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An Examination of the Effects of Service Quality and Customer Satisfaction on Customer Loyalty in the Hotel Industry

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Abstract— **This paper aims to investigate the direct and indirect effects of service quality and customer satisfaction on customer loyalty in the hotel service industry. It proposes to confirm a theoretical model which has not been identified in the literature within the spectrum of the hotel industry in Indonesia. A quantitative methodology was used in this study. 182 respondents of hotel customers in Indonesia were used to gather information about their perception of service quality, customer loyalty and satisfaction. PLS-SEM was used to analyse the collected data and to specify the Structural Equation Modelling (SEM) of the hypothesised model. The results revealed that SERVQUAL affects positively on customer satisfaction and customer loyalty. Similarly, the testing showed the positive effect of customer satisfaction on customer loyalty. A significant mediation effect of customer satisfaction was found on the relationship between SERVQUAL and customer loyalty. Therefore, the proposed model helps the hotel operator in developing their customer service development program to enhance customer's satisfaction and loyalty to increase the profitability of the industry. This research contributes to hotel service industry by confirming the proposed structural model and offering insights about the customer perception, which helps hotel operators to more successfully incorporate the service quality to build customer loyalty and achieve customer satisfaction.**

Keywords━*Service Quality (SERVQUAL), Customer Satisfaction, Loyalty, Hotel Industry, Indonesia*

1.   Introduction

Customer satisfaction and loyalty are essential factors for attracting new customers and retaining old ones in every business and most

especially in the service sectors [1]. In view of the intense and stringent competitions that exist between hoteling companies, it behooves of their management to focus on the factors that determine customer's satisfaction and loyalty in order to remain competitive, sustainable and profitable in service industry such as higher educations [2] and the hotel [3],[4]. In other words, hotel managers are expected to design and implement a marketing strategy that can create, maintain, and enhance customer satisfaction which in turn will be able to create high customer loyalty to their hotel services [5].

Despite the economic challenges currently faced by Indonesia, the country continues to attract growing numbers of tourist both globally and locally. Similarly, the demand for hotel services continues to grow. As such, the hoteling market has become competitively intensified leaving customers to pay detailed attention to the quality of services in order to remain satisfied and loyal to an hotel [6]. Additionally, it has been argued that, in the face of fierce competition, it is highly challenging to maintain customers loyalty as there are always alternative options for customers to every service provided by a hotel. Consequently, for hotels in Indonesia to survive the increasingly competitive market especially with regards to improving customer satisfaction and maintaining customer loyalty, it is imperative to discern the factors that influence customer satisfaction and loyalty in the hotel service industry.

In other words, the surge of this study is motivated by the increasing importance of service quality in the hospitality industry for achieving a sustainable competitive advantage through customers' satisfaction and loyalty in the highly

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competitive marketplace. Thus, the direct and indirect relationships between service quality, customer satisfaction and loyalty are considered as a significant success factor in the hospitality industry. Invariably, hotels are edged in the hospitality industry through the delivery of outstanding services and customers' confidence [7]. Additionally, previous studies have established that high-quality service is a significant factor for improving customer satisfaction and loyalty [8], [9], [10], [3] and [4]. The results of these studies unanimously demonstrated that customers are the major focus of every service and thus it should be delivered to meet customer satisfaction regarding customer's needs, desires, and expectations [11]. Also, previous studies emerging from different service industries such as; life-insurance [4]; telecommunications [12], [13] and banking [14] have revealed that, when customers have a satisfactory feeling after comparing the performances and their perceived quality of a service against their expectations, it is easy for them to remain loyal to such service. However, there has been a limited empirical examination of the relationships between service quality, customer satisfaction and customer loyalty in the hotel service industry.

Additionally, previous studies have employed an expansive approach in generating a convincing conclusion on the nexus between service quality, customer satisfaction and customer loyalty. For instance, different frameworks and scale of measurements including the technical and functional quality model, SERVQUAL [8], the combined model of service quality and performance otherwise known as; SERVPERF [15]. Some of these studies have introduced customer satisfaction as an intervening variable between SERVQUAL and customer loyalty. However, not many researchers have examined the mediational effects of customer satisfaction on the relationship between SERVQUAL and customer loyalty [16]. Considering the limited number of study that has emerged from the hospitality industry, this present study aims at providing some contributions to the literature by examining the direct and indirect relationships between service quality (SERVQUAL), customer satisfaction and customer loyalty in the context of hotel service industry. As such, the following specific objectives are achieved in this study:

1- To investigate the significant influence of SERVQUAL on customer satisfaction

2- To determine the significant influence of SERVQUAL on customer loyalty

3- To assess the significant influence of customer satisfaction on customer loyalty

4- To determine the mediational effect of customer satisfaction on the relationship between SERVQUAL and customer loyalty

2. Literature Review
2.1 Service Quality

SERVQUAL can be defined as the gap between reality and expectation of services received by customers [17]. According to Lovelock et al. [18]. SERVQUAL is the control over the level of excellence to meet the desires of customers. Meanwhile, [19] defined SERVQUAL as a collection of benefits gained by customers either explicitly or implicitly on the facilitation of obtaining goods or services by putting more emphasis on the customers' words, services, qualities, and levels. In essence, SERVQUAL is the most consistent way of meeting the customer expectation (external service standard and fee) and the service performance system (internal service standard, cost, and profit).

The study conducted by Parasuraman [10] concluded that there are five dimensions of SERVQUAL namely; 1) Tangibles refers to the physical ability of a company. 2) Reliability refers to a company's ability to provide quick and accurate services. 3) Responsiveness is the ability to assist and provide fast and reliable services to the customers. 4) Assurance is the ability of a company to develop a sense of trust from the customers to the company. 5) Empathy is the attention to the customers, knowing the customers' specific needs, and having a convenient operational time for the customers. SERVQUAL in this study is measured with the measurement scale validated by Yilmaz [20] in the context of the hospitality industry. The scale specifically evaluates customer's perceptions of service quality towards the five dimensions of SERVQAUL in the context of hotel services and performances.

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2.2   Customer Satisfaction

Customer satisfaction has been the focus of researchers in different related disciplines including; marketing, economics, and information system and management studies. This implies that customer satisfaction is essential in maintaining customers as well as maintaining customers' loyalty and other favourable behaviours [21], [22]. Customer satisfaction is a level of feeling where someone declares the result of comparison between customers' expectations and the actual performance of a product or service [23], [11] and [24]. Meanwhile, Tjiptono [25] outlined that customer satisfaction is mirrored through customers' selection of service among other alternatives. In general, customer satisfaction is the customer estimations or beliefs on what will be received or consumed from the products of goods or services. According to Boselie, Hesselink, and Wiele [26] satisfaction is a positive and effective state resulting from the appraisal of all aspects of a party's working relationship with another.

Customers satisfaction is often tied to some factors such as; service/product/industry quality, customers emotion, prince and service delivery time. In the context of the hotel service industry, the satisfaction of customers can be ensured through hospitable environments and employees [27], standardised room services, delicious cousins and so on. Consequently, customer satisfaction must be a strategic target for hotels to grow and continue to exist in a very competitive industry. This is because, customer satisfaction can set the direction, encouragement, and the motivational purpose for hotels to be innovative, competitive as well as maintaining excellent performance [28], [29].

2.3   Customer Loyalty

As the hotel industry in Indonesia continues to attract investors both locally and internationally, the number of hotels continue to grow sporadically. Therefore, maintaining customer loyalty is very difficult and challenging as alternative hotel services consistently emerge. However, when customers feel satisfied with the services of a hotel, they are likely to be loyal and remain with the hotel.

According to Pearson [30], customer loyalty refers to customers' positive mindset and favourable attitudes toward a company which can be reflected through their commitment to repurchase the company's product/service and recommend the product/service to others. In other words, customer loyalty is an indication of favourable customer attitudes and positive behaviours. Customer loyalty is a focus of every serious organisations because it defines consumers' willingness to repurchase and recommend a product and service. In the context of hotel service industry, a loyal customer is expected to re-visit and recommend a hotel to other prospective patrons [31], [32], [33] and [34]. Additionally, customer loyalty has been explained through customers' commitment to pay a price premium [17]. Customer loyalty has been operationalised in previous studies as both behavioural and attitudinal factor [13]. Attitudinal loyalty is measured through customers' favourable inclination towards a service relative to other firms offering the same service [35]. Customers with attitudinal loyalty are expected to defect when they found an alternative service with better quality and lesser price. Meanwhile, behavioural loyalty is referred to as the strong commitment of customers to purchase the product/service despite the availability of alternatives in the market [35]. In general, both attitudinal and behavioural loyalty explain customers' willingness, commitment (and readiness to purchase, repurchase and recommend a service to others. Therefore, this study considers customer loyalty as a combination of attitudinal and behavioural loyalty.

3.   Hypotheses Development
3.1   The Relationship between Service Quality and Customer Satisfaction

Previous studies have demonstrated the significant influence of SERVQUAL on customer satisfaction [36], [37], [38], [13], [39] and [40]. These studies unanimously affirmed that SERVQUAL is based on customer evaluation of performance, quality and employees of a service provider. Hence, when customers perceived the performances and quality of the services positively, they feel satisfied and subsequently loyal to the service provider. As such, SERVQUAL play a crucial role in determining the quality and the longevity of the relationship between customers and service providers [10].

For instance, [37] revealed a significant relationship between SERVQUAL, passenger

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satisfaction, and passenger preference. Another finding reported by [41] showed that SERVQUAL has a significant effect on customer satisfaction. Other researchers, [39] also found a positive relationship between SERVQUAL with customer satisfaction. In line with the findings of previous researchers, this study proposes the following hypothesis;

Hypothesis 1: SERVQUAL positively influences customer satisfaction.

3.2   The Relationship between Service Quality and Customer Loyalty

The body of literature of marketing has consistently established that the opinions and attitude of customers are formed from their past experiences with a product or service [42]. In other words, customers will hold favourable and positive attitudes towards a service when their experiences are positive and vice versa [17], [43]. Such attitudes are said to extend into repurchase, recommendation and willingness to pay the premium price which is all the reflection of attitudinal loyalty [16]. In the context of hoteling industry, when customers have positive experiences towards the quality of a hotel would not only lead them to re-visit the hotel but also influence them to share homage of the hotel among prospective customers [44]. Such explanation underscores the findings of some studies which have reported that customers' willingness to pay a premium price is predicted by SERVQUAL [17], [18] and [46]. Following the above argument, it is expected that when customers receive quality hoteling services, they will form a positive attitudinal loyalty. As such, hotel customers will re-visit, recommend and ultimately become loyal to the hotel because of the hotel's SERVQUAL. Therefore, the following hypothesis is formulated.

Hypothesis 2: SERVQUAL positively influences customer loyalty.

3.3   The Relationship between Customer Satisfactions on Customer Loyalty

Customer satisfaction is pivotal in determining the success of organisational goals [47]. Several previous types of research have tested the roles of customer satisfaction and customer loyalty [48], [49 and [22]. The findings of those researches demonstrate the importance of customer

satisfaction and customer value on customer's behaviour which is reflected through loyalty. For instance, Nagy and Kacmar [50] stated that one of the crucial attributes of customers' satisfying feeling generated by comparing products, services, or experiences related to business is customer loyalty. Other studies such as Ryu et al., [51] concluded a more significant influence on satisfaction and behavioural intentions including loyalty. Applying the findings of previous research on the relationship between customer satisfaction and customer loyalty in the realm of hotel service industry imply that, when customers have satisfactory feelings and experiences from the services of a hotel, they are likely to be loyal to that hotel. Therefore, the following hypothesis is postulated:

Hypothesis 3: Customer satisfaction significantly influences customer loyalty.

3.4   The   Mediation   Customer Satisfaction between SERVQUAL and Customer Loyalty

Previous studies have maintained that the effect of SERVQUAL on customer loyalty can be either direct or indirect. The indirect effect is intervened by customer satisfaction [52]. However, the direct relationships between SERVQUAL, customer satisfaction and customer loyalty have gained more attention from researchers leaving the indirect relationships understudied.

Also, customer satisfaction plays a significant role in shaping their perceptions and behavioural reactions [53]. As such, in as much as organisations invest heavily in ensuring the quality of their services, customer satisfaction might put such efforts into jeopardy especially when the quality fails to meet their SERVQUAL [11]. This because there is a broad difference between quality and satisfaction. Also, quality does not always lead to satisfaction because people satisfactions are based on several judgements and expectations. Hence, it is not easy to gain customers loyalty through SERVQUAL alone [16]. In line with the above, customer satisfaction is expected to mediate the relationship between SERVQUAL and customer loyalty as hypothesised below.

Hypothesis 4: Customer satisfaction significantly mediates between SERVQUAL and customer loyalty.

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4.   Research Method

4.1   Data Collection Procedure

Respondents of this study were frequent customers in the City of Surakarta, Indonesia. Data were collected in this study using a self-administered questionnaire distributed among 200 hotel customers. The respondents in this study were customers who have visited a particular hotel in Surakarta for more than twice. Out of the 200 respondents surveyed, a total of 190 responses were returned representing a 95% response rate. However, 8 out of the returned questionnaires were unusable hence the analysis of this study is based on 182 valid responses. Table 1 reveals the respondent profile.

Table 1. Description of Respondents Profile

Information	Sum	Percentage
Gender		
Male	153	84,1
Female	29	15,9
Total	**182**	**100**
Age		
≤ 25 years	12	6,6
25 – 30 years	6	3,3
31 – 35 years	8	4,4
36 – 40 years	96	52,7
> 40 years	60	33
Total	**182**	**100**
Occupation		
Student	12	6,6
Public Officer	33	18,1
Private Sector Employees	53	29,1
Businessman/Entrepreneur	62	34,1
Other	22	12,1
Total	**182**	**100**

3.4 Measures

The variables understudied in this study were measured using reflective scales adapted from previous studies which were reworded to suit the context of the hotel service industry. In specifics, SERVQUAL was measured using a scale of 21 items with five dimensions namely; tangible, assurance, empathy, responsiveness and reliability adapted from Yilmaz [20]. The scales explored customers' feelings and experiences towards the quality of services rendered by the hotels they often visit. Customer satisfaction measured with a scale of 6 items adapted from Kaura et al., [54]. The scale itemised customers' satisfactory expectations and opinion towards hotel services. Finally, customer loyalty was measured with a scale of 5 items adapted from Narayandas [32]. The scale explores customers' readiness to re-visit and recommend a hotel, other prospective visitors. The entire scales used in this study were all anchored on a five-point rating scale (1= strongly disagree, 5= strongly agree).

5.   Analysis and Results

Both SPSS and PLS-SEM were employed to analyse the data collected for this study. SPSS was used to effectuate the preliminary analysis including descriptive statistics, normality, outlier and multicollinearity. Subsequently, the PLS-SEM using SmartPLS3 were employed to assess the measurement model and the structural model of the proposed model in this study as presented in the following subsections.

5.1   Measurement Model

The Hierarchical Components Model (HCM) was employed to assess the reliability and validity of SERVQUAL and its dimensions; Reliability, Responsiveness, Assurance, Empathy and Tangibility. This was done by assessing the Higher Order Construct (HOC) before the Lower Order Construct (LOC). The assessment of the measurement model of the HCM of SERVQUAL involves a series of activities such as: determining internal consistency reliability, examining indicator reliability, and finally, assessing the convergent and discriminant validity of the items measuring the five dimensions of SERVQUAL [55]. As shown in Table 2, the internal consistency reliability has been achieved for all reflective constructs as represented by Cronbach Alpha and Composite Reliability, which are above the threshold of 0.60 and 0.70 [55] for all the dimensions of SERVQUAL. The Average Variance Extracted (AVE) of the reflective dimensions are higher than 0.50 indicating that the convergent validity is established. Furthermore, the loadings of the items measuring the dimensions (indicator reliability) range between 0.838 and 0.942.

Table 2. Outer loadings, Cronbach's Alpha (CA), Composite Reliability (CR) and AVE for the Dimensions of SERVQUAL

Items	Loadings	CA	CR	AVE
Reliability		**0.838**	**0.903**	**0.755**
This hotel performs the service right for the first time				0.880
This hotel provides the promised services				0.889
This hotel shows sincere interests in solving my problem				0.838
Responsiveness		**0.926**	**0.953**	**0.871**
Employees at this hotel are never too busy to respond to my requests				0.922
Employees in this hotel are willing to help me				0.942
Employees in this hotel respond to my request promptly				0.936
Assurance		**0.863**	**0.916**	**0.784**
Employees in this hotel give prompt services				0.889
I feel self in my transactions with this hotel				0.896
Employees in this hotel tell precisely when services will be performed				0.872
Empathy		**0.880**	**0.926**	**0.807**
This hotel has employees who give personal attention				0.891
This hotel gives individual attention				0.928
Employees of this hotel understand my specific needs				0.876
Tangibility		**0.871**	**0.921**	**0.795**
This hotel physical facilities are visually appealing				0.916
This hotel has operating hours convenient with all customers				0.895
This hotel's employees appear neatly				0.864

Additionally, the discriminant validity of the reflective constructs for SERVQUAL dimensions was established through the square root of AVE which is revealed in Table 3 to be higher than its correlations with any other constructs [56]. The diagonal bolded values represent the square root of AVE, which is above the correlation of any reflective variable with one another.

Table 3. Discriminant for the Dimensions of SERVQUAL

	1	2	3	4	5
Assurance	**0.886**				
Empathy	0.764	**0.898**			
Reliability	0.727	0.735	**0.869**		
Responsiveness	0.740	0.724	0.849	**0.933**	
Tangibility	0.718	0.696	0.629	0.663	**0.892**

To assess the second stage HCMs, the latent variable scores in the first order model (LOC) were recomputed in the second stage (HOCs). As a result, the dimensions of the constructs in the first stage model served as items for the constructs in the second stage model [57]. The result of the second stage which is the hierarchical measurement model revealed the second order model (Table 4) is fit as the Cronbach's alpha, Composite Reliability and AVE values are all above the expected threshold of 0.60, 0.70 [55] and 0.50 respectively [58].

TABLE 4. Loadings, Cronbach's Alpha (CA), Composite Reliability (CR) and AVE for HOCs

Items	Loadings	CA	CR	AVE
Service Quality		**0.838**	**0.903**	**0.755**
Assurance				0.898
Empathy				0.888
Reliability				0.893
Responsiveness				0.902
Tangibility				0.833
Satisfaction		**0.888**	**0.930**	**0.817**
I feel satisfied with the services of this hotel				0.888
I feel I get more attention from the employees of this hotel				0.939
I think customers will not complain about the services of this hotel				0.884
Loyalty		**0.896**	**0.935**	**0.828**
I tend to prefer this hotel to the other hotels				0.880
I intend to re-visit this hotel in the future				0.936
I will recommend the service of this to the hotel to others				0.911

Additionally, Table 5 presents the discriminant validity of the second-order model (HOCs) which is assessed with the square root of the AVE values and it was expected to be higher than the correlations among latent constructs. The result of the discriminant validity shows the square root of the AVE values of each construct is all greater than the correlations among the constructs. Hence, this result indicates that there is a valid relationship between the first order dimensions and the second order variables.

TABLE 5. Discriminant validity for second stage hierarchical constructs model

Variables	Loyalty	SERVQUAL	Satisfaction
Loyalty	**0.910**		
SERVQUAL	0.798	**0.883**	
Satisfaction	0.827	0.842	**0.904**

5.2   Structural Model

In order to analyse the proposed hypotheses in this study, the path coefficient of the relationships between the variables was assessed through the bootstrap technique [55]. The results presented in Table 6 demonstrate the direct relationships between SERVQUAL, Customer Satisfaction and Customer Loyalty. In specifics, the relationship between SERVQUAL and customer satisfaction is positively significant ($\beta = 0.691$, $t = 10.540$, $p < 0.05$). This result shows that SERVQUAL significantly influences customer satisfaction. Therefore, H1 is supported. Also, the relationship between SERVQUAL and customer loyalty is shown to be positively significant ($\beta = 0.330$, $t = 3.260$, $p < 0.05$). Therefore, H2 is supported.

Finally, the result presented in Table 6 reveal that the relationship between customer satisfaction and customer loyalty is positive and significant ($\beta = 0.512$, $t = 5.520$, $p < 0.05$). This result illustrates that the variance in customer loyalty is affected by 51% of changes in customer satisfaction. Impliedly, customer loyalty is significantly and positively influenced by customer satisfaction. Therefore, H3 is supported.

Table 6. Results on the Relationship between SERVQUAL, Customer Satisfaction, and Customer Loyalty

Hypothesis	β value	SE	t value	P value	Result
H1	0.691	0.066	10.540	0.000	Supported
H2	0.330	0.101	3.260	0.001	Supported
H3	0.512	0.093	5.520	0.000	Supported

Note: *Significant at $p \leq 0.05$

5.2.1 Testing Mediation Effect of Customer Satisfaction

The mediating role of customer satisfaction on the relationship between SERVQUAL and customer loyalty was proposed. As such, the indirect effect of customer satisfaction was estimated and presented in Table 7. The findings presented in Table 7 show that there is a mediation effect of customer satisfaction on the relationship between SERVQUAL and customer loyalty ($\beta = 0.354$, $t=4.722$, $p<0.05$). To confirm the mediation effects of customer satisfaction, the Variance Accounted For (VAF) is calculated. According to Hair et al. [55], the VAF determines the size of the indirect

effect on the total effect. The VAF is calculated by (VAF = path a*path b/ (path c+ path a*path b). Accordingly, the threshold for interpreting the result VAF is proposed as follows: VAF < 20% = No Mediation; 20% > VAF < 80% = Partial Mediation; VAF > 80% = Full Mediation. The VAF for the H4 is 0.308 which therefore means there is a partial mediation. On this basis, H4 is supported.

Table 7. Testing the Mediation effect of Customer Satisfaction

H	Beta	SE	t Value	p Value	Confidence Intervals	
					Lower Limit (5%)	Upper Limit (95%)
H4	0.354	0.075	4.722	0.000	0.218	0.503

Note: *: $p<0.10$; ***: $P <0.01$

6.   Discussions on Research Findings

This study is designed to examine the direct and indirect relationships between SERVQUAL, customer satisfaction and customer loyalty for the hotel services in Indonesia. As such, this study examines the significant influence of SERVQUAL on customer satisfaction and customer loyalty. The significant influence of customer loyalty was also reported in this study. Finally, the mediating role of customer loyalty in the relationship between SERVQUAL and customer loyalty is also demonstrated in this study. The findings of this study have provided evidence that SERVQUAL has a positive effect on customer satisfaction and customer loyalty. This result is in line with the previous research conducted by Sanyal and Hisam [37] which found a close relationship between service quality and satisfaction. Similarly, Kundu and Datta [41] have also found that service quality has a significant influence on customer satisfaction.

In furtherance, the result of this study evinced that, customer satisfaction gives a positive effect on customer loyalty. This research finding is in line with previous studies which examine the roles of customer satisfaction and customer loyalty as [48], [49], [22] and [59]. This result also supports research by Nagy and Kacmar [50] which stated that customer satisfaction could be achieved by comparing related products, services, or experiences of business and hoping that the

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products, services, and experiences provided beyond the expectations.

Also, the mediation effect of customer satisfaction evinced in this study agrees with a few previous studies such as; Akbar and Parvez [12] and Fatima et al., [16] who have also demonstrated a significant mediational effect of customer satisfaction on the relationship between SERVQUAL and customer loyalty.

The results provided in this study present some implications for the management of hotels in Indonesia. Most importantly, this study informs hotel managers on the importance of ensuring that their services are at all-time high standards to maintain the satisfaction of their customers and to ensure loyalty from their customers. As evinced in this research, it is essential for hotel management to prioritise on maintaining the satisfaction of their customers to gain their loyalty. The results of this study provide evidence that when customers are loyal to the services provided by a hotel, they will form the behavioural intention of revising the hotel and recommending the hotel services to other prospective patrons [60]. Also, this result of this proved that SERVQUAL is not enough to convert ordinary customers to loyal customers. Hotel managers must ensure that the quality of their services is satisfactory to their customers to ensure that they become loyal customers to their hotels.

Also, this study also informs that, customer loyalty cannot be maintained through the satisfaction of customers alone. Hence, maintaining the quality of services and ensuring reliable, tangible, responsive and dependable services at all time can increase customers attitudinal loyalty. Meanwhile, when customers are loyal, they will be willing to recommend, re-visit and pay a premium price for hoteling services.

7.   Conclusions

The results of this study have provided empirical evidence on the direct and indirect relationships between SERVQUAL, customer satisfaction and customer loyalty in the context of hotel services industry. The result presented in this study evinced that, SERVQUAL influence customer satisfaction and customer loyalty positively. Also, customer satisfaction is proved to have a positive and significant influence on customer loyalty. This study, therefore, contributes to filling the knowledge gap on the connections

between SERVQUAL, customer satisfaction and customer loyalty especially in the realm of hotel service industry. The result of this study also offers some practical contributions by informing the management of hotels on the importance of SERVQUAL in ensuring customer satisfaction. Also, the study reveals the significance of customer satisfaction on customer loyalty to hotel services.

The limitations of this study leave ample opportunities for future researchers to explore. As such, this study has only focused on the hotel industry; future researcher should also consider other service industry such as banking, telecommunication and insurance. Comparing two service industries might also provide valuable insights.

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