A Study of E-Loyalty on Virtual Hotels Operator (VHO)

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ABSTRACT

The hospitality industry in the era of technological development is now fallen, where access to information to get things related to hospitality is very easily obtained by users through smartphones commonly known as Virtual Hotel Operators (VHO). Thus, users can easily know the condition of the hotel and this makes hotel users more selective in choosing hotels. This study aims to find out what is felt by VHO users so that it can increase users' loyalty. The factors used as variables are how the influence of e-service quality by using e-satisfaction as intervening variable can provide positive value. The questionnaire data involved 100 respondents in Serang City, Banten Province, Indonesia. Being analyzed by Smart PLS software, the results of the study revealed that the relationship between service quality and e-loyalty was positively insignificant. However, when electronic satisfaction was used as intervening variable, the relationship between e- service quality and e-loyalty became positively significant.

Keywords: e-Loyalty, e-Satisfaction, e-Service Quality.

1. INTRODUCTION

Traveling on a cheap budget in recent years has led to the emergence of a variety of affordable hotel providers, where hotels with adequate rates become an option for anyone who prioritizes affordable hotels. The crucial condition at the moment is not having many ways of measuring their level of engagement with customers using social media. This trend is due to the ease of technology to book technology-based hotels in the hotel sector, known as VHO (Virtual Hotel Operators). Virtual Hotel Operators are hotel operators who work closely with various hotels that are generally affordable and even star-rated hotels, wherein providing standard facilities and quality of service to visitors with hotel rates which become more affordable, especially for travelers with minimal budgets. VHO does not own a hotel, where the basic concept of VHO is a rebranding for hotel owners or lodging owners who want to join, and every VHO operational standard has a requirement for their potential partners.

These developments make marketing through social media play an increasingly important role as an additional marketing strategy, especially concerning VHO. In addition, most marketers realize that relying on traditional marketing media today is not effective enough [1]. The latest statistics taken from [2] confirmed that 92 percent of marketers stated that they participated in social media campaigns and that the campaigns are important for the vitality of their business operations. A research conducted by [3] showed that increased website traffic and exposure to customers was because of their social media marketing efforts. The main benefits of using social media includes sharing information with tourists around the world [1].

Social media networks engage tourists in blogging about reviews and opinions related to their trips, as well as their personal experiences, which then provide important input used by other travelers to reduce uncertain information. Service quality is often unknown before being ordered, so the role of customer reviews on the website is more dominant [4]. Most consumers rely on other consumer reviews to deduce service quality [5]. As a result, in recent years, various online survey mechanisms have been developed to track and present review ratings [6]. Several researchers have studied the factors that influence consumer utilization in evaluating product consumption in the hospitality industry [7].

Online consumers increasingly depend on the services offered by the website. Therefore, an important

construct of significant research concerns is the quality of e-services. In the Internet era, the quality of electronic services has become an important element in customer satisfaction [8]. The quality of electronic services is the initial stage of the process of self-regulation, namely the process of assessment in decision making [9]. On the other hand, e-customer satisfaction is a transitional stage in the process of independent regulation to transact via online, which is basically in this case the emotional response from customers [10].

2. METHODS

The research design used was associative causality, which explains the meaning and position of the variables studied and the relationship between one variable and another. The sample obtained in the study was taken in the city of Serang, Banten Province of Indonesia, and the data were processed and analyzed by modeling the least squares structural equation (PLS-SEM). This research was a quantitative descriptive where the data collected are expressed in the form of numbers, arranged in a questionnaire. The statement was rated on a Likert scale of ten points from 1 (strongly disagree) to 10 (strongly agree).

The population for this study was visitors of virtual hotel operators from various operators who are currently staying at VHO in Serang City. The total hotels in the city of Serang were 17 hotels, and the total rooms were 1762 rooms. Assuming that the average occupancy was 55% filled per day, the total population was set at 1762 x 55% = 969 elements.

The type of sample used was purposive random sampling with certain conditions. This also refers to [11], which suggests that the minimum number of samples is 5 (five) to 10 (ten) times the number of indicators, which is determined to 100 samples.

3. RESULTS AND DISCUSSION

The method of analysis in this study was carried out using the Structural Equation Model (SEM). The test was carried out with the Student version of the Smart PLS program. In this version, the maximum data that can be processed by the Smart PLS student version is 100, then the Smart PLS calculation results in a model with a loading factor > 0.70. Figure 1 shows the structural model.
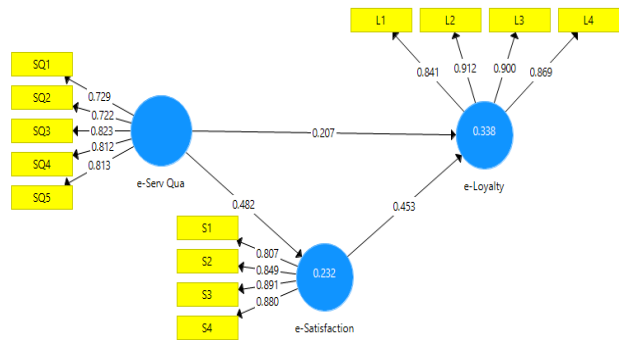

Figure 1. Structural model

Validity test, both convergent validity and discriminant validity, with the Composite Reliability method was employed to ensure that there were no problems with measurement, so the final step in the outer model test was carried out using the Composite Reliability and Cronbach's Alpha indicators. Table 1 shows the reliability and validity test results.

Table 1. Reliability and Validity Test Results

Construct Realiability and Validity				
	Cronbach's Alpha	*Rho_A*	*Composite Reliability*	*Average Variance Extracted (AVE)*
e-Loyalty	0.906	0.930	0.933	0.776
e-Satisfaction	0.880	0.888	0.917	0.735
e-ServQua	0.840	0.850	0.886	0.610

The Composite value, Cronbach's alpha, and constructs latent variables are > 0.7, so it can be interpreted that latent variables have a good reliability as a measurement tool. For reliability testing, the Average Variance Extracted value was also used (the lowest recommended AVE is 0.50). The results also show that the AVE construct has a potential reliability for further testing because the AVE value in the construct is >0.50. Furthermore, the hypothesis test was performed to determine the relationship between variables to answer the research problem. Table 2 shows the hypothesis test results.

Table 2. Hypothesis testing

Path Coefficients					
	Original Sample (O)	*Sample Mean (M)*	*Standard Devitiation (StDev)*	*T (Statisti vs (IO/ST DEV)*	*R Format*
e-Satisfaction -> e-Loyalty	0.453	0.447	0.126	3.604	0.000
e-ServQua -> E-Loyalty	0.207	0.210	0.129	1.605	0.109
e-ServQua -> e-Satisfaction	0.482	0.484	0.116	4.138	0.000

Hypothesis testing results using the Structural Equation Model (SEM) Smart PLS, which tested the model of the relationship of influence between variables show that:

- E-Satisfaction has a positive and significant effect on e-Loyalty of VHO users in Serang City: t count (3,604)

- E-Service Quality does not have a significant positive effect on e-loyalty of VHO Users in Serang City: t count (1,605)

- E-Service Quality has a positive and significant effect on VHO User e-Satisfaction: t arithmetic (4.138)

Table 3 reveal that an e-service quality relationship has increased where the relationship of e-service quality to e-loyalty in the partial test t value (1,605) to t (2.265), which is caused by the mediating effect. Thus, it can be concluded that the mediation variable e-satisfaction can mediate e-service quality towards e-loyalty.

Table 3. Mediation Test

Total Indirect Effect					
	Original Sample (O)	*Sample Mean (M)*	*Stand ard Deviti ation (StDe v)*	*T (Statistivs (IO/STD EV)*	*R Format*
e-Satisfaction -> e-Loyalty					
e-ServQua -> E-Loyalty	0.218	0.216	0.082	2.665	0.008
e-ServQua -> e-Satisfaction					

4. CONCLUSION

This study found that the relationship between e-service quality and e - loyalty was not significant but when using intervening variables, e-satisfaction, the relationship between e-service quality and e-loyalty became significant. Hence, it is suggested for the managerial to consider using the indicators of e-satisfaction in decision making to increase e-loyalty.

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