

BUILDING HOTEL CUSTOMER LOYALTY THROUGH SERVICE QUALITY, CORPORATE IMAGE, AND CUSTOMER EXPERIENCE

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Abstract: This study aims to analyze the effect of service quality on corporate image, the effect of corporate image on customer loyalty, the direct effect of service quality on customer loyalty, the mediating role of corporate image in the relationship between service quality and customer loyalty, and the moderating role of customer experience in the relationship between corporate image and customer loyalty. The research object is hotel customers in Kendari City, with a sample of 250 respondents selected using purposive sampling. Data were collected through a structured questionnaire using a five-point Likert scale and analyzed using Structural Equation Modeling-Partial Least Squares (SEM-PLS). The findings show that service quality has a positive and significant effect on corporate image and customer loyalty. Corporate image also has a positive and significant effect on customer loyalty. Furthermore, corporate image mediates the effect of service quality on customer loyalty, while customer experience strengthens the relationship between corporate image and customer loyalty. These findings indicate that hotel customer loyalty is formed not only through direct service quality, but also through the image built by the hotel and the customer experience felt during service interactions.

Keywords: *Service Quality; Corporate Image; Customer Loyalty; Customer Experience*

The hotel industry is one of the important service sectors in urban economic activity because it supports tourism, business mobility, government activities, meetings, and various forms of visitor accommodation (Masse et al., 2026). In cities such as Kendari, hotels do not only function as places to stay, but also as service organizations that compete through service quality, comfort, reputation, digital interaction, location accessibility, and the overall experience received by customers (Roslan et al., 2026). The development of the service economy makes hotel competition increasingly dependent on the ability of management to create value through superior service encounters and consistent customer experiences. Service quality is widely considered a strategic determinant of customer evaluation because it reflects how well a hotel can meet customer expectations through responsiveness, reliability, assurance, empathy, and tangible service facilities

(Parasuraman et al., 1988; Alnawas & Hemsley-Brown, 2019).

Service quality has a central position in hotel marketing because customers evaluate hotel services based on direct experience during reservation, arrival, check-in, room use, complaint handling, restaurant services, and check-out. Customers who receive professional, friendly, responsive, and reliable services tend to form a more positive assessment of the hotel. In the hospitality literature, service quality is not only related to functional performance, but also to the symbolic meaning of the hotel as a reliable, reputable, and customer-oriented company (Liat et al., 2014; Rather & Hollebeek, 2021). Therefore, good service quality can be an important basis for strengthening corporate image because customers interpret the quality of service as evidence of the seriousness and capability of the company in serving customers.

Corporate image refers to the overall impression, perception, and

evaluation that customers have about an organization. In the hotel context, corporate image is formed through various service contacts, communication, reputation, location, facilities, customer reviews, and previous customer experiences. A positive corporate image can make customers feel more confident in choosing a hotel, reduce perceived risk, and strengthen preferences compared to competing hotels. Previous studies show that corporate image can act as a psychological bridge between service evaluation and customer loyalty because customers tend to remain loyal to service providers that they perceive as credible, reputable, and consistent (Kandampully et al., 2015; Yusuf & Roslan, 2024). Thus, corporate image is not only an outcome of service quality, but also a mechanism that encourages repeat visits and positive recommendations.

Customer loyalty is a crucial outcome for hotel businesses because retaining customers is usually more efficient than continuously acquiring new customers. Loyal hotel customers tend to repurchase, revisit, recommend the hotel to others, and show lower sensitivity toward competitors' offers. In service marketing, loyalty is formed through a combination of cognitive evaluation, emotional attachment, satisfaction, trust, corporate image, and memorable customer experience (Keiningham et al., 2020; Pereira et al., 2025). In the hotel sector, loyalty becomes more strategic because customers can easily compare prices, facilities, online reviews, and service ratings before making a decision. Therefore, hotels in Kendari City need to understand what factors can drive loyalty in order to maintain customer relationships in an increasingly competitive service environment.

Although previous studies have discussed the relationship between service quality, corporate image, and customer loyalty, there are still research gaps that need to be addressed. First, some studies examine service quality as a direct driver of loyalty, while others emphasize corporate

image as an important intervening mechanism. This indicates that service quality may not always directly produce loyalty, because customers may first form an image of the hotel before deciding to revisit or recommend it. Second, customer experience is often treated as an antecedent of loyalty, but fewer studies position it as a moderating variable that strengthens the effect of corporate image on customer loyalty. In reality, a positive image may not produce the same level of loyalty for all customers because the strength of this relationship can depend on the customer experience during service consumption (Foroudi et al., 2022; Pires et al., 2024).

Based on this gap, this study develops a model that places service quality as an antecedent of corporate image and customer loyalty, corporate image as a mediator, and customer experience as a moderator in the relationship between corporate image and customer loyalty. This model provides a more comprehensive explanation because it combines rational service evaluation, organizational perception, behavioral loyalty, and experiential reinforcement in one structural framework. The object of this research is hotel customers in Kendari City with a sample of 250 respondents. The selection of this context is relevant because hotel customers in urban areas increasingly evaluate hotels not only from room facilities, but also from the overall image and experience obtained before, during, and after using the service.

The main problem in this study is how customer loyalty among hotel customers in Kendari City is formed through the interaction between service quality, corporate image, and customer experience. In practice, hotels can provide good service quality, but this does not always automatically create loyalty if customers do not perceive the hotel as having a positive corporate image. At the same time, a strong corporate image may have different effects on loyalty depending on the customer experience received

during hotel service interactions. Therefore, this study focuses on explaining whether service quality can improve corporate image and customer loyalty, whether corporate image can increase customer loyalty, whether corporate image mediates the relationship between service quality and customer loyalty, and whether customer experience strengthens the influence of corporate image on customer loyalty.

This study aims to analyze the influence of service quality on corporate image, the influence of corporate image on customer loyalty, the direct influence of service quality on customer loyalty, the mediating role of corporate image in the relationship between service quality and customer loyalty, and the moderating role of customer experience in strengthening the relationship between corporate image and customer loyalty among hotel customers in Kendari City. Through this objective, the study is expected to provide an integrated explanation of how service quality, image, loyalty, and experience work together in shaping customer behavior in the hotel service sector

Service Quality

Service quality refers to customers' evaluation of the excellence of services received compared to their expectations. In the hospitality industry, service quality includes the physical evidence of the hotel, reliability of service delivery, responsiveness of employees, assurance provided to customers, and empathy in understanding customer needs. Although the SERVQUAL perspective was initially developed in earlier service marketing literature, it remains relevant because hotel customers still evaluate service encounters through the consistency, speed, politeness, and tangibility of services (Parasuraman et al., 1988; Liat et al., 2014). Recent hospitality studies also emphasize that service quality supports customer value formation and strengthens behavioral outcomes when it is delivered consistently across customer touchpoints (Alnawas &

Hemsley-Brown, 2019; Rather & Hollebeek, 2021).

Corporate Image

Corporate image is the total perception held by customers regarding a company based on experiences, communication, reputation, and public evaluation. In the hotel industry, corporate image can be formed through service quality, online reviews, employee professionalism, facility conditions, safety, cleanliness, and brand reputation. Corporate image is important because hotel services contain risk and uncertainty; therefore, customers tend to rely on image and reputation to evaluate whether the hotel is trustworthy and worth revisiting. A strong corporate image can increase customer confidence and create a favorable psychological position in the customer's mind (Kandampully et al., 2015; Yusuf & Roslan, 2024).

Customer Loyalty

Customer loyalty describes the intention and behavior of customers to continue using a service provider, recommend it to others, and resist switching to competitors. In hotels, loyalty is reflected in revisit intention, willingness to recommend, positive word of mouth, and preference for the same hotel when future accommodation needs arise. Loyalty is valuable because it supports long-term revenue stability and reduces marketing costs. Previous studies indicate that customer loyalty in service industries is shaped by perceived service quality, trust, corporate image, satisfaction, and customer experience (Keiningham et al., 2020; Pereira et al., 2025).

Customer Experience

Customer experience refers to the cognitive, emotional, sensory, social, and behavioral responses that arise during interactions between customers and the service provider. In the hotel context, experience is formed from the reservation

process, reception service, employee behavior, room atmosphere, facility use, food and beverage service, complaint handling, and post-stay communication. A positive customer experience can strengthen the effect of corporate image on loyalty because customers who personally experience enjoyable service will be more willing to translate positive perceptions into repeat behavior and recommendations (Foroudi et al., 2022; Pires et al., 2024).

Conceptual Framework and Hypotheses

The conceptual framework in this study positions service quality as an exogenous variable that influences corporate image and customer loyalty. Corporate image is positioned as a mediating variable that explains how service quality can be transformed into customer loyalty. Furthermore, customer experience is positioned as a moderating variable that strengthens the relationship between corporate image and customer loyalty. The logic of this model is that customers who perceive high service quality will form a better corporate image, and this image will encourage loyalty. However, the effect of corporate image on loyalty becomes stronger when customers have a positive experience during their interaction with the hotel.

METHOD

This study uses a quantitative research design with a survey method. The quantitative design is considered appropriate because the study aims to test causal relationships among latent variables, including direct effects, mediation, and moderation. The population in this study consists of hotel customers in Kendari City. The sample size was set at 250 respondents, which is considered adequate for SEM-PLS because the model contains several latent variables and includes interaction testing. Respondents were selected using purposive sampling with the criteria that they had stayed at or used hotel services in Kendari City and were willing to complete the questionnaire.

Data were collected using a structured questionnaire distributed to respondents who met the research criteria. Each variable was measured using a five-point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree. Data analysis was carried out using Structural Equation Modeling-Partial Least Squares (SEM-PLS). The analysis process consists of evaluating the measurement model and the structural model. The measurement model evaluation includes loading factor, Cronbach's alpha, composite reliability, Average Variance Extracted (AVE), and discriminant validity using the Heterotrait-Monotrait Ratio (HTMT). The structural model evaluation includes R-square, Q-square predict, path coefficient, p-value, indirect effect, and moderation effect. The interaction between corporate image and customer experience was used to test whether customer experience strengthens the effect of corporate image on customer loyalty.

RESULTS

Demographic Profile of Respondents

Based on the results of data collection from 250 hotel customers in Kendari City, the respondents showed diverse demographic characteristics. The majority of respondents were female, totaling 132 people (52.80%), while male respondents totaled 118 people (47.20%). Based on age, respondents were dominated by the 26-35 year age group, totaling 92 people (36.80%), followed by the 17-25 year group with 71 respondents (28.40%), the 36-45 year group with 54 respondents (21.60%), and respondents above 45 years old with 33 respondents (13.20%). This composition indicates that the majority of hotel customers in this study were in productive age groups that are relatively active in using hotel services for work, travel, family, and other urban activities.

Table 2. Demographic Profile of Respondents

Category	Classification	Frequency	Percentage (%)
Gender	Male	118	47.20
Gender	Female	132	52.80
Age	17-25 years	71	28.40
Age	26-35 years	92	36.80
Age	36-45 years	54	21.60
Age	>45 years	33	13.20
Purpose of hotel use	Business/work	86	34.40
Purpose of hotel use	Family/personal	74	29.60
Purpose of hotel use	Tourism/holiday	63	25.20
Purpose of hotel use	Event/meeting	27	10.80
Frequency of hotel use	1 time	81	32.40
Frequency of hotel use	2-3 times	104	41.60
Frequency of hotel use	>3 times	65	26.00

Source: Primary data processed (2026)

Results of the Measurement Model

Table 3. Results of the Measurement Model

Variable	Items	Loading	CA	CR	AVE
Service Quality	SQ.1	0.821	0.902	0.927	0.718
	SQ.2	0.846			
	SQ.3	0.872			
	SQ.4	0.835			

Variable	Items	Loading	CA	CR	AVE
Corporate Image	SQ.5	0.859			
	CI.1	0.812	0.874	0.914	0.727
	CI.2	0.864			
	CI.3	0.889			
Customer Loyalty	CI.4	0.842			
	CL.1	0.846	0.898	0.929	0.766
	CL.2	0.883			
	CL.3	0.901			
Customer Experience	CL.4	0.864			
	CE.1	0.825	0.887	0.922	0.746
	CE.2	0.871			
	CE.3	0.895			
	CE.4	0.854			

Note: CA = Cronbach's alpha; CR = Composite reliability; AVE = Average variance extracted. Source: Primary data processed (2026)

Based on the results of the measurement model test, all indicators in each construct have loading factor values above the recommended minimum threshold of 0.70. The loading values for Service Quality range from 0.821 to 0.872, Corporate Image from 0.812 to 0.889, Customer Loyalty from 0.846 to 0.901, and Customer Experience from 0.825 to 0.895. These values indicate that each indicator is able to represent its construct adequately. In addition, the Cronbach's alpha and composite reliability values for all variables exceed 0.70, indicating strong internal consistency. The AVE values are also above 0.50, which means that the constructs meet convergent validity criteria. Thus, the measurement model can be declared valid and reliable for further structural model analysis (Hair et al., 2022).

Table 4. Heterotrait-Monotrait Ratio (HTMT)

Variable	1	2	3	4
1.Service Quality				
2.Corporate Image	0.791			
3.Customer Loyalty	0.756	0.812		
4.Customer Experience	0.624	0.688	0.703	

Source: Primary data processed (2026)

The discriminant validity test using the Heterotrait-Monotrait Ratio (HTMT) shows that all values are below the recommended threshold of 0.90. The HTMT value between Service Quality and Corporate Image is 0.791, between Service Quality and Customer Loyalty is 0.756, between Corporate Image and Customer Loyalty is 0.812, and between Customer Experience and Customer Loyalty is 0.703. These results indicate that each construct has good empirical distinction from other constructs. Therefore, the measurement model meets the criteria of discriminant validity and can be used in structural model testing.

Table 5. Goodness of Fit Index

Variable	R-square	Q ² predict
Corporate Image	0.541	0.423
Customer Loyalty	0.668	0.551

Source: Primary data processed (2026)

The structural model evaluation shows that the R-square value of Corporate Image is 0.541, meaning that Service Quality can explain 54.1% of the variation in Corporate Image. Meanwhile, Customer Loyalty has an R-square value of 0.668, which indicates that Service Quality, Corporate Image, and the interaction between Corporate Image and Customer Experience can explain 66.8% of the variation in Customer Loyalty. The Q²predict values for Corporate Image and Customer Loyalty are 0.423 and 0.551, respectively, both greater than zero. These results indicate that the model has good predictive relevance and adequate explanatory

ability, especially in explaining customer loyalty among hotel customers in Kendari City.

Table 6. Results of the Hypothesis Tests

Path	O	P	Decision
Service Quality → Corporate Image	0.736	0.000	Accepted
Corporate Image → Customer Loyalty	0.342	0.000	Accepted
Service Quality → Customer Loyalty	0.279	0.002	Accepted
Service Quality → Corporate Image → Customer Loyalty	0.252	0.000	Accepted
Customer Experience × Corporate Image → Customer Loyalty	0.148	0.015	Accepted

Note: O = Original sample. Source: Primary data processed (2026)

Based on the results of the hypothesis test, Service Quality has a positive and significant effect on Corporate Image with a coefficient of 0.736, a t-statistic of 18.214, and a p-value of 0.000. This result indicates that the better the service quality perceived by hotel customers, the stronger the corporate image of the hotel. Furthermore, Corporate Image has a positive and significant effect on Customer Loyalty with a coefficient of 0.342 and a p-value of 0.000. Service Quality also has a positive and significant direct effect on Customer Loyalty with a coefficient of 0.279 and a p-value of 0.002. These findings show that hotel customer loyalty is formed through both direct service evaluation and the image of the hotel as a credible and reputable service organization.

The indirect effect test shows that

Corporate Image mediates the influence of Service Quality on Customer Loyalty, with an indirect coefficient of 0.252 and a p-value of 0.000. This means that service quality can improve loyalty not only directly, but also indirectly by strengthening the hotel corporate image. In addition, the moderation test shows that the interaction between Customer Experience and Corporate Image has a positive and significant effect on Customer Loyalty, with a coefficient of 0.148 and a p-value of 0.015. This finding indicates that the effect of corporate image on loyalty becomes stronger when customers experience positive, memorable, and comfortable service interactions during their stay or use of hotel services.

DISCUSSION

The first finding shows that service quality has a positive and significant effect on corporate image. This result confirms that the quality of service received by customers becomes an important signal in shaping their perception of the hotel. When hotel employees provide reliable, responsive, friendly, and professional services, customers tend to develop a positive impression of the hotel as a company that is credible, competent, and customer-oriented. This finding is consistent with the view that service quality contributes to reputation and image formation in service organizations because customers evaluate corporate image based on repeated interactions and service evidence (Liat et al., 2014; Alnawas & Hemsley-Brown, 2019).

The second finding shows that corporate image has a positive and significant effect on customer loyalty. This means that hotel customers who perceive the hotel as reputable, trustworthy, and professional are more likely to reuse the service, recommend it to others, and prefer the same hotel in the future. In a competitive hotel market, customers often compare service providers based on image and reputation, especially when they have limited direct information about service quality before purchase. A positive corporate image reduces perceived risk and strengthens customer confidence,

which ultimately supports loyalty (Kandampully et al., 2015; Yusuf & Roslan, 2024).

The third finding indicates that service quality has a direct positive effect on customer loyalty. Customers who receive high-quality hotel services are more likely to return because they feel that the service meets or exceeds their expectations. In the hotel context, loyalty can arise when customers experience clean rooms, responsive employees, fast service, comfortable facilities, and a sense of safety. These elements create functional and emotional value that encourages customers to maintain a relationship with the hotel. This finding supports the broader service marketing literature, which argues that service quality remains one of the main predictors of repeat behavior and positive recommendation (Rather & Hollebeek, 2021; Pereira et al., 2025).

The fourth finding confirms that corporate image mediates the effect of service quality on customer loyalty. This means that the influence of service quality on loyalty becomes stronger when customers first form a positive image of the hotel. Service quality is not only evaluated as a technical service performance, but also becomes the basis for forming perceptions about the identity, credibility, and reputation of the hotel. A customer who receives good service may not only feel satisfied but also conclude that the hotel is a reliable organization. This image then encourages loyalty in the form of repeat visits and recommendations. Thus, corporate image acts as an important psychological mechanism connecting service performance and customer loyalty.

The fifth finding shows that customer experience moderates the relationship between corporate image and customer loyalty. This indicates that a positive corporate image produces stronger loyalty when customers also have a good experience during their interaction with the hotel. A hotel may have a good image, but loyalty will be more firmly established when

customers personally feel comfort, convenience, emotional satisfaction, and memorable service moments. This finding is in line with customer experience studies explaining that experience strengthens customer responses to brand and corporate evaluations because experience provides direct evidence that supports customer perceptions (Foroudi et al., 2022; Pires et al., 2024). Therefore, hotel managers should not rely only on reputation, but also need to ensure that customer experiences are consistently positive.

Overall, the results of this study show that customer loyalty in the hotel industry is formed through an integrated process involving service quality, corporate image, and customer experience. Service quality functions as the initial foundation because it provides concrete evidence of hotel performance. Corporate image functions as a mediating mechanism because it converts service quality into a broader perception of credibility and reputation. Customer experience functions as a strengthening condition because it determines whether a positive image will be translated into stronger loyalty behavior. For hotels in Kendari City, these findings indicate that loyalty strategies should combine operational service improvement, image management, and experience design across all customer touchpoints.

CONCLUSION

This study concludes that service quality has a positive and significant effect on corporate image and customer loyalty among hotel customers in Kendari City. Corporate image also has a positive and significant effect on customer loyalty. Furthermore, corporate image mediates the relationship between service quality and customer loyalty, while customer experience moderates the relationship between corporate image and customer loyalty. These findings indicate that hotel customer loyalty is not formed only through service quality directly, but also through the image created by the hotel and the

experience felt by customers during service interactions.

The practical implication of this study is that hotel management in Kendari City needs to improve service quality consistently through employee responsiveness, reliability, assurance, empathy, and the quality of physical facilities. Hotels also need to strengthen corporate image by maintaining reputation, transparency, professional communication, and positive customer reviews. In addition, customer experience should be designed as a strategic element by creating smooth reservation processes, friendly service encounters, comfortable rooms, memorable interactions, and effective complaint handling. From an academic perspective, this study contributes to service marketing literature by integrating mediation and moderation mechanisms in explaining customer loyalty in the hotel context.

This study has several limitations. First, the data were collected using a cross-sectional design, so the relationship between variables is interpreted based on statistical association at one point in time. Second, the research object is limited to hotel customers in Kendari City, so the findings may not be fully generalized to other cities or different hospitality segments. Future studies are recommended to use longitudinal designs, compare hotel categories, or add other variables such as customer satisfaction, perceived value, trust, price fairness, and electronic word of mouth to obtain a more comprehensive model of hotel customer loyalty.

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