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THE IMPORTANCE OF PRODUCT QUALITY IN SHAPING HOTEL GUEST SATISFACTION AND LOYALTY

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Abstract:
As an industry that has a level of fierce competition, it is important for the hospitality industry to not only increase market share but also maintain customer loyalty through product quality and managing guest satisfaction. The research aims to test the influence of hotel product quality in creating satisfaction and loyalty, as well as mediating guest satisfaction in fostering loyalty. The research was carried out by a quantitative method by distributing questionnaires to hotel guests, a many as 100 respondents. Data is processed with SMART PLS version 3. The results of the study show that the quality of hotel products has a positive and significant effect on guest satisfaction, guest satisfaction affects guest loyalty, product quality also positively has a direct influence on guest loyalty, and guest satisfaction can mediate the influence of product quality on hotel guest loyalty. Study concluded that product quality has a significant effect on increasing guest satisfaction, guest satisfaction can affect customer loyalty, product quality also affects guest loyalty, and the effect of product quality is higher than guest satisfaction.

Keywords: Product Quality, Customer Satisfaction, Guest Loyalty, Hotel Marketing

INTRODUCTION

The hospitality industry is an important component of the global hospitality sector, providing accommodation and services to tourists and travelers (Whitla et al., 2007). With the advent of globalization and increased mobility, the demand for hotels has steadily increased over the years. It has led to intense competition among hotel chains and independent properties, each striving to attract guests with unique offerings and exceptional customer service. In this competitive landscape, understanding the key trends and challenges facing the hospitality industry is crucial for businesses to stay ahead and thrive in the market.

Some of the key trends shaping the hospitality industry include the rise of technology integration, personalized experiences for guests, and sustainability efforts (Das, 2023). Hotels are increasingly investing in digital tools to streamline operations and improve guest experience. Personalization is also becoming a priority, with hotels tailoring their services to meet each guest's individual needs and preferences. In addition, sustainability practices are gaining momentum, with hotels implementing green initiatives to reduce their environmental impact. By staying on top of these trends and addressing the challenges that come with them, hotels can position themselves for success in the ever-evolving hospitality industry.

Customer satisfaction and loyalty are critical components of a successful hotel business (Kandampully & Suhartanto, 2003; Worsfold et al., 2016). In today's competitive market, where online reviews and social media play an important role in shaping consumer perceptions, maintaining a high level of customer satisfaction is critical. Hotels should focus on delivering exceptional service, anticipating and meeting guests' needs, and creating memorable experiences

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that keep guests coming back for more. Building strong relationships with customers through personalized interactions and loyalty programs can help foster loyalty and repeat business (Clark & Akpan, 2024; Kwiatek et al., 2020). Ultimately, happy and loyal customers are the key to long-term success in the hospitality industry. According to several previous studies, the factors that influence customer satisfaction include product quality, price, and facilities (Kusuma, 2015). Other factors are food quality and service quality, as well as price perceptions, being a driving force for consumers to feel satisfied (Aisyah & Tuti, 2022).

According to Wijaya (2018), quality is the overall combination of characteristics of goods and services according to marketing, engineering, production, and maintenance that make the goods and services used meet customer or consumer expectations. By consistently exceeding expectations and providing exceptional service, hotels can differentiate themselves from their competitors and stand out in a crowded market. By actively listening to feedback and addressing any issues promptly, hotels can demonstrate their commitment to customer satisfaction and continuously improve their offerings. Ultimately, hotels that prioritize customer experience and building strong relationships with their guests will be in a better position to thrive in the ever-evolving hospitality industry. While customer experience is important in the hospitality industry, other factors such as location, price, and amenities also play a significant role in a hotel's success (Cetin & Walls, 2016). Focusing only on customer satisfaction may not always guarantee long-term success if other aspects of the business are neglected.

Hotel products in general are room and meal products. Sulastiyono (2011) states that the indicators of facilities in hotel companies are: (1) bedrooms with all the equipment, (2) restaurants with their supporters, (3) additional facilities (sports or entertainment facilities), (4) ballrooms for certain events, (5) parking lots, and (6) other supporting facilities. According to Sulek & Hensley (2004), there are three components of food quality measurement: safety, attractiveness, and food acceptability. Moreover, found that food quality is the most important factor affecting guest satisfaction compared to other restaurant aspects, including physical environment and service quality. Another research model proposed by Namkung & Jang (2007) selected presentation, variety of menu items, healthy choices, flavor, freshness, and temperature to assess food quality (Raajpoot, 2010). Food presentation, menu design, and portion size are used to measure product quality or food quality in the food service industry. This study adopts measurement items from the previously mentioned studies; therefore, food quality factors will be evaluated by: tastiness of food, food variety, menu design, food safety, food serving size, and food presentation (Ngoc & Uyen, 2015).

Other research identifies key factors that contribute to the success of hotels in the hospitality industry. By understanding the importance of customer experience, location, price and amenities, we can determine how these elements interact and affect the overall performance of the hotel. Service quality and product quality are important components of customer satisfaction in the hospitality industry, according to Parasuraman et al. (1988). Product quality refers to the physical attributes and features of the hotel, such as room cleanliness, amenities, and overall aesthetics. Service and product quality play an important role in shaping the overall guest experience and influencing their likelihood to return or recommend the hotel to others.

In today's competitive hospitality market, hotels must strive to excel in both product quality to stand out among their competitors (Ngandu, 2014). By consistently delivering exceptional service and maintaining high-quality products, hotels can create positive and memorable guest experiences that foster loyalty and positive word-of-mouth recommendations. Ultimately, product quality can drive guest satisfaction, repeat business, and long-term success for the hotel.

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Previous research shows that by delivering consistently excellent products, hotels can differentiate themselves from their competitors (Rauch et al., 2015) and stand out in the minds of their guests. This positive reputation can lead to increased word-of-mouth marketing and organic growth for the business. Ultimately, prioritizing quality in all aspects of the customer experience can lead to continued success and sustainable growth for the hotel in the long run.

However, there are cases where hotels prioritize quantity over quality, leading to decreased customer satisfaction and a negative reputation in the industry. For example, hotels that cut corners on cleanliness and maintenance to save costs may experience a high turnover rate of dissatisfied guests, ultimately hurting their bottom line in the long run. It illustrates how focusing on short-term profits at the expense of quality can ultimately damage a hotel's reputation and hinder its ability to thrive in a competitive market.

While quality is important for customer loyalty, other factors such as price, location, and facilities also play an important role in attracting and retaining guests (Namkung & Jang, 2008). Neglecting these aspects can hinder a hotel's ability to compete effectively in the market and achieve long-term success. Customer satisfaction and loyalty in hotels can be understood through various theoretical frameworks that take into account the various factors that influence guest behavior. One such framework is the Expectancy-Disconfirmation Theory, which suggests that customer satisfaction is influenced by perceived service performance compared to their expectations (Elkhani & Bakri, 2012).

Understanding the Theory of Planned Behavior can also help hotels predict and influence guest behavior by examining the factors that influence guests' intentions and attitudes towards a particular service or experience (Chen & Tung, 2014). By incorporating this theoretical framework into their operations, hotels can customize their services and offerings to meet their guests' expectations and preferences better. This personalized approach can not only result in higher levels of satisfaction and loyalty but also in increased profitability and success in the competitive hospitality industry.

This study emphasizes the important role of hotel product quality in creating guest satisfaction and loyalty at Hotel Fudo Banjarmasin, by proposing 3 formulations of direct influence problems, namely testing the effect of product quality on guest satisfaction, the effect of guest satisfaction on loyalty and the effect of product quality on loyalty and 1 formulation of mediating influence problems, namely mediation of guest satisfaction in the effect of product quality on guest loyalty.

METHODS

The research was conducted at Fugo Hotel Banjarmasin, using quantitative methods in path analysis design, to test the direct and indirect effects of product quality, guest satisfaction on guest loyalty and the mediation of guest satisfaction in the effect of product quality on loyalty. The population of Fugo Hotel guests throughout 2024 is 80,000. The sample was taken using the Slovin formula with a 10% significance, so a total sample of 99.8 or 100 guests was obtained as respondents. The sample was selected by convenience accidental sampling, where guests who were willing to fill out the questionnaire were used as respondents.

The questionnaire results are processed using SMART-PLS version 3.0 as an analytical tool to calculate two sub-models, namely the outer model and the inner model. Outer model analysis is used to determine the level of data feasibility in terms of validity and reliability tests, also using validity tests in terms of Average Variance Extracted (AVE), Discriminant Validity, and Convergent Validity. While the inner model analysis is model and hypothesis testing, indicated by R-Square, F-

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Square, and Path Estimation Coefficient. This research proposes 4 hypotheses, namely H1: Product quality has a positive and significant effect on guest satisfaction. H2 Guest satisfaction has a positive and significant effect on loyalty. H3 Product quality has a positive and significant effect on loyalty. H4 Guest satisfaction mediates the effect of product quality on guest loyalty.

RESULT AND DISCUSSION

This study uses Partial Least Squares (PLS), which is a multivariate statistical analysis that estimates the effect between variables simultaneously with the aim of prediction, exploration or structural model development studies (Hair, Risher, et al., 2019). Model evaluation in PLS consists of evaluating the measurement model, evaluating the structural model and evaluating the goodness and fit of the model.

Respondent Profile. The results of data processing on respondent profiles are presented below:

Table 1. Respondent Profile

Gender	Male	Female				
Percentage	67%	33%				
Age Range	17-25th	26-35th	36-45th	46-55th	>55th	
Percentage	17%	44th%	34%	5%	-	
Education	Lulus SMA	Diploma/ Bachelor graduates	Postgraduate			
Percentage	42%	51%	7%			
Income	<5juta	5-10jt	10-20jt	>20jt		
Percentage	14%	59%	17%	10%		
Regional Origin	Bali	DKI Jakarta	Java Island	Kalimantan	Maluku	Papua
Percentage	1%	9%	22%	65%	1%	2%

Source: Processed Primary Data, 2025

The profile of respondents in this study is mostly male 67%, the remaining 33% female. In the dominant age distribution in the age range 26-35 years, as much as 44%, based on the level of education, the most respondents are Diploma/Bachelor graduates 51%. From the income level, it shows that most respondents have an income in the range of Rp. 5-10 million, and the dominant respondents come from the Kalimantan island region 65%.

Evaluation of the Measurement Model (Outer Model). In the study, a reflective measurement model was used where the variables of product quality, guest satisfaction and guest loyalty were measured reflectively. In Hair et al. (2021), reflective measurement consists of an outer model, namely a validity test by calculating convergent validity with Outer Loading criteria and discriminant validity, namely the Fornell and Lacker HTMT criteria, followed by a Cronbach's Alpha reliability test and composite reliability. The results of the PLS Algorithm Analysis in the outer model are described in Figure 1.

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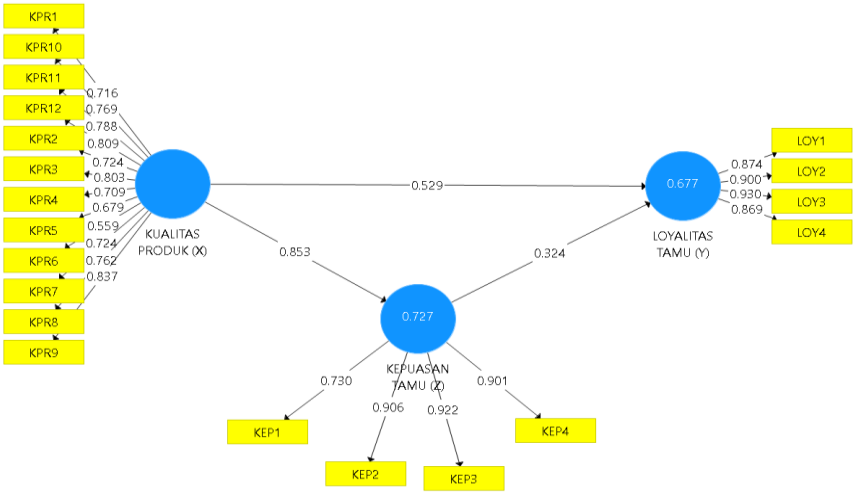

Source: Primary data processed with SMART-PLS (2025)

Figure 1. Results of PLS Algorithm Analysis (Outer Model)

1. Evaluation of Outer Loading, Cronbach's Alpha, Composite Reliability and Average Variance Extracted (AVE). The results of data processing are presented in the table as follows:

Table 2. Outer Loading, Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE)

Variable	Measurement Item	Indicator	Outer Loading	Cronbach's Alpha	Composite Reliability	AVE
Product Quality (X1)	KPR1	Room condition	0,716	0,925	0,936	0,552
	KPR2	Room Equipment	0,724			
	KPR3	Restaurant conditions	0,803			
	KPR4	Sports and entertainment facilities	0,709			
	KPR5	Meeting room	0,679			
	KPR6	Hotel parking lot	0,559			
	KPR7	Food and beverage quality	0,724			
	KPR8	Menu composition	0,762			
	KPR9	Variety of food	0,837			
	KPR10	Healthy and hygienic food and beverages	0,769			
	KPR11	Food and beverage portions	0,788			

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	KPR12	Food and beverage display	0,809			
Guest Satisfaction (Z)	KEP1	Check-in/out service is appropriate	0,730			
	KEP2	Drinks, dining area service are appropriate	0,906	0,889	0,924	0,754
	KEP3	Facilities, services and comfort are appropriate	0,922			
	KEP4	Price as expected	0,901			
Guest Loyalty (Y)	LOY1	Conveying positive things	0,874			
	LOY2	Recommend the hotel to others	0,900	0,916	0,941	0,798
	LOY3	The hotel is the first choice	0,930			
	LOY4	More transactions	0,869			

Source: Primary data processed by SMART PLS, 2025

To measure the validity of the questionnaire items, the Outer Loading ≥ 0.70 and AVE> 0.50 criteria and discriminant validity are used, namely the Fornell and Lacker HTMT (Heterotrait Monotrait Ratio) criteria <0.90. Followed by Cronbach's Alpha reliability test, and composite reliability ≥ 0.70.

In this study, the product quality variable (X) was measured using 12 (twelve) statement items for valid measurement with outer loading results between 0.559-0.837. 2 items have outer loading <0.70, but because they already have a value of> 0.50 so they can be maintained, and the other 10 items have outer loading> 0.70. All measurement items are declared valid and reflect the measurement of product quality. The level of convergent validity shown by the AVE value score of 0.552> 0.50, so that it qualifies as having good convergent validity. The level of reliability of the product quality variable is indicated by the Cronbach's Alpha value of (0.952) and Composite Reliability of (0.936) > 0.70 (reliable), or its internal consistency has been met. Of the three measurement items, measurement item KPR9 has the highest outer loading value (0.837) measurement related to the product quality indicator statement, namely the variety of food in the hotel, as an important indicator in creating hotel product quality.

Variable Z guest satisfaction used 4 (four) items as a measure, has a validity number with outer loading between 0.730-0.922; all items have outer loading> 0.70, so that all measurement items are declared valid and reflect the measurement of guest satisfaction. The level of convergent validity measure is an AVE value of 0.754 ≥0.50, so it meets the requirements of good convergent validity. Overall, the variation of measurement items contained by the variable reaches 75.4%. The variable reliability level of Cronbach's Alpha (0.889) and Composite Reliability (0.924) > 0.70 (reliable) means that the internal consistency has been met. Of the four measurement items, measurement item KEP3

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has the highest outer loading (0.922), which shows the importance of matching the conditions of facilities, services and comfort with guest expectations to form guest satisfaction.

Variable Y guest loyalty is measured by 4 (four) valid measurement items with outer loading between 0.869-0.930. All items have outer loading> 0.70 so that all measurement items are declared valid and reflect the measurement of guest loyalty. The level of convergent validity of the AVE value of 0.798> 0.50 has met the requirements for good convergent validity. Overall, the variation of measurement items contained by the variable reaches 79.8%. The level of reliability of variables with Cronbach's Alpha (0.916) and Composite Reliability (0.941) is> 0.70 (reliable) or internal consistency is met. Of the four measurement items, the LOY3 measurement item has the highest outer loading (0.930), which indicates that the measurement item that the hotel is the first choice is the strongest item forming the guest loyalty variable.

2. Evaluation of Discriminant Validity. Evaluation of discriminant validity is carried out by looking at the criteria from Fornell and Lacker to ensure that variables are theoretically different and empirically proven or statistically tested. The Fornell and Lacker criteria state that the root AVE variable must be greater than the correlation between the variables themselves.

The results of data processing on the evaluation of discriminant validity are presented in the following table:

Table 3. Discriminant Validity-Fornell-Larcker Criterion

Variable	Guest Satisfaction (Z)	Product Quality (X)	Guest Loyalty (Y)
Guest Satisfaction (Z)	**0,868**		
Product Quality (X)	0,853	**0,743**	
Guest Loyalty (Y)	0,775	0,805	**0,894**

Source: Primary data processed by SMART PLS, 2025

The results of the table above show that the results of the Fornell-Larcker method, the AVE root of each variable is above the AVE value between variables. From the table above, the guest satisfaction variable has an AVE root of 0.868, which is greater than the correlation with the product quality variable (0.853) and guest loyalty (0.775). Meanwhile, the product quality variable has an AVE root of 0.743, which is less correlated with guest satisfaction (0.853) and guest loyalty (0.805). The guest loyalty variable has an AVE root of 0.894, which is greater than its correlation with guest satisfaction (0.775) and product quality (0.805). It means that the guest satisfaction and guest loyalty variables have good discriminant validity or are fulfilled according to the Fornell and Lacker method, but the product quality variable has not been fulfilled.

3. Cross Loading Evaluation. The results of data processing on Cross Loading evaluation are presented in the following table:

Table 4. Discriminant Validity Test Results from Cross-Loading Evaluation

Instrument Item	Satisfaction (Z)	Product Quality (X)	Guest Loyalty (Y)
KEP1	**0,730**	0,557	0,517
KEP2	**0,906**	0,778	0,734
KEP3	**0,922**	0,811	0,692
KEP4	0,901	**0,768**	0,726
KPR1	0,554	**0,716**	0,602
KPR2	0,623	**0,724**	0,653

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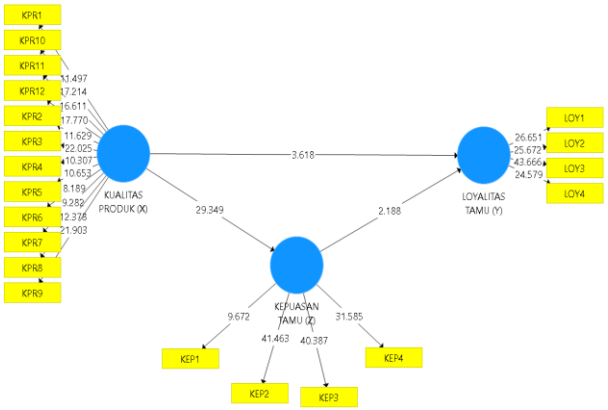
KPR3	0,656	**0,803**	0,636
KPR4	0,503	**0,709**	0,636
KPR5	0,433	**0,679**	0,618
KPR6	0,415	**0,559**	0,419
KPR7	0,580	**0,724**	0,466
KPR8	0,712	**0,762**	0,631
KPR9	0,756	**0,837**	0,615
KPR10	0,757	**0,769**	0,545
KPR11	0,743	**0,788**	0,648
KPR12	0,746	**0,809**	0,676
LOY1	0,678	0,714	**0,874**
LOY2	0,688	0,707	**0,900**
LOY3	0,717	0,741	**0,930**
LOY4	0,688	0,716	**0,869**

Source: Primary data processing with PLS (2025)

To find out whether the latent variable has good discriminant validity, the Discriminant Validity (Cross Loading) test is carried out, provided that the latent variable cross-loading indicator value is greater than other variables (Ghozali & Latan, 2015). The cross-loading results in the table above prove that the value of each latent variable indicator is greater than other variables. It shows that the indicator has good discriminant validity.

Structural Model Evaluation (Inner Model). For hypothesis testing, a structural model evaluation is carried out to determine the influence of research variables. Evaluation of the structural model is carried out by testing in 3 stages, namely first testing the absence of multicollinearity between variables with the inner VIF (Variance Inflated Factor) size, where Inner VIF < 5 (Hair et al., 2021). Second is hypothesis testing between variables by looking at the t-statistic or p-value. If the t-statistic of the calculation result is> 1.96 (t-table) or the p-value of the test result is <0.05, there is a significant influence between variables. The third is the f-square value, which is the direct variable effect at the structural level, with an f-square criterion of 0.02 being low, a value of 0.15 moderate effect and 0.35 high effect (Hair et al., 2021).

The results of Bootstrapping (inner model) produce the following image.



Source: Primary data processed with SMART-PLS (2025)

Figure 2. PLS Bootstrapping Analysis Results (Inner Model)

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1. Multicollinearity Test. The results of data processing on multicollinearity are as follows:

Table 5. Multicollinearity Inner VIF Results

	Guest Satisfaction (Z)	Product Quality (X)	Guest Loyalty (Y)
Guest Satisfaction			3,667
Product Quality	1,000		3,667
Guest Loyalty			

Source: Primary Data processed with PLS, 2025

The result of inner VIF < 5 is no high multicollinearity between product quality and guest satisfaction, no high multicollinearity between product quality and guest loyalty and no high multicollinearity between guest satisfaction and guest loyalty. The results of this test reinforce the results of parameter estimation in SEM PLS are robust, or there is no bias.

2. Direct Effect Hypothesis Testing. The results of data processing testing the direct effect hypothesis are presented in the following table:

Table 6. Hypothesis Testing of Direct Influence

Hypothesis	Path Coefficient	t- statistics	p-value	f-square
H1 Product Quality → Guest Satisfaction	**0,853**	29,349	0,000	2,667
H2 Guest Satisfaction → Guest Loyalty	**0,324**	2,188	0,029	0,089
H3 Product Quality → Guest Loyalty	**0,529**	3,618	0,000	0,237
H3 Product Quality → Guest Satisfaction → Guest Loyalty	**0,277**	2,131	0,034	

Source: Primary data processed with SMART PLS, 2025

Based on the table of hypothesis test results above, it is described as follows:

1) The first hypothesis (H1) is accepted, namely that there is a positive and significant effect of product quality on hotel guest satisfaction path coefficient of 0.853, with t-statistic of 29.349> t-table 1.96 and a p-value (0.000 <0.05). Product quality positively and significantly affects guest satisfaction, with a high level of influence at the structural level (f-square = 2.667> 0.35), meaning that the direct influence effect is high. It shows that in order to increase guest satisfaction, it is necessary to improve the quality of hotel products.
2) The test results for the second hypothesis (H2) are accepted, namely that there is a positive and significant effect of guest satisfaction on loyalty path coefficient of 0.324 with t-statistic 2.188> t-table 1.96 and p-value (0.029 <0.05). Any increase in guest satisfaction will increase loyalty. Guest satisfaction in causing loyalty has a low influence at the structural level (f-square = 0.089 > 0.02). It shows that in order to increase loyalty, it is necessary to create guest satisfaction.
3) Testing of the third hypothesis (H3) is accepted, namely that there is a positive and significant effect of product quality on the guest loyalty path coefficient of 0.529 with a t-statistic of 3.618> t-table 1.96 and p-value (0.000 <0.05). Any increase in product quality will increase guest loyalty. The existence of product quality in increasing guest loyalty has a moderate effect at the structural level (f-square = 0.237> 0.15). It shows that in order to increase guest loyalty, efforts are needed to improve the quality of hotel products.
4) Mediation testing of the third hypothesis (H4) is accepted, namely the mediation of guest satisfaction in the effect of product quality on the guest loyalty path coefficient of 0.277 with t-

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statistic 2.131> t-table 1.96 and p-value (0.034 <0.05). Product quality is directed to be able to increase guest satisfaction so that satisfied guests will be more loyal to transact with the hotel in the future.

Evaluation of Goodness and Fit Model (Goodness of Fit Test). To find out the goodness and fit of the model, it is necessary to evaluate the model fit, R-Square, SRMR, and Goodness of Fit Index. Variance-based SEM analysis using PLS aims to test the theory of the model by focusing on prediction studies. To state that the model is accepted, several measures are used, namely R-Square, Q-Square, and SRMR (Hair, Samouel, et al., 2019).

1. R-Square Value. To describe the size of the ability of other exogenous/endogenous variables to explain the variation in endogenous variables in a model, the Adjusted R-Square statistical measure is used. According to Shin (1998), the qualitative interpretation value of R-Square is 0.19 (low influence), if the value is 0.33 (moderate influence) and 0.66 (high influence).

Table 7. R-Square

	R-Square	*R-Square Adjusted*
Guest Satisfaction (Z)	0,727	0,724
Guest Loyalty (Y)	0,677	0,671

Source: Primary Data processed by PLS, 2025

Based on the processing results above, the effect of product quality on guest satisfaction has an R-square value of 0.727. The effect of the product quality variable on the high tourist satisfaction variable is 72.7% in the high influence category, 0.727> 0.66. The remaining influence of 27.3% is explained by variables other than product quality variables not examined in this study.

Based on the results of the data processing above, the effect of product quality and guest satisfaction on loyalty has an R-square value of 0.677. The influence of product quality variables and guest satisfaction on the loyalty variable is high at 67.7% in the high influence category, 0.677>0.66. The remaining influence of 52.3% is explained by variables other than product quality and guest satisfaction variables not examined in this study.

2. The f-Square value. F-square looks at the partial effect to determine the variable that has the greatest influence on guest loyalty. The product quality variable 0.237 has a higher partial effect than the guest satisfaction variable, with f F-squared of 0.089. The effect of product quality has an F-squared value ≥ 0.15 (moderate influence). The effect of product quality on guest loyalty of 0.227 shows a moderate influence, while the effect of guest satisfaction on loyalty of 0.089> 0.02 is in the low influence category. Of the two variables, the product quality variable is the variable that has the most influence on guest loyalty.

3. SRMR Value. From the results of the PLS data, the model fit test is obtained as follows:

Table-8. SRMR Value

	Rule of Thumb	**Parameter Value**	**Description**
SRMR	<0,10	0,088	Fit
d_ULS	>0,05	1,611	Fit
d_G	>0,05	1,151	Fit
Chi-square	$>X^{2\ tabel}$= 31,410)	570,755	Fit
NFI	approaching the value of 1	0,705	Fit

Source: Primary Data processed by PLS, 2025

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SRMR is Standardized Root Mean Square Residual, this value is a measure of model fit (fit-model), namely the difference between the data correlation matrix and the estimated model correlation matrix. Of the 5 indicators of measuring model fit above, all criteria state that the research model is fit, meaning that empirical data can explain the influence between variables in the model.

Effect of Product Quality on Guest Satisfaction. The results of hypothesis testing state that hypothesis 1 is accepted, namely, product quality has a positive and significant effect on guest satisfaction. Product quality in this study is measured in the dimensions of Room Division products and Food and Beverage products. In the dimension of rooms and facilities, the highest item is the condition of the restaurant, and the lowest item is the condition of the hotel parking lot. While in the food and beverage dimension, the highest item is on the variety of food, and the lowest is on food quality. It can be explained that the cause of satisfaction is the physical condition of the restaurant building and parking lot conditions, as well as food variety and food quality. So that by realizing the assessment of parking lots and food quality will help hotels to improve product quality to increase guest satisfaction.

Based on the test results, H1 is accepted, that the higher the product quality, will further increase guest satisfaction. Product quality is an important factor in causing guest satisfaction. It can be seen from the high f-square value, which shows a strong influence value. So that guests can feel satisfaction, it is necessary to improve product quality both in the dimensions of rooms and facilities and the dimensions of food and beverages. The results of this study are in line with (Jahanshahi et al., 2009; Naini et al., 2022; Heykal et al., 2024; Sambo et al., 2022; Syariful & Untung, 2020).

The Effect of Guest Satisfaction on Loyalty. Guest satisfaction has a significant positive impact on loyalty; the results of the H2 hypothesis test are accepted. So this shows that the higher the guest satisfaction will further increase their loyalty. In this study, guest satisfaction is measured in 4 indicators, namely feeling satisfied with room service at check-in and check-out, suitability of services in the dining and drinking area, hotel facilities, services, and comfort are appropriate, and the price is as expected. Of the four indicators, the highest satisfaction score was on facilities, service and comfort as a factor in shaping guest satisfaction, and the lowest score was on room check-in and check-out services.

So this implies the importance of hotels meeting expectations for the suitability of facilities, services and guest comfort according to guest expectations, and further improving services at guest check-in and check out. It is in line with research from (Cruz & Vitales, 2015; Naini et al., 2022; Sambo et al., 2022; Syariful & Untung, 2020).

Effect of Product Quality on Guest Loyalty. Product quality has a positive and significant effect on hotel guest loyalty; hypothesis H3 is accepted. It means that the better the product quality the hotel has, the more guest loyalty will increase. In this study, guest loyalty is measured by 4 indicators, namely the willingness of guests to convey positive things, recommend hotels to others, make hotels the first choice and be willing to make more transactions. Of the 4 indicators, the strongest indicator is guest loyalty, shown by making the hotel the first choice. It supports the opinion of researchers (Jahanshahi et al., 2009; Naini et al., 2022; Sambo et al., 2022; Syariful & Untung, 2020).

Guest Satisfaction Mediates the Effect of Product Quality on Guest Loyalty. Guest satisfaction has a mediating role in the effect of product quality on hotel guest loyalty; hypothesis H4 is accepted. It means that product quality is used to satisfy guests, and then satisfied guests will be more loyal to the hotel. It supports the opinion of the research results from (Ishaq et al., 2014; Tunahan & Kutlu, 2022).

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CONCLUSION

The results of this study concluded that product quality has a significant effect on increasing guest satisfaction, guest satisfaction can affect customer loyalty, product quality also affects guest loyalty, and the effect of product quality is higher than guest satisfaction. There is a mediation of guest satisfaction in the influence between product quality and loyalty. This research shows the important role of product quality on loyalty, and by improving product quality that guests will be satisfied, so that satisfied guests will comment positively about the hotel, recommend the hotel to others, make the hotel their first choice and are willing to transact more with the hotel.

Based on the findings in this study, several recommendations can be conveyed to hotel managers in an effort to improve service quality and guest loyalty. First, in order to strengthen product quality, it is necessary to improve facilities that support guest comfort, especially parking facilities and the quality of food served. Second, to increase guest satisfaction, room service, especially in the check-in and check-out process, needs to be continuously refined to be more efficient, friendly, and in accordance with guest expectations. Third, to build guest loyalty, the hotel is advised to encourage guests to be willing to make more transactions through various products and services offered, for example, with promotional strategies, loyalty programs, or product bundling. Finally, improving overall product quality is considered important to create guest satisfaction. Satisfied guests will be more likely to return to use the hotel's services and show loyalty in the long run.

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