# The Effect of Destination Image, Tourist Satisfaction, Perceived Value, and Perceived Service Quality on Tourist Loyalty at Bali's Seminyak Beach

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**Abstract.** Loyal visitors are essential to keep tourist destinations surviving and thriving. Tourist loyalty is a tendency to revisit tourist sites influenced by tourists' satisfaction. Quantitative research was conducted based on a theoretical model demonstrating how perceived value and perceived service quality affect tourist loyalty mediated by destination image and tourist satisfaction. 149 respondents of both genders aged 18–65 with a history of visiting Seminyak Beach Bali were recruited for the study using the convenience sampling method and subsequently examined using Structural Equation Modelling (SEM). The study's result shows that Perceived value has an indirect positive effect on tourist loyalty through destination image and tourist satisfaction. Moreover, tourist satisfaction has a direct positive effect on tourist loyalty. Destination image has a positive effect on tourist loyalty which is mediated by tourist satisfaction.

**Keywords:** perceived value · perceived service quality · destination image · tourist satisfaction · tourist loyalty

## 1 Introduction

Vacation is part of human's basic needs due to its mental therapeutic effect. Several factors contribute to selecting a tourist destination: destination image, tourist satisfaction, and tourist loyalty. Tourist loyalty to a destination has the strongest influence on travel destination decision-making. Tourist loyalty is defined as the tendency to revisit a particular tourist destination and spread positive reviews to others. Once satisfied with a particular place, tourists gain loyalty and are highly likely to return though they must spend money and time there. Tourist loyalty is highly valued by tourist destinations as loyal visitors will secure income and support the site's further development. With the growing number of tourist destinations, the urgency to achieve tourist loyalty increases in a more competitive environment. Therefore, factors positively affecting tourist loyalty is an interesting topic to be further evaluated.

Bali is widely known for its tourism, and a great number of tourists, both domestic and local, visit annually. Bali has various tourist destinations, and Seminyak Beach is

one of them. Beautiful sunset view with restaurants and hotels one step from the beach attracts people to come. However, despite these strategic values, how Seminyak Beach preserves its loyal visitors is considered more important than attracting new ones. Huwae et.al. [1] stated that factors affecting tourist loyalty are perceived value, perceived service quality, tourist satisfaction, and attitude to visiting behavior. This research aimed to depict the positive effect of perceived value, perceived service quality, destination image, and tourist satisfaction on Seminyak Beach's tourist loyalty. This study does not include attitude as the variable of visiting behavior to examine the mentioned factor without being mediated by attitude to visiting behavior.

## 2    Literature Review

Tourist loyalty is a commitment to rebuy a product or service in the future, resulting in similar brand repetition despite the influence of the current situation and marketing strategy that may cause behavioral change [2]. Developing customer loyalty has been a crucial marketing strategy for maintaining existing customers [3]. Tourist satisfaction is a function of expectation before and after a trip. Satisfaction will be achieved once the experience exceeds expectations and vice versa [4, 5]. Kotler and Keller defined destination image as the belief, impression, and idea of someone related to a particular place [6]. Tasci & Kozak [7] stated destination image is an individual's perception of destination character, which is influenced by mass media, promotion, and other factors. Value is customers' judgment of particular services based on a perception of what is expected to be received [8].

Subsequently, perceived value is a ratio or trade-off of total benefit yielded from total sacrifice [9]. Perceived service quality results from the evaluation process where customers compare their expectations with the services they gained [4]. Le & Le [10] stated service quality is a form of attitude related to but not equal to the satisfaction from the comparison of expectation and perception of performance (Fig. 1).

H1: Perceived service quality has a positive effect on destination image of Seminyak Beach domestic tourists.
H2: Perceived service quality has a positive effect on tourist satisfaction of Seminyak Beac hdomestic tourists.
H3: Perceived value has a positive effect on destination image of Seminyak Beach domestic tourists.
H4: Perceived value has a positive effect on tourist satisfaction of Seminyak Beach domestic tourists.
H5: Destination image has a positive effect on tourist satisfaction of Seminyak Beach domestic tourists.
H6: Destination image has a positive effect on tourist loyalty of Seminyak Beach domestic tourists.
H7: Tourist satisfaction has a positive effect on tourist loyalty of Seminyak Beach domestic tourists.
H8: Perceived service quality has a positive effect on tourist loyalty of Seminyak Beach domestic tourists.
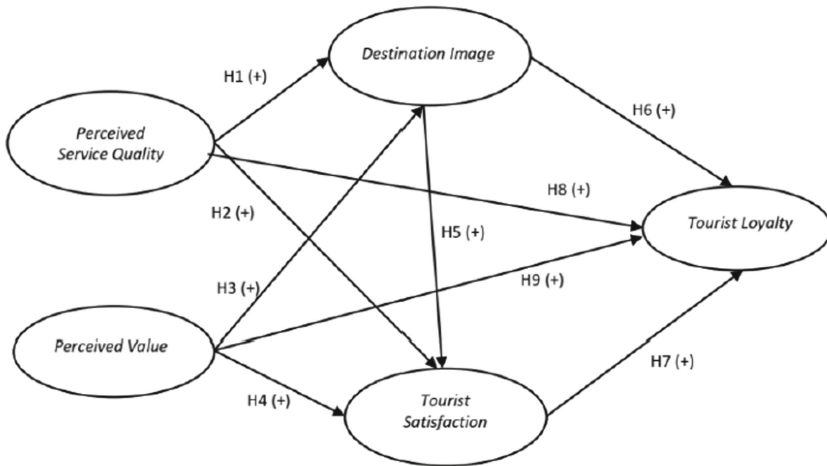H9: Perceived value has a positive effect on tourist loyalty of Seminyak Beach domestic tourists.

**Fig. 1.** Research Conceptual Framework

## 3 Research Methodology

Seminyak Beach served as the research object. 149 respondent data were gathered and tested for validity and reliability. Data were considered to be valid once the significant value exceeds 0.05 (p > 0.05) and reliable if the Alpha Cronbach value is more than 0.6 (p > 0.6). The data were analyzed using Structural Equation Modelling (SEM) analysis. SEM data analysis was divided into two groups: measurement and structural model. The measurement model was utilized to examine the raw data to produce valid and reliable ones before further analysis. This method enabled using several variables for both exogenous and endogenous latent variables. The Goodness of Fit (GOF) index measured the model suitability with empirical data. This index indicates how well a model produces a covariant observation matrix among each indicator [11]. This study used four criteria, which met the bare minimum of a fit model [11], such as.

1. $\chi 2$: df, $\chi 2$: df, cut-offvalue $\leq 3$
2. GFI (Goodness of fit index), cut-offvalue $\geq 0.90$
3. CFI (Comparative fit index), cut-offvalue $\geq 0.95$
4. RMSEA (The Root Mean Square Error of Approximation), a good RMSEA value is below 0.08

After analyzing the measurement model, the structural model assessment was carried out to examine the relationship between each hypothesized variable. Structural model appropriateness with empirical data was examined using the GOF index. Validity and reliability test were performed using Construct Reliability and Average Variance Extracted. The acceptable value of Construct Reliability (CR) is > 0.7 [11]. A high Average Variance Extracted (AVE) value indicates the data well represents all latent developed construction. A good AVE value is >0.5 (Hair et al., 2010: 709–710). Finally, the hypothetical test was performed to obtain the t-value (cut-off <1.96), with significance at 5% ($\alpha = 5\%$) using LISREL and SPSS (Table 1).

**Table 1.** Reliability Test

| Variable | AVE | Reliability | |
|---|---|---|---|
| | | A | CR |
| Perceived service quality | 0.602975 | 0.851 | 0.923222 |
| Perceived Value | 0.7101667 | 0.840 | 0.8787241 |
| Destination Image | 0.705225 | 0.860 | 0.9038882 |
| Tourist Satisfaction | 0.74924 | 0.883 | 0.93705 |
| Tourist Loyalty | 0.73154 | 0.914 | 0,93143 |

AVE: Average Variance Extracted; CR: Construct Reliability

This study used quantitative data. The primary data was obtained from the questionnaire using several statements which represented each variable examined. The study used 7-point Likert Scale as the measurement scale. A score of "1" indicated a strongly disagree attitude while the other extreme of "7" meant strongly agree. Samples were recruited using a non-probability and convenience sampling method due to the unidentified number of the whole population [12].

## 4   Data Analysis and Results

Hypothesis testing was conducted to explore the effect of each endogenous and exogenous latent variable among endogenous variables. This study's findings supported four hypotheses (H3, H4, H5, and H7) with a t-value >1.96. On the other hand, five other hypotheses (H1, H2, H6, H8, and H9) are rejected due to the lack of significant effects compared to the other four supported ones. Table 2 exhibits the results of the hypothesistesting.

This study examined several factors: perceived service quality, perceived value, destination image, and tourist satisfaction, which affect tourist loyalty in Bali's Seminyak Beach domestic tourist. It could be inferred that perceived value, although without a direct positive effect on tourist loyalty, has a positive effect mediated by destination image. This finding aligns with previous studies [13–15]. These prior studies stated that perceived value positively influenced tourist loyalty, mediated by tourist satisfaction [16].

Moreover, this study revealed that destination image has no direct positive effect on tourist loyalty but may have a positive effect on tourist loyalty if mediated by tourist satisfaction. This finding aligns with previous studies [17–19]. They mentioned that the destination image could positively affect tourist loyalty once combined with tourist satisfaction.

Likewise, the study examined the direct effect of perceived value and perceived service quality on tourist loyalty [20, 21]. Nevertheless, research conducted in Seminyak Beach was unable to support these two hypotheses. Perceived service quality has no effect on tourist loyalty in Seminyak Beach, both directly and indirectly. The possible causes

**Table 2.** The Results of the Hypotheses Testing

| Hypothesis | Standardized β | SE | t-value | p-value | Results |
|---|---|---|---|---|---|
| H1: *Perceived service quality → destination image* | 0.18 | 0.31 | 1.00 | p < 0.05 | Not supported |
| H2: *Perceived service quality → tourist satisfaction* | –0.22 | 0.44 | –1.47 | p < 0.05 | Not supported |
| H3: *Perceived value → destination image* | 0.67 | 0.39 | 2.96 | p > 0.05 | Supported |
| H4:: *Perceived value → tourist satisfaction* | 0.78 | 0.81 | 2.60 | p > 0.05 | Supported |
| H5: *Destination image → tourist satisfaction* | 0.38 | 0.25 | 2.31 | p > 0.05 | Supported |
| H6: *Destination image → tourist loyalty* | 0.16 | 0.16 | 0.96 | p < 0.05 | Not supported |
| H7: *Tourist satisfaction → tourist loyalty* | 0.75 | 0.18 | 2.53 | p > 0.05 | Supported |
| H8: *Perceived service quality → tourist loyalty* | –0.25 | 0.30 | –1.36 | p < 0.05 | Not supported |
| H9: *Perceived value → tourist loyalty* | 0.09 | 0.53 | 0.29 | p < 0.05 | Not supported |

were the lack of tourist services provided around the beach. There was a shortage of available public facilities, such as rubbish bins and restrooms (Fig. 2).
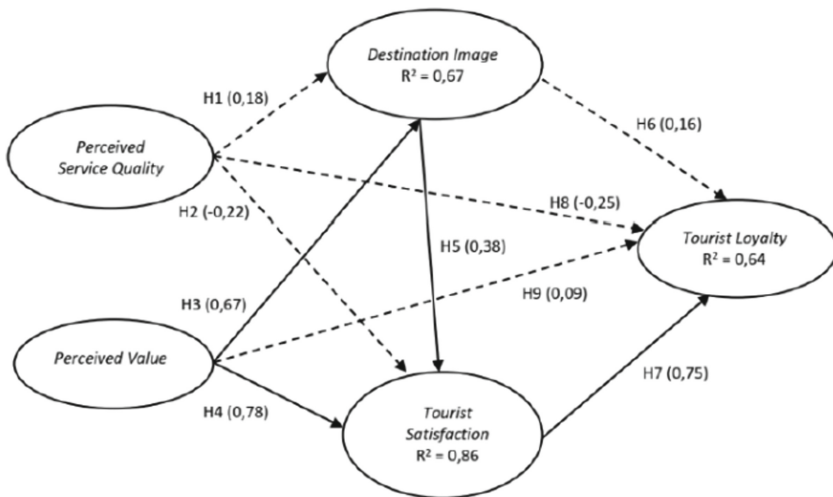
**Fig. 2.** Final Model of Tourist Loyalty in Seminyak Beach

## 5 Conclusion

This study evaluated several factors that may affect local tourist loyalty in Bali's Seminyak Beach, such as perceived service quality, perceived value, destination image, and tourist satisfaction. Perceived service quality has no direct or indirect effect on tourist loyalty. This absence of effect is due to the minimum service provided around Seminyak Beach. Perceived service quality is the weakest predictor of tourist loyalty. In addition, although perceived value has no direct effect on tourist loyalty, it has the broadest indirect effect due to the capacity to boost destination image and tourist satisfaction, which could later affect tourist loyalty. Next, tourist satisfaction has a positive influence on tourist loyalty in Seminyak Beach. Destination image has a positive effect on tourist loyalty, which was mediated by tourist satisfaction.

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