfaction also has a significant positive effect on customer loyalty and represents the strongest predictor of loyalty. Furthermore, customer satisfaction acts as a partial mediator in the relationships between service quality and customer loyalty, and between digital experience and customer loyalty. These findings indicate that improving service quality and digital experience enhances customer loyalty is enhanced through both direct effects and indirect effects mediated by increased customer satisfaction. The study highlights the importance of integrating high-quality hospitality services with effective digital customer experiences to strengthen customer retention and sustainable competitiveness in emerging tourism destinations. The results provide practical implications for hotel managers in improving service consistency, digital service quality, and customer satisfaction to encourage repeat visits and positive electronic word-of-mouth.

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Keywords: quality of service; digital experience; customer satisfaction; customer loyalty; hotel and hospitality industry.

INTRODUCTION

Tourism is a key driver of economic growth, contributing to employment, foreign exchange earnings, regional development, and community welfare. In Indonesia, tourism has become a strategic sector due to its multiplier effects on transportation, accommodation, culinary businesses, and other supporting industries. Aponno (2020) highlighted that “tourism promotes economic growth by generating foreign exchange and employment”, while Rahmayani (2021) “emphasized its role in strengthening national and regional economic resilience through sustainable tourism development”.

The competitiveness of a tourism destination depends not only on its attractions but also on the quality of supporting facilities and services. Adequate infrastructure, accommodation, transportation, and public facilities enhance tourists' comfort and travel experiences, thereby influencing destination choice (Zakiah, 2019). Accordingly, successful tourism development requires integrating attractive destinations with high-quality tourism services.

East Sumba Regency, officially designated as a tourism destination area in 1989, the region offers diverse natural, marine, and cultural attractions, including Tanggedu Waterfall, Laiwangi Wanggameti National Park, Walakiri Beach, Tarimbang Beach, and the indigenous Marapu culture with its renowned Ikat weaving tradition. These tourism assets provide significant opportunities for the hospitality industry while requiring effective collaboration among government, tourism businesses, and local communities to ensure sustainable development.

The growth of tourism has created substantial opportunities for hotels and resorts, whose success increasingly depends on “their ability to deliver superior service quality and memorable customer experiences that foster customer loyalty”. However, despite the growing popularity of East Sumba, challenges related to infrastructure and accessibility remain. Nevertheless, tourist arrivals increased from 16,539 in 2021 to 41,812 in 2024 (Antaranews.com, December 9, 2025), reflecting the region's increasing attractiveness and creating greater business opportunities for accommodation providers.

Recognizing this potential, PT Buana Global Propertindo established Kambaniru Beach Hotel & Resort in 2021 as a four-star resort offering accommodation integrated with Sumba's natural and cultural attractions. The resort provides 75 rooms and various

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facilities, including a swimming pool, spa, horse riding, cycling, jeep tours, and airport shuttle services, aiming to enhance visitors' travel experiences and support sustainable tourism development in East Sumba.

However, increasing tourist arrivals have also intensified competition among hotels in East Nusa Tenggara. As tourists gain easier access to information and wider accommodation choices through digital platforms, hotels must compete not only through physical facilities but also through superior service quality, customer satisfaction, and digital experiences. Consequently, understanding the factors that strengthen customer loyalty has become essential for achieving sustainable competitive advantage in the hospitality industry.Although tourism demand in East Sumba has increased substantially, this growth has not been fully reflected in the performance of the local hospitality industry. Kambaniru Beach Hotel & Resort recorded fluctuating occupancy rates of 37.06% (2022), 35.80% (2023), 33.61% (2024), and 36.08% (2025), with an average occupancy of only 35.64%, remaining below the average occupancy rates of star-rated hotels in East Nusa Tenggara and Indonesia. This discrepancy indicates that the increasing number of tourist arrivals has not been effectively converted into higher hotel occupancy, highlighting an empirical gap between tourism growth and accommodation performance.

The challenge is further reflected in customer loyalty. Between 2022 and 2025, only 145 of 72,191 guests (0.19%) were recorded as repeat customers, suggesting that most visitors did not return after their initial stay. Moreover, the frequency of repeat visits varied considerably, ranging from two to sixteen stays, indicating differences in customers' post-stay evaluations and loyalty. These findings suggest that attracting tourists alone is insufficient; hotels must also create satisfying experiences that encourage repeat patronage and long-term relationships.

Service quality has consistently been identified as a key determinant of customer loyalty in the hospitality industry. Pandiangan et al. (2024) demonstrated that “service quality significantly influences customer loyalty through customer satisfaction”, while Kesumahati et al. (2025) confirmed that “superior service quality enhances customer satisfaction and encourages repeat visits and positive word-of-mouth”. Furthermore, customer satisfaction has been recognized as a critical predictor of loyalty because “satisfied guests are more likely to revisit hotels and recommend them to others”. Danurdara and Masatif (2025) also found that “customer satisfaction serves as an important mediating variable linking service quality to customer loyalty in the Indonesian hospitality industry.”

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To improve competitiveness, Kambaniru Beach Hotel & Resort has expanded its facilities and introduced various tourism experiences reflecting Sumba's local culture. Nevertheless, customer reviews from Booking.com, TripAdvisor, Expedia, and Traveloka reveal inconsistent service performance. While guests frequently appreciate the spacious rooms, airport shuttle, friendly staff, and personalized amenities, several reviews report problems related to laundry services, management behavior, language barriers, and discrepancies between online information and actual conditions. These findings indicate that the hotel performs well in several service aspects but still faces challenges in delivering a consistently satisfying customer experience.

According to the SERVQUAL framework (Parasuraman et al., 1985/1988), “the hotel's strengths are evident in its tangible facilities, staff responsiveness, assurance, and personalized services”. However, inconsistencies in reliability and empathy remain apparent, particularly in supporting services and the standardization of customer care. Previous studies have shown that “improving service quality significantly enhances customer satisfaction” (Kesumahati et al., 2025), while Escobar and Velásquez Laurente (2025) further emphasized that “both conventional and digital service quality directly contribute to higher customer satisfaction in the hotel industry”.

DISCUSSION

The Influence of Service Quality on Customer Loyalty at Kambaniru Beach Hotel & Resort

The results indicate that “service quality has a positive and significant effect on customer loyalty at Kambaniru Beach Hotel & Resort. This finding suggests that better service quality increases guests' intention to revisit the hotel, recommend it to others, and maintain long-term relationships. In the hospitality industry, customer loyalty is largely influenced by employees' professionalism, responsiveness, reliability, and their ability to create a comfortable and secure environment.”

The descriptive analysis shows that respondents generally rated the hotel's service quality highly, particularly regarding staff friendliness, prompt service, and personalized attention. Most respondents were business travelers who required efficient services and many had stayed at the hotel more than once, indicating that consistent service quality had successfully encouraged repeat visits.

These findings are consistent with previous hospitality studies demonstrating that “service quality is a key determinant of customer loyalty. In the context of East Sumba as an emerging tourism destination, delivering consistent service quality is particularly

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important because positive guest experiences encourage repeat visits and positive word-of-mouth. Therefore, Kambaniru Beach Hotel & Resort should continue strengthening employee competence and service consistency to maintain long-term customer loyalty."

The Influence of Service Quality on Customer Satisfaction at Kambaniru Beach Hotel & Resort

The findings show that "service quality has a positive and significant effect on customer satisfaction at Kambaniru Beach Hotel & Resort. This indicates that customers become more satisfied when hotel services meet or exceed their expectations regarding staff responsiveness, hospitality, facility quality, and overall comfort."

The descriptive results reveal that guests generally perceived the hotel's service quality positively. Most respondents appreciated the friendliness of employees, prompt assistance, comfortable facilities, and professional services. Since many respondents were working-age business travelers, they particularly valued efficiency and reliability throughout their stay.

These findings support the SERVQUAL model proposed by Parasuraman et al. (1988) and are consistent with Handayani et al. (2024), confirming that "service quality significantly enhances customer satisfaction. Therefore, continuous employee training and standardized service delivery remain essential for maintaining customer satisfaction and strengthening the hotel's competitive advantage."

The Influence of Digital Experience on Customer Loyalty at Kambaniru Beach Hotel & Resort

The results demonstrate that "digital experience positively and significantly affects customer loyalty". Customers who experience convenient online reservations, accessible information, responsive digital communication, and reliable online services are more likely to revisit the hotel and recommend it to others.

The descriptive analysis indicates that respondents evaluated the hotel's digital services positively. Most guests used online travel agencies to make reservations and appreciated the convenience of accessing hotel information through digital platforms. Since the majority of respondents belonged to the productive age group, digital convenience became an important factor influencing their booking decisions and loyalty.

These findings support Tiurida Lily Anita et al. (2025), who found that "positive digital experiences strengthen customer loyalty." For hotels operating in emerging

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destinations such as East Sumba, improving digital content, online communication, and reputation management is essential to increase customer trust and encourage repeat visits.

The Influence of Digital Experience on Customer Satisfaction at Kambaniru Beach Hotel & Resort

The findings indicate that “digital experience has a positive and significant influence on customer satisfaction”. Easy access to information, convenient online booking, and responsive digital communication improve customers' overall service experience and reduce uncertainty before arrival.

Respondents generally expressed positive perceptions of the hotel's digital services. Customers appreciated the availability of clear online information, efficient reservation procedures, and responsive communication. These digital interactions made travel planning more convenient and contributed to higher satisfaction.

These results are consistent with Yusuf and Keke (2023) and Rather et al. (2021), who concluded that “digital experience significantly improves customer satisfaction”. Accordingly, “Kambaniru Beach Hotel & Resort should continue enhancing its digital platforms to provide accurate information and efficient online services that improve customer satisfaction”.

The Influence of Customer Satisfaction on Customer Loyalty at Kambaniru Beach Hotel & Resort

The analysis confirms that “customer satisfaction has a positive and significant effect on customer loyalty and represents the strongest relationship in this study”. Satisfied customers are more likely to revisit the hotel, recommend it to others, and establish long-term relationships.

The descriptive findings indicate that respondents were generally satisfied with the hotel's services, facilities, and overall hospitality experience. Many respondents had previously stayed at the hotel and demonstrated greater trust in the consistency of service quality, leading to stronger loyalty and positive word-of-mouth recommendations.

These findings support Oliver (2014), Kotler and Keller (2022), and Pandiangan et al. (2024), who concluded that “customer satisfaction is the primary driver of customer loyalty. Therefore, maintaining high customer satisfaction should remain a strategic priority for Kambaniru Beach Hotel & Resort”.

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Customer Satisfaction as a Partial Mediator of the Relationship Between Service Quality and Customer Loyalty

The mediation analysis indicates that “customer satisfaction significantly mediates the relationship between service quality and customer loyalty”. This finding suggests that high-quality service not only directly increases customer loyalty but also strengthens loyalty by first improving customer satisfaction.

The results further reveal partial mediation, meaning that service quality continues to influence customer loyalty directly while customer satisfaction enhances this relationship. Guests who experience friendly, reliable, and professional services are more satisfied, which subsequently encourages repeat visits and positive recommendations.

These findings are consistent with Pandiangan et al. (2024) and Handayani et al. (2025), emphasizing that “customer satisfaction is an important mechanism linking service quality and loyalty”. Therefore, “hotel management should continuously improve service quality while ensuring that customers consistently experience high levels of satisfaction”.

Customer Satisfaction as a Partial Mediator of the Relationship Between Digital Experience and Customer Loyalty

The findings demonstrate that “customer satisfaction significantly mediates the relationship between digital experience and customer loyalty”. Positive digital interactions increase customer satisfaction, which subsequently strengthens customers' intention to revisit the hotel and recommend it to others.

The mediation analysis also indicates partial mediation, suggesting that digital experience directly influences loyalty while customer satisfaction amplifies this effect. Customers appreciated the hotel's easy online reservation system, accessible information, and responsive digital communication, which enhanced both satisfaction and loyalty.

These findings support Tiurida Lily Anita et al. (2025) and Yusuf and Keke (2023), confirming that “customer satisfaction serves as an important mechanism connecting digital experience with customer loyalty”. Therefore, Kambaniru Beach Hotel & Resort should ensure that its digital services consistently match the actual service experience to maintain customer satisfaction, strengthen loyalty, and encourage positive electronic word-of-mouth.

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CONCLUSION

This study concludes that “both service quality and digital experience play significant roles in enhancing customer loyalty at Kambaniru Beach Hotel & Resort”. The empirical findings demonstrate that “service quality positively influences customer loyalty directly and indirectly through customer satisfaction”. Likewise, digital experience significantly improves customer loyalty while also increasing customer satisfaction, which subsequently strengthens customer loyalty. These results confirm that customer satisfaction is the strongest determinant of customer loyalty and serves as a partial mediator in both structural relationships. The findings emphasize that customer loyalty in the hospitality industry is not solely determined by the quality of physical facilities but also by consistent service delivery, employee professionalism, responsive digital interactions, and customers' overall satisfaction with their hotel experience. For hotels operating in emerging tourism destinations such as East Sumba, maintaining excellent service quality and providing seamless digital experiences are essential strategies for encouraging repeat visits, positive word-of-mouth, and long-term customer relationships. From a managerial perspective, Kambaniru Beach Hotel & Resort should prioritize continuous improvements in employee competence, standardized service quality, and personalized hospitality while strengthening its digital platforms through accurate information, efficient online reservation systems, responsive communication, and active online reputation management. By integrating superior service quality with an effective digital experience, the hotel can enhance customer satisfaction, increase customer loyalty, and achieve a sustainable competitive advantage in Indonesia's growing tourism industry.

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