

Customer Satisfaction as a Mediator: Service Quality, Repurchase Intention, and Loyalty in Five-Star Hotels At Losari Beach

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Abstract

This study aims to analyze the effect of service quality on repurchase intention and customer loyalty, with customer satisfaction as a mediating variable, in five-star hotels located in the Losari Beach area of Makassar. The sampling method employed was purposive sampling, involving 390 customers as respondents. Data were analyzed using the Partial Least Squares Structural Equation Modeling (SEM-PLS) approach. The results indicate that service quality has a positive and significant effect on repurchase intention, customer loyalty, and customer satisfaction. Customer satisfaction significantly influences both repurchase intention and customer loyalty. In addition to the direct effects, customer satisfaction acts as a partial mediator that strengthens the effect of service quality on repurchase intention and customer loyalty. These findings provide theoretical contributions to the development of marketing management studies, particularly in the five-star hotel sector in Indonesia, by emphasizing the strategic role of customer satisfaction in shaping repeat consumption behavior and loyalty. The practical implications of this research suggest that the management of Hotel Aryaduta Makassar and The Rinra Hotel Makassar should prioritize enhancing the dimensions of assurance, responsiveness, and empathy as key strategies to build customer satisfaction and loyalty.

INTRODUCTION

Tourism is widely recognized as one of the most dynamic global sectors, generating significant economic, social, and cultural impacts worldwide. In Indonesia, the tourism industry has become a strategic driver for regional development, stimulating investment, infrastructure, and employment opportunities (Latif et al., 2020). One of the regions in Eastern Indonesia that has experienced substantial tourism growth is South Sulawesi, with Makassar positioned as a central hub. Known as the “City of Sombere,” Makassar offers diverse attractions and cultural experiences, with Losari Beach serving as its most iconic landmark. Recent data from the Makassar City Tourism Office in 2024, show that tourist arrivals reached 4.5 million in 2023, up from 3.5 million in 2022 and 1.7 million in 2021, reflecting rapid and consistent growth in the city’s tourism sector (Fahrullah, 2024).

Within this expanding market, accommodation facilities play a critical role in supporting tourism competitiveness. The Losari Beach area hosts two five-star hotels The Rinra Makassar and Aryaduta Makassar together offering nearly 400 rooms. According to the South Sulawesi Central Bureau of Statistics in 2024, room sales increased from 51,657 in 2021 to 67,793 in 2022 before slightly declining to 67,749 in 2023. While these figures reflect strong demand, they also highlight the challenges of sustaining consistent occupancy rates in a competitive environment. As customer expectations evolve, hotel managers are increasingly focused on building long-term loyalty as a key strategic priority (Suprina et al., 2022).

Customer loyalty is defined as a customer's enduring commitment to repurchase or recommend a service despite marketing efforts by competitors (Singh & Sirdeshmukh, 2000; (Kolonio & Soepeno, 2019). In the hospitality sector, loyalty is often demonstrated when guests return to the same hotel and share positive recommendations with others (Somantri et al., 2024). Achieving loyalty is critical since it not only generates stable revenue streams but also provides a sustainable competitive advantage (Latif et al., 2020). However, loyalty does not emerge automatically; it requires a solid foundation of service quality and customer satisfaction (Sánchez-Rebull et al., 2018).

Recent reviews on platforms such as TripAdvisor reveal that five-star hotels in Losari Beach still face challenges in maintaining consistent service standards. Several negative reviews indicate dissatisfaction with aspects of service delivery, which undermines satisfaction and discourages repeat purchases. Such findings echo prior research that emphasizes the importance of service quality in shaping customer experiences and repurchase behavior (Hendriana & Irawan, 2024). Dissatisfaction with service may lead to reduced loyalty, even in premium hotel categories, highlighting a key managerial challenge in the Makassar hospitality market.

Customer satisfaction has been consistently identified as a central mediator in the relationship between service quality and loyalty. It represents the emotional response customers develop after comparing expectations with actual service performance (Sambo et al., 2022; Hui et al., 2025). Satisfied customers are more likely to return and maintain loyalty even when occasional service failures occur (Chatzoglou et al., 2022). Previous studies confirm that satisfaction significantly influences repurchase intention (Muliarta et al., 2024). That service quality is a strong predictor of both satisfaction and loyalty (Perdomo-Verdecia et al., 2024). However, some findings remain inconsistent, with other research emphasizing the direct rather than mediated effects of service quality (Kumaran et al., 2019).

This inconsistency demonstrates a research gap, particularly within the context of Indonesia's five-star hotels, which are less studied compared to those in other Asian destinations. While global literature highlights the mediating role of satisfaction, empirical evidence in Makassar remains limited. Addressing this gap is essential to clarify how service quality shapes repurchase intention and loyalty through satisfaction. Moreover, existing studies often generalize findings across the hospitality industry without focusing on luxury segments, where customer expectations and service standards are distinctively higher. Limited scholarly attention to the Makassar context also leaves unanswered questions regarding whether international findings can be directly applied to Indonesia's local market dynamics. By filling this gap, the study not only contributes to advancing theoretical discourse but also provides context-specific insights that are crucial for the sustainable competitiveness of five-star hotels in emerging tourism destinations such as Losari Beach.

The urgency of this research lies in both academic and managerial contributions. Academically, it strengthens the theoretical understanding of how service quality and satisfaction interact to influence post-purchase behaviors. Practically, it provides valuable insights for hotel managers in Makassar to enhance service strategies, address gaps identified in customer feedback, and foster long-term loyalty in a highly competitive market. Therefore, this study aims to analyze the influence of service quality on repurchase intention and customer loyalty mediated by customer satisfaction in five-star hotels in the Losari Beach area, Makassar.

METHODS

This study was conducted at two five-star hotels located in the Losari Beach area of Makassar, namely The Rinra Hotel Makassar and Aryaduta Hotel Makassar. The research took place from December 2024 to June 2025, beginning with preparation and refinement of instruments and followed by the distribution of questionnaires to guests. The research population comprised repeat guests who had stayed at least twice in either of the hotels, totaling 15,336 individuals in 2024. Using the Slovin formula with a 5% margin of error, a minimum sample size of 390 respondents was determined. A purposive sampling technique was applied to ensure that respondents met specific criteria, including being repeat guests and aged between 18 and 65 years. Data collection relied on both primary and secondary sources: primary data were obtained through structured questionnaires distributed via Google Forms, while secondary data were drawn from official tourism statistics, hotel occupancy reports, and relevant literature.

The constructs examined in this study included service quality as the independent variable, customer satisfaction as the mediating variable, and repurchase intention and customer loyalty as dependent variables. Measurement items for each construct were adapted from established literature and assessed using a five-point Likert scale ranging from “strongly disagree” to “strongly agree.” The research instrument was designed to capture perceptions of service quality dimensions such as assurance, empathy, reliability, responsiveness, and tangibility, along with indicators of satisfaction, repurchase intention, and loyalty. Data were analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM) with SmartPLS 3.0, which allows simultaneous testing of the measurement and structural models. The analytical procedure included descriptive statistics, evaluation of convergent and discriminant validity, reliability testing using Cronbach’s alpha and composite reliability, assessment of the structural model through R^2 , path coefficients, and predictive relevance (Q^2), as well as mediation analysis following (Hair et al., 2021). This comprehensive methodology ensured both the validity and reliability of the findings

RESULTS AND DISCUSSION

Characteristics of Respondents

The demographic profile of the 390 respondents reveals insightful patterns regarding the customer base of five-star hotels in the Losari Beach area of Makassar. In terms of gender, female guests slightly outnumbered male guests (52.1% vs. 47.9%), suggesting that women are more likely to stay in luxury accommodations in this context. This aligns with findings by Tanzil (2023), which emphasize that female travelers tend to be more active in leisure and hospitality consumption, often seeking comfort, safety, and memorable experiences that premium hotels can provide. Age distribution further supports the dominance of younger customers, with more than half of the respondents (58.2%) aged between 18 and 30 years. This group represents a generation of travelers motivated by lifestyle and experiential tourism, where hotels are not only viewed as places to rest but also as extensions of leisure activities, accessibility to attractions, and opportunities for social engagement (Putri & Wahyudie, 2016). The significant representation of young adults underscores the importance of tailoring hotel services to meet the expectations of this market segment, which often prioritizes digital connectivity, modern amenities, and personalized service.

From the perspective of occupation and visiting patterns, the majority of respondents were private-sector employees (36.2%), followed by civil servants (21.5%) and students (15.6%). This distribution indicates that business professionals and working-class individuals dominate the customer base, reflecting a trend where hotels serve not only leisure travelers but also business

and professional needs. Tanzil (2023) highlighted that employees often perceive travel and hotel stays as a form of reward or relaxation after intensive work schedules, which resonates with the observed data. Furthermore, nearly half of the respondents (41.5%) had stayed in the hotels within the past six months, suggesting a relatively high level of repeat visitation in the short term. Such patterns highlight the role of recent and consistent engagement in shaping repurchase intention and long-term loyalty. Conversely, the smaller proportion of guests whose last stay was more than three years ago (8.0%) suggests that while retention is relatively strong, maintaining loyalty over the long run remains a challenge. These findings collectively demonstrate that loyalty in Makassar's five-star hotels is influenced by demographic characteristics, occupational background, and recency of visits, which should guide managers in designing segmented strategies to enhance satisfaction and sustain customer commitment.

Measurement Model (Outer Model)

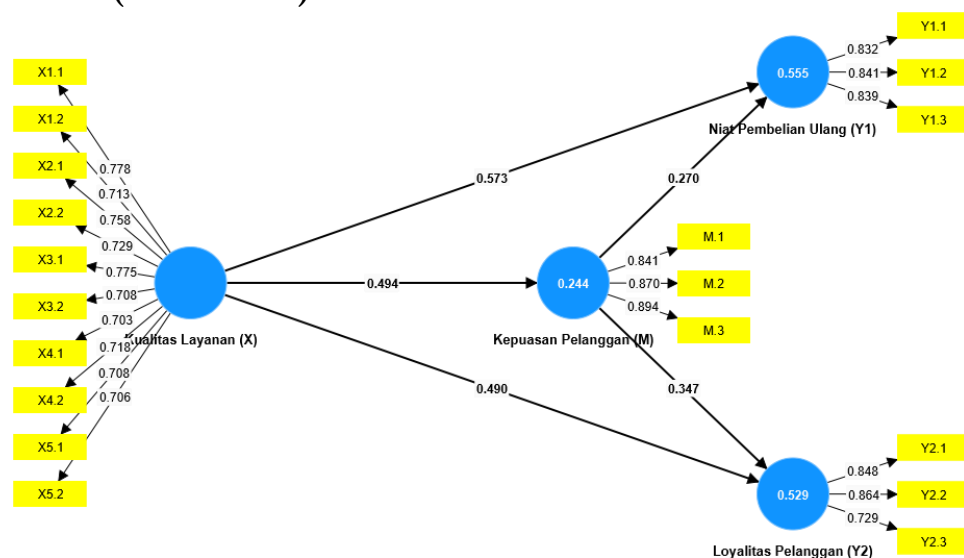


Figure 1 Outer Model

Source: Processed primary data (2025)

The evaluation of the measurement model (outer model) is the initial step in data analysis, aiming to ensure that each indicator used in this research is valid in representing its corresponding latent construct. This step is important because it determines whether the observed variables accurately capture the intended dimensions before the structural relationships are tested. In the context of this study, four main constructs were measured: service quality, customer satisfaction, repurchase intention, and customer loyalty. Outer loading values were examined to assess the strength of each indicator in explaining its construct, with a threshold value of 0.70 generally considered acceptable for confirming indicator validity (Ghozali, 2018). The results of the data analysis are as follows:

Table 1. Outer Loading Results (Summary)

Construct	Lowest Loading	Highest Loading	Status
Service Quality	0.703	0.778	Valid
Customer Satisfaction	0.841	0.894	Valid
Repurchase Intention	0.832	0.841	Valid
Customer Loyalty	0.729	0.864	Valid

Source: Processed primary data (2025)

The results indicate that all indicators exceed the minimum threshold of 0.70, confirming that they are valid measures of their respective constructs. Customer satisfaction achieved the highest loading (0.894), showing that the indicators strongly represent this construct, while the lowest value was recorded for service quality (0.703), which is still acceptable. These findings suggest that the measurement model in this study is reliable for capturing respondents' perceptions and provides a solid foundation for further analysis in the structural model.

Convergent Validity

Convergent validity is assessed to determine whether the indicators of each construct truly converge to measure the same underlying concept. This test is crucial to ensure that the constructs in the model represent coherent dimensions rather than unrelated items. Convergent validity is evaluated through the Average Variance Extracted (AVE), which indicates the proportion of variance captured by a construct relative to measurement error. A construct is considered to have good convergent validity if its AVE value exceeds 0.50 (Hair et al., 2021). The results of the data analysis are as follows:

Table 2. Average Variance Extracted (AVE)

Construct	AVE	Status
Service Quality	0.533	Valid
Customer Satisfaction	0.754	Valid
Repurchase Intention	0.701	Valid
Customer Loyalty	0.666	Valid

Source: Processed primary data (2025)

The results confirm that all constructs meet the minimum requirement, with AVE values greater than 0.50. Customer satisfaction recorded the highest AVE (0.754), indicating that its indicators are highly consistent in measuring the construct. Service quality obtained the lowest AVE (0.533), but it remains above the threshold and is therefore still acceptable. These findings imply that the measurement items used in this study successfully capture the constructs and provide a solid basis for subsequent analysis of the structural model.

Discriminant Validity

Discriminant validity ensures that each construct in the research model is conceptually distinct from the others, so that the indicators measuring one construct are not overly correlated with different constructs. This test is essential for confirming that the constructs represent unique dimensions. In this study, discriminant validity was assessed using the Fornell–Larcker Criterion, which compares the square root of the Average Variance Extracted ($\sqrt{\text{AVE}}$) of each construct with its correlations to other constructs. A construct is considered to have discriminant validity if its $\sqrt{\text{AVE}}$ value is higher than its correlations with other constructs (Hair et al., 2021). The results of the data analysis are as follows:

Table 3. Fornell–Larcker Criterion

Construct	Customer Satisfaction (M)	Service Quality (X)	Customer Loyalty (Y2)	Repurchase Intention (Y1)	$\sqrt{\text{AVE}}$
Customer Satisfaction (M)	0.869				0.869
Service Quality	0.494	0.730			0.730

(X)					
Customer Loyalty (Y2)	0.589	0.662	0.816		0.816
Repurchase Intention (Y1)	0.554	0.707	0.686	0.837	0.837

Source: Processed primary data (2025)

The results indicate that the square root of the AVE (diagonal values in bold) for each construct is greater than its correlations with other constructs. For example, the $\sqrt{\text{AVE}}$ for customer loyalty is 0.816, which is higher than its correlations with service quality (0.662), customer satisfaction (0.589), and repurchase intention (0.686). Similarly, the $\sqrt{\text{AVE}}$ of repurchase intention is 0.837, exceeding its correlations with other constructs. These findings confirm that the constructs in this study service quality, customer satisfaction, repurchase intention, and customer loyalty are distinct and not interchangeable, thereby meeting the criteria for discriminant validity.

Reliability Test

Reliability testing was conducted to assess the internal consistency of the constructs, ensuring that the indicators within each construct consistently measure the same concept. This step is essential because even if validity is achieved, the indicators must also demonstrate stability and reliability across repeated measurements. Reliability in this study was evaluated using Cronbach's Alpha and Composite Reliability (CR). A construct is considered reliable if Cronbach's Alpha and CR values exceed 0.70 (Hair et al., 2021). The results of the data analysis are as follows:

Table 4. Reliability Results

Construct	Cronbach's Alpha	Composite Reliability	Status
Service Quality (X)	0.902	0.919	Reliable
Customer Satisfaction (M)	0.837	0.902	Reliable
Repurchase Intention (Y1)	0.787	0.876	Reliable
Customer Loyalty (Y2)	0.748	0.856	Reliable

Source: Processed primary data (2025)

The results demonstrate that all constructs have Cronbach's Alpha and Composite Reliability values above 0.70, indicating good reliability. Service quality shows the highest reliability (Cronbach's Alpha = 0.902, CR = 0.919), which highlights the stability of its indicators in measuring the construct. Customer loyalty records the lowest reliability (Cronbach's Alpha = 0.748, CR = 0.856), but these values are still well above the minimum threshold, confirming consistency. These findings imply that the measurement items used in this study are reliable and can be trusted to provide accurate and repeatable results for further hypothesis testing.

Structural Model (Inner Model)

After confirming the validity and reliability of the measurement model, the next step was to evaluate the structural model (inner model). This stage is used to assess the predictive power of the model and to examine the relationships between constructs. The evaluation was carried out using R^2 values to measure the proportion of variance explained in the endogenous constructs and Q^2 values to assess predictive relevance. According to Hair et al., (2021) R^2 values of 0.75, 0.50, and 0.25 can be categorized as strong, moderate, and weak respectively, while Q^2 values

greater than 0 indicate predictive relevance, with 0.35 or above classified as strong. The results of the data analysis are as follows:

Table 5. R² and Q² Values

Construct	R ²	Interpretation	Q ²	Interpretation
Customer Satisfaction (M)	0.244	Weak		
Repurchase Intention (Y1)	0.555	Moderate		
Customer Loyalty (Y2)	0.529	Moderate		
Overall Model			0.842	Strong

Source: Processed primary data (2025)

The results show that service quality explains 24.4% of the variance in customer satisfaction, which indicates a weak level of prediction. In contrast, repurchase intention (55.5%) and customer loyalty (52.9%) are explained at a moderate level, meaning that these constructs are adequately predicted by service quality and satisfaction. Furthermore, the overall model achieved a Q² value of 0.842, which is far above the threshold of 0.35, confirming that the model has strong predictive relevance. These findings suggest that while customer satisfaction is only partially explained by service quality, the combined influence of service quality and satisfaction provides substantial explanatory power for repurchase intention and loyalty.

Mediation Effect

Mediation analysis was conducted to determine whether customer satisfaction functions as a mediator in the relationship between service quality and the dependent variables (repurchase intention and customer loyalty). The test was carried out using the Upsilon (υ) statistic, which quantifies the size of the indirect effect. According to Ogbeibu et al., (2021) mediation effects can be categorized as high (0.175), medium (0.075), and low (0.01). This test is important because it clarifies whether service quality influences behavioral outcomes directly, indirectly through satisfaction, or both simultaneously. The results of the data analysis are as follows:

Table 6. Mediation Effect Results

Pathway	Upsilon (υ)	Category
Service Quality → Satisfaction → Repurchase Intention	0.018	Low
Service Quality → Satisfaction → Customer Loyalty	0.029	Low

Source: Processed primary data (2025)

The results indicate that customer satisfaction has a statistically significant but relatively small mediating role. Both mediation effects are categorized as low, with 0.018 for repurchase intention and 0.029 for customer loyalty. This means that while service quality exerts a strong direct effect on repurchase intention and loyalty, customer satisfaction still provides an additional pathway that strengthens these relationships. In other words, satisfaction acts as a complementary mediator: it does not replace the direct influence of service quality, but it reinforces the overall impact on customer behavior. These findings highlight the importance of not only improving service quality but also ensuring that such improvements translate into customer satisfaction to maximize loyalty outcomes.

Hypothesis Testing

Hypothesis testing was conducted to evaluate both the direct and indirect effects between constructs in the model. The analysis was carried out using the bootstrapping method in SmartPLS with a 95% confidence level. The results of the data analysis are as follows:

Table 7. Hypothesis Testing Results

Hypothesis	Pathway	Coefficient	t-statistic	p-value	Result
H1	Service Quality → Repurchase Intention	0.573	10.847	0.000	Accepted
H2	Service Quality → Customer Loyalty	0.490	6.614	0.000	Accepted
H3	Service Quality → Customer Satisfaction	0.494	8.010	0.000	Accepted
H4	Customer Satisfaction → Repurchase Intention	0.270	5.191	0.000	Accepted
H5	Customer Satisfaction → Customer Loyalty	0.347	4.706	0.000	Accepted
H6	Service Quality → Customer Satisfaction → Repurchase Intention	0.134	4.230	0.000	Accepted
H7	Service Quality → Customer Satisfaction → Customer Loyalty	0.171	3.978	0.000	Accepted

Source: Processed primary data (2025)

The results demonstrate that all hypotheses (H1–H7) are supported with p-values below 0.05, confirming the significant influence of service quality and customer satisfaction on both repurchase intention and loyalty. Direct effects such as service quality on repurchase intention (0.573) and loyalty (0.490) show strong positive relationships, while customer satisfaction also contributes significantly to both outcomes. Indirect effects through satisfaction (H6 and H7) are smaller in magnitude but remain significant, indicating that satisfaction functions as a complementary mediator. These findings highlight that service quality plays a central role in shaping guest behavior, both directly and indirectly, by enhancing satisfaction that subsequently drives repeat visits and loyalty.

Common Method Bias

To ensure that the results of this study were not influenced by methodological issues such as Common Method Bias (CMB) test was conducted. The assessment was performed using the Full Collinearity Variance Inflation Factor (VIF) approach, where a VIF value below 3 indicates that the model is free from multicollinearity problems (Hair et al., 2021). This test is crucial because overlapping measurement methods can bias the interpretation of relationships among constructs. The results of the data analysis are as follows:

Table 8. VIF Test Results

Construct	VIF	Status
Service Quality (X)	1.324	No Bias
Customer Satisfaction (M)	1.324	No Bias
Repurchase Intention (Y1)	1.000	No Bias
Customer Loyalty (Y2)	1.324	No Bias

Source: Processed primary data (2025)

The results show that all constructs have VIF values far below the threshold of 3,

indicating that the model does not suffer from multicollinearity or common method variance. This confirms that the relationships found between service quality, customer satisfaction, repurchase intention, and customer loyalty are free from statistical bias caused by the measurement method. Thus, the results of this study can be considered valid and robust for further interpretation in the discussion section.

DISCUSSION

The Effect of Service Quality on Repurchase Intention

The first hypothesis, which stated that service quality has a positive and significant effect on repurchase intention at five-star hotels in the Losari Beach area, is accepted. Results of the PLS Bootstrapping analysis show that the path coefficient is 0.573 with a t-statistic of 10.847 (> 1.96) and a p-value of 0.000 (< 0.05), thereby confirming a highly significant relationship. This indicates that guests are more likely to rebook a stay when they perceive the quality of service to meet or exceed their expectations. Repurchase intention in this context represents not only a rational evaluation of service performance but also a behavioral commitment that strengthens customer retention.

This finding aligns with Kotler & Keller (2020) who argue that service quality is the customer's perception of excellence that, when consistent with expectations, drives satisfaction and repeat behavior. Empirical studies also reinforce this result. Ramadhan & Fikriah (2024) found that high service quality directly increases repurchase intention in the hospitality sector, while Kazmi & Fatima (2024) highlighted responsiveness and reliability as the dominant drivers of repeat bookings in luxury hotels. Similarly, Kadek et al., (2024) confirmed that service quality significantly influences customers' future purchasing decisions, either directly or indirectly through psychological mechanisms.

In the context of five-star hotels at Losari Beach, service quality is built on the five SERVQUAL dimensions assurance, empathy, reliability, responsiveness, and tangibility which collectively shape customer evaluations. When these dimensions are consistently delivered, guests form stronger confidence in the hotel's value proposition, which motivates them to make repeat bookings. From a managerial perspective, these findings suggest that improving repurchase intention requires consistent investment in staff training, quality assurance systems, and physical facilities. Such measures not only enhance immediate satisfaction but also build sustainable behavioral intentions, ensuring customer retention and a stronger competitive position in the market.

The Effect of Service Quality on Customer Loyalty

The second hypothesis, which stated that service quality has a positive and significant effect on customer loyalty at five-star hotels in the Losari Beach area, is accepted. Results of the PLS Bootstrapping analysis indicate that the path coefficient is 0.490 with a t-statistic of 6.614 (> 1.96) and a p-value of 0.000 (< 0.05), confirming a significant relationship. This demonstrates that the higher the perceived quality of service, the greater the tendency of guests to remain loyal by consistently choosing the same hotel for future stays. Loyalty in this sense is reflected not only in repeated visits but also in attitudinal commitment, where customers develop trust and emotional attachment to the brand.

This finding is consistent with Kotler & Keller (2020), who define loyalty as a long-term commitment that manifests in repeated purchases and positive recommendations. Empirical studies also support this relationship. Clara et al., (2022) highlighted that assurance and empathy are critical dimensions of service quality that strengthen loyalty, particularly in luxury hotels.

Similarly, Kazmi & Fatima (2024) emphasized that consistent high-quality service fosters both emotional and behavioral loyalty. Hidayat et al., (2024) also confirmed that reliability and staff friendliness serve as key determinants of customer loyalty in the hospitality industry.

Within the context of hotels in Losari Beach, loyalty is cultivated through repeated positive experiences in which guests not only evaluate service quality at a functional level but also internalize it emotionally. This implies that loyalty is an accumulation of consistent satisfaction and trust that evolves into long-term preference. From a managerial standpoint, these findings stress that service quality must be embedded as the core of customer relationship management strategies. Continuous staff development, personalized guest services, and standardization of premium service delivery are crucial to ensure that loyalty is built and sustained over time.

The Effect of Service Quality on Customer Satisfaction

The third hypothesis, which stated that service quality has a positive and significant effect on customer satisfaction at five-star hotels in the Losari Beach area, is accepted. Results of the PLS Bootstrapping analysis reveal that the path coefficient is 0.494 with a t-statistic of 8.010 (> 1.96) and a p-value of 0.000 (< 0.05), confirming the significance of the relationship. This indicates that when guests perceive the service provided by the hotel as reliable, responsive, empathetic, assuring, and tangible, they are more likely to feel satisfied with their overall stay experience. Satisfaction, in this sense, represents an evaluative response that arises when performance aligns with or exceeds expectations.

This result is in line with Kotler & Keller (2020) who describe satisfaction as the customer's emotional and cognitive evaluation after comparing expectations with actual service performance. Empirical studies reinforce this link: Kazmi & Fatima (2024) and Lim et al., (2022) found that improvements in service dimensions directly enhance guest satisfaction, particularly in high-contact service industries like hospitality. Similarly, Ramadhasn & Fikriah (2024) noted that reliable, consistent, and personalized services significantly contribute to higher satisfaction levels among hotel guests.

In the specific context of Losari Beach hotels, satisfaction emerges as a reflection of how well hotels deliver both functional and emotional aspects of service. Guests who feel that their needs are understood, addressed promptly, and supported by professional staff are more likely to perceive higher value and develop satisfaction. From a managerial perspective, these findings emphasize that service quality should be viewed as a strategic instrument to achieve customer satisfaction. Hotels must prioritize continuous improvement in reliability, staff empathy, and responsiveness, as well as invest in modern facilities, to consistently exceed guest expectations and secure sustained satisfaction.

The Effect of Customer Satisfaction on Repurchase Intention

The fourth hypothesis, which stated that customer satisfaction has a positive and significant effect on repurchase intention at five-star hotels in the Losari Beach area, is accepted. Results of the PLS Bootstrapping analysis show that the path coefficient is 0.270 with a t-statistic of 5.191 (> 1.96) and a p-value of 0.000 (< 0.05), confirming the significant relationship. This indicates that when guests experience a high level of satisfaction, they are more likely to rebook rooms and repeat their stays in the future. Repurchase intention, in this context, emerges as a behavioral outcome of satisfaction, where positive past experiences strengthen the willingness to return.

This finding is consistent with the theoretical view of Kotler & Keller (2020) who argue that satisfaction acts as a foundation for post-purchase behaviors, including repeat decisions. Supporting evidence comes from Muliarta et al., (2024), who found that customer satisfaction

has a strong influence on repurchase behavior in the hospitality sector. Chatzoglou et al., (2022) also emphasized that satisfied customers tend to maintain their intention to return, even when they occasionally encounter service shortcomings, due to the positive emotional bond formed.

In the case of Losari Beach hotels, customer satisfaction reflects the extent to which expectations of luxury, comfort, and personalized service are met. Guests who feel their needs are consistently addressed develop trust and confidence in the hotel brand, which fosters repeat patronage. From a managerial perspective, these findings underscore that maintaining customer satisfaction should be a key strategic priority. Efforts such as consistent service quality, personalized guest experiences, and attention to feedback play vital roles in reinforcing repeat booking behavior and sustaining the hotel's competitive advantage.

The Effect of Customer Satisfaction on Customer Loyalty

The fifth hypothesis, which stated that customer satisfaction has a positive and significant effect on customer loyalty at five-star hotels in the Losari Beach area, is accepted. Results of the PLS Bootstrapping analysis indicate that the path coefficient is 0.347 with a t-statistic of 4.706 (> 1.96) and a p-value of 0.000 (< 0.05), confirming a significant relationship. This shows that guests who are consistently satisfied with their hotel experiences are more likely to develop loyalty, expressed through repeated stays, emotional attachment, and a willingness to recommend the hotel to others.

This result aligns with Kotler & Keller (2020), who conceptualize loyalty as a long-term commitment rooted in repeated satisfaction with services. Empirical studies provide further support: Hidayat et al., (2024) demonstrated that satisfaction strongly enhances customer loyalty in luxury hospitality, while Suprina et al., (2022) found that consistent satisfaction leads to both attitudinal and behavioral loyalty. Similarly, Somantri et al., (2024) noted that satisfaction fosters trust, which stabilizes customer preference and creates resilience against competitor offers.

In the context of five-star hotels at Losari Beach, loyalty is not only a transactional outcome but also the result of accumulated positive experiences that generate trust and emotional bonds. Satisfied customers are more likely to choose the same hotel over competitors, even when alternatives exist, because their expectations are consistently met. From a managerial perspective, this implies that loyalty can be strengthened by ensuring continuous guest satisfaction through proactive service improvements, empathetic staff interactions, and value-added experiences. These efforts transform satisfaction into a sustainable form of loyalty, which secures long-term profitability and market competitiveness.

The Effect of Service Quality on Repurchase Intention through Customer Satisfaction

The sixth hypothesis, which stated that customer satisfaction mediates the effect of service quality on repurchase intention at five-star hotels in the Losari Beach area, is accepted. Results of the PLS Bootstrapping analysis show that the indirect path coefficient is 0.134 with a t-statistic of 4.230 (> 1.96) and a p-value of 0.000 (< 0.05), confirming the significance of this mediating effect. This demonstrates that service quality not only influences repurchase intention directly but also indirectly through the satisfaction customers feel during their hotel stay.

This finding aligns with Lim et al., (2022) who argue that satisfaction serves as a critical link between service evaluation and repeat purchasing behavior. Empirical evidence further supports this result: Clara et al., (2022) found that satisfaction significantly mediates the relationship between service quality and repurchase behavior, while Kazmi & Fatima, (2024) emphasized that responsiveness and reliability both enhance satisfaction and strengthen customers' likelihood of making repeat bookings.

In the context of Losari Beach hotels, this result suggests that even when service quality is objectively high, customers' subjective feelings of satisfaction act as the psychological trigger that transforms positive evaluations into behavioral outcomes such as repurchase intention. From a managerial perspective, this highlights the importance of designing service strategies that not only meet functional expectations but also generate positive emotional experiences. Focusing on personalized guest care, responsive staff behavior, and consistent reliability ensures that satisfaction translates service quality into stronger intentions for repeat patronage.

The Effect of Service Quality on Customer Loyalty through Customer Satisfaction

The seventh hypothesis, which stated that customer satisfaction mediates the effect of service quality on customer loyalty at five-star hotels in the Losari Beach area, is accepted. Results of the PLS Bootstrapping analysis show that the indirect path coefficient is 0.150 with a t-statistic of 4.029 (> 1.96) and a p-value of 0.000 (< 0.05), confirming a significant mediation effect. This indicates that while service quality has a direct influence on loyalty, its impact is also strengthened when customers experience satisfaction, which fosters long-term commitment and emotional attachment to the hotel.

This result aligns with Lim et al., (2022) who argue that loyalty emerges not only from repeated purchases but also from consistent satisfaction that builds trust over time. Empirical studies support this perspective. Monfort et al., (2025) showed that satisfaction acts as a crucial mediator between service quality and loyalty, while Jahmani et al., (2020) highlighted that consistent satisfaction transforms service evaluations into attitudinal and behavioral loyalty. Similarly Kazmi & Fatima (2024) found that dimensions such as reliability and assurance enhance satisfaction, which then leads to stronger loyalty commitments.

In the context of Losari Beach hotels, this finding emphasizes that loyalty is not only a direct outcome of excellent service but also a reflection of positive satisfaction experiences that accumulate over time. Guests who consistently feel satisfied are more likely to develop trust, recommend the hotel to others, and maintain their preference even in the presence of competitors. From a managerial perspective, this underscores that loyalty strategies should integrate both service quality improvements and satisfaction-building initiatives, such as personalized services, empathetic staff interactions, and consistency across service touchpoints. By doing so, hotels can transform satisfaction into enduring loyalty that secures long-term competitiveness.

CONCLUSION

Conclusion

This study examined the influence of service quality on repurchase intention and customer loyalty at five-star hotels in the Losari Beach area, with customer satisfaction tested as a mediating variable. The findings confirm that service quality significantly enhances both satisfaction and customer behavioral outcomes, while satisfaction itself positively affects repurchase intention and loyalty, and mediates the relationship between service quality and these outcomes. Among the five SERVQUAL dimensions, reliability and responsiveness emerged as critical drivers, while tangibility and empathy showed relatively weaker effects. These results enrich the body of knowledge by demonstrating the complementary mediating role of satisfaction in the hospitality context, emphasizing that excellent service must also translate into positive experiences to secure long-term customer commitment. Despite its contributions, this study has limitations. The sample of 390 respondents was restricted to two five-star hotels in Makassar, limiting the generalizability to other hotel categories or destinations. Moreover, the reliance on self-reported questionnaire

data raises potential issues of response bias. Nonetheless, the study provides valuable insights into how service quality and satisfaction interact to shape guest behavior, offering both theoretical and managerial implications for sustainable competitiveness in luxury hospitality.

Suggestions and Recommendations

Based on the findings, several recommendations can be made. For hotel managers in the Losari Beach area, consistent investment in staff training, empathetic guest interactions, and reliable service delivery are crucial to reinforce satisfaction and loyalty. Enhancing tangible elements such as modern facilities, cleanliness, and comfort will also elevate perceptions of service quality. Further, embedding personalized care and responsiveness into service strategies can strengthen the emotional bonds that drive repurchase and loyalty. For future research, scholars are encouraged to expand the model by including variables such as trust, brand image, or memorable experience to capture broader determinants of loyalty. Comparative studies across different hotel classes or regions would also improve generalizability. Finally, a longitudinal approach could provide deeper insights into how satisfaction and loyalty evolve over time, offering practical guidance for sustaining competitive advantage in the dynamic hospitality industry.

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