Determinants of Guest House Yogyakarta Customer Loyalty: A Study of Location, Price, Satisfaction, and Service Quality

Muhammad Rifqi Pratama Rambe [1], Sumadi [2]

Abstract:

This research is generally to determine whether there is an influence of the variables of Location, Price, Satisfaction, and Service Quality on customer loyalty at Guest Houses in Yogyakarta. Specifically, this research aims to analyze the influence of location on customer loyalty, the influence of location on customer satisfaction, the influence of price on customer loyalty, the influence of price on customer satisfaction, the influence of satisfaction on customer loyalty, the influence of service quality on customer satisfaction and the influence of service quality on customer loyalty. The data used is primary data through questionnaires. The number of samples used in this research was 260 respondents. The sampling technique uses a non-probability sampling method which is done by convenience sampling. Data analysis was quantitatively descriptive and SEM analysis using AMOS 25.0. The results of this research indicate that location, price, and service quality have a positive and significant effect on customer satisfaction, and location, price, and service quality have a positive and significant effect on customer loyalty at the Yogyakarta Guest House.

Keywords: *Location, Price, Service Quality, Loyalty, Satisfaction*

1. Introduction

Yogyakarta Special Region (DIY) stands as one of Indonesia's major cities and the fourth-largest city in the southern part of Java Island, trailing only behind Bandung, Malang, and Surakarta. With the rise of DIY as a tourism hub and a city known for its student population, the proliferation of star hotels and guest houses, locally referred to as "jasmine," is on the upswing. According to data from the Central Statistics Agency (BPS) Yogyakarta (2022), the hotel count in Yogyakarta during the last census in 2019 included 163 star-rated hotels and 1817 non-star hotels. The advent of COVID-19 in early 2020 took a toll on the room occupancy rate (TPK), reaching its lowest point in April 2020 compared to other months that year. However, by 2022, the TPK had rebounded, achieving the highest percentage with 30.17 percent in May. In the face of escalating competition within this industry, guest houses are compelled to continuously enhance the strategies they conceive and implement. These strategies must be dynamic, aligning with the evolving needs and desires of customers. This

[1]*Management Program, Faculty of Economy,Universitas Islam Indonesia. Indonesia.*
mrifqirambe@gmail.com
[2]*Management Program, Faculty of Economy,Universitas Islam Indonesia. Indonesia.* sumadi@uii.ac.id

research aims to explore how guest houses can effectively address customer needs through location, price, satisfaction, and service quality strategies to foster customer loyalty.

According to Oliver (Sangadji & Sopiah, 2013), customer loyalty is characterized by a profound commitment on the part of customers to consistently re-engage or repurchase specific products or services in the future, despite potential influences from external factors or marketing efforts that could lead to behavioral changes. Guest houses, especially those in the service industry, need to prioritize service quality as it directly impacts customer loyalty. The conclusion of the guest house service sales process significantly influences whether customers are satisfied with the services provided. This aligns with the findings of research by David et al. (2007), demonstrating a positive correlation between customer satisfaction and loyalty.

The primary aim of business entities striving to bolster customer loyalty is to deliver high-quality service. As stated by Tjiptono (2007), Service Quality is a concerted effort to meet consumers' needs and desires with precision, aligning with consumer expectations. In general, a high level of service correlates with heightened satisfaction and increased repeat purchases. Hermawan et al. (2017a) affirm that service quality has a positive and significant influence on customer loyalty. Shah et al. (2020) assert that good-quality service results in customer satisfaction. Conversely, Budiarno et al. (2022) report a negative impact of service quality on customer satisfaction, while Octavia (2019) suggests that service quality does not directly affect customer loyalty. Research by Pramesti & Chasanah (2021) indicates that price does not positively influence consumer loyalty, contrasting with the findings of Ram et al. (2022), who prove that price affects satisfaction. On the other hand, Goranda et al. (2021) argue that price has a negative impact on customer loyalty. These results align with Pramesti & Chasanah's (2021) research, indicating that price does not positively affect consumer satisfaction. In the study by Arzena (2013), satisfaction with service quality does not significantly affect customer loyalty to PT. Bank Mandiri Tbk Muaro Padang Branch, while Lee's (2013) research reveals a positive and significant effect of company service quality on customer loyalty.

Furthermore, location emerges as a crucial factor in measuring customer loyalty. Research by Wangchan & Worapishet (2019) suggests that the location of guest houses can influence customer loyalty. The location can also serve as a gauge for a guest house's competitiveness (Heung et al., 2002). Alma (2003) defines location as the operational base of a guest house or the site where it conducts activities related to the production of goods and services with economic implications. Fitriyani et al. (2019) stress the importance of careful consideration of factors such as access, visibility, traffic, parking facilities, expansion opportunities, environment, competition, and government regulations when selecting a site. To achieve the guest house's ultimate goal of consumer loyalty, the choice of the right business location becomes imperative, impacting the overall success of the business operation (Apriliani & Giantari, 2017). Studies within the hospitality sector acknowledge the significance

of a guest house's location, emphasizing that accessibility via public transport and a well-connected geographical network attract customers (Hua et al., 2009).

Research by Dulkhatif et al. (2016) affirms that location significantly affects customer loyalty. Karomah et al. (2018) contend that location influences customer loyalty through satisfaction as an intervening variable. Conversely, Saputra's (2015) study suggests that location has a negative impact on customer loyalty, a viewpoint also echoed by Hasanuddin's research (2016), indicating that location negatively influences customer satisfaction.

According to Merriam-Webster's Dictionary, a guest house is a building used for guests (such as housing), managed as a boarding house, or a place to stay. Guest houses are rated from one to four stars (one to five diamonds in the UK), based on cleanliness levels. Guest houses are usually listed on various platforms to facilitate marketing. However, this exposure also means that a guest house may face stiff competition from other establishments on the same platform. This makes it easy for customers to compare the guest house with equivalent hotels. From the background description above, guest house management must proficiently analyze market conditions to serve as a benchmark, ensuring an increase in customer loyalty.

Research on factors influencing customer loyalty at Guest House Yogyakarta assumes paramount importance. This is due to Guest House Yogyakarta, as part of the hospitality industry, grappling with intensified competition to attract and retain customers. Through this research, we aim to comprehend the factors steering customers' decisions to remain loyal to a specific Guest House. The research's novelty lies in its focus on Guest House Yogyakarta as the object of study.

This research harbors several objectives, including analyzing the positive influence of location, price, and service quality on customer satisfaction and loyalty at Guest House Yogyakarta. Another objective is to elucidate and analyze the positive effect of customer satisfaction on customer loyalty at Guest House Yogyakarta. The research's significance lies in contributing to an enhanced understanding of the factors shaping customer satisfaction and loyalty within the Guest House industry. Theoretically, this research serves as a reference for future studies, expanding knowledge in the marketing field. Practically, the study's findings can guide Guest House managers in formulating effective marketing strategies, enhancing customer loyalty, and offering valuable insights to relevant agencies for crafting appropriate policies and programs for Guest Houses.

2. Theoretical Background

Customer Loyalty
Customer loyalty is a high commitment to repurchase a preferred product or service in the future (Oliver, 1999). In this case, it can be concluded that the understanding of loyalty is not only seen in how much customers buy but from how often customers

make repeat purchases and recommend others to buy. So, retailers are currently competing to reach their customers by creating loyalty.

Customer Satisfaction

Customer satisfaction is a feeling of pleasure or disappointment that arises when someone compares the perceived performance or results of a product or service with their previous expectations. According to Tjiptono (2019), this involves a comparison between expectations before purchase with perceptions of performance after purchase. Customer satisfaction measurement can be done through a variety of methods, including customer satisfaction surveys using semantic point scales, mystery shoppers posing as customers to evaluate services, and customer complaint analysis, which is important for identifying areas of product or service improvement. By understanding and measuring customer satisfaction, a company can improve the productivity, efficiency, and quality of its products or services.

Location

According to Heizer et al. (2014), the location serves as a driver of costs and revenues, thereby wielding the power to shape guest house business strategies. Meanwhile, as per Kotler, "Place includes company activities that make the product available to target consumers." This implies that if consumers are unaware of the products being marketed, it may lead to their non-engagement, resulting in poor guest house satisfaction. A less strategic location can also impact customer satisfaction, where good service quality alone may not suffice if the location is suboptimal, influencing consumer considerations. The findings of Lahap et al.'s study (2016) affirm that location plays a pivotal role in determining guest house satisfaction. Furthermore, Cristian & Raluca (2012) provide evidence that the location of guest houses significantly affects customer satisfaction.

Price

The definition of price, as presented by Pharisee & Siregar (2020), is that it represents the value of an item expressed in monetary terms. The prevailing perception is that high prices reflect high quality. Guest houses need to carefully consider setting the selling price of their products appropriately because an incorrect pricing strategy may deter potential buyers. Determining the selling price of goods correctly does not necessarily mean that the price must be set low or as low as possible (Harini, 2009).

Price is deemed the most crucial factor conditioning customer loyalty, as customers typically evaluate the value of the services received in relation to the price. An increase in service prices is more acceptable to customers if the service provides greater satisfaction, ultimately enhancing consumer loyalty. Conversely, low prices can be employed to create a certain perceived value of satisfaction. From the consumer perspective, price, according to Bei & Chiao (2001), is something given or sacrificed to obtain a product or service. When consumers perceive that the price of a product or service is reasonable, it ensures a higher likelihood of repeat buying behavior.

Quality of Service

Mauldin (2013) suggests that service quality is the disparity between reality and consumer expectations concerning the subscriptions they receive or acquire. The definition of service, according to Kotler as cited by Mardikawati and Farida (2014) in the journal by Musyaffa and Emmywati (2018), is any action or activity offered by one party to another that is intangible and does not result in ownership. Its production can be linked or not linked to a specific physical product. Meanwhile, according to Supranta as cited by Mardikawati and Farida (2014) in the journal by Musyaffa and Emmywati (2018), quality is a term that, for service providers, signifies the imperative of delivering services effectively.

Customer Satisfaction
According to Kotler (1997), "Satisfaction is a person's feelings of pleasure or disappointment that result from comparing a product or service's perceived performance to expectations". What has the meaning of satisfaction is a person's feeling of pleasure or disappointment resulting from comparing the perceived performance of a product or service with expectations. The satisfaction of a consumer will further increase the name of the product or guest house name in the minds of consumers. Satisfaction is important for any organization, because of its ability to influence customer perception of the goods and services offered (Zeithaml et al., 2018).

3. Methodology

The population of this study involved all individuals who had stayed at guest houses in Yogyakarta, while the sample was selected using the convenience sampling method. The minimum sample size required in this study was 255 respondents. The data used in this study are quantitative and are primary data obtained through questionnaires. This research is located in the city of Yogyakarta with the object of research in the form of a guest house, and the subject is consumers or customers who stay at guest houses. These variables have been operationalized and measured using a questionnaire prepared on a Likert scale. The validity test results show that all questionnaires in these variables are valid, so they can be used in this study. The population of this study involves all individuals who have stayed at guest houses in Yogyakarta, while the sample was selected using the convenience sampling method. The validity test results show that all questionnaires in these variables are valid, so they can be used in this study. All research instruments, including questionnaires, have been tested for validity using Product Moment Correlation. The validity test results show that all questionnaires in the variables of location, price, customer satisfaction, service quality, and customer loyalty are valid, so they can be used in this study.

Overall, this research combines reliability testing, SEM analysis, validity testing, reliability testing, hypothesis testing, and mediation testing to gain a deep understanding of the phenomenon under study. The results of all these tests will

provide valuable information to answer research questions and draw valid conclusions.

4. Empirical Findings/Result

Descriptive Analysis of Statistical Assessment of Research Variables

The assessment uses a five-point Likert scale which is the lowest in STS responses (one point) to the highest in SS responses (five points). The calculation of the criteria is:

Lowest value: one

Highest score: five

$$\text{Interval: } \frac{5-1}{5} = 0,80$$

Table 1. Validity Test Results

No	Location Variable Indicators	Average	Criterion
1	Guest House in Yogyakarta has a convenient location	3.83	Good
2	Guest House in Yogyakarta has accessibility close to several public facilities	3.82	Good
3	The environment around Guest House in Yogyakarta is good	3.80	Good
4	Guest House in Yogyakarta has accessibility close to tourist sites	3.79	Good
	Average	3,81	Good

No	Price Variables Indicators	Average	Criterion
1	The price offered by Guest House in Yogyakarta is in accordance with the value obtained by customers	3.97	Good
2	Price policy that is in line with the quality of Guest Houses in Yogyakarta	4.03	Good
3	The price of services and products such as rooms, amenities Guest House in Yogyakarta is low	3.91	Good
	Average	3,97	Good

No	Service Quality Variables Indicators	Average	Criterion
1	The guest house provides a comfort guarantee to customers	3.93	Good
2	Guest house employees are reliable in serving customers	3.90	Good
3	Guest house employees are punctual in responding to customers	3.95	Good
4	Guest house employees have attention and concern for customers	3.95	Good
5	Guest houses have basic services for customers	3.92	Good
6	There is no disappointment for customers who visit and stay at the guest house because it has met customer expectations	3.90	Good
	Average	3,93	Good

No	Satisfaction Variables Indicators	Average	Criterion

1	The level of customer satisfaction with a strategic location	4.15	Good
2	The level of customer satisfaction with the physical performance of attractive buildings and quality Guest Houses	4.15	Good
3	The level of customer satisfaction with the price and discounts offered	4.15	Good
4	Customer satisfaction with the overall service received	4.16	Good
	Average	4,15	Good
Customer Loyalty Variables			
No	Indicators	Average	Criterion
1	With all the services in the Guest House, customers who have come to give a positive response will recommend it to the surrounding circles	4.12	Good
2	With all the services in the Guest House, customers who have come will recommend to the surrounding circles	4.17	Good
3	With all the services available in the Guest House, Encourage customers to make a purchase.	4.18	Good
4	With all the services available in the Guest House, customers will consider being the first choice in renting a guest house.	4.15	Good
5	With all the services available in the Guest House, customers have the desire to buy again in the future.	4.17	Good
	Average	4,15	Good

Source: Primary Data Processing Results (2023)

Based on the table 1, it can be seen that the results of descriptive statistical analysis on the variables Location, Price, Quality of Pelayam, and Satisfaction have an average respondent assessment of 3.81 which is included in the good category.

Causality Analysis with SEM Approach
Analysis that uses statistical test tools that aim to prove the proposed hypothesis is statistical analysis. In this study, the statistical analysis test used was Structural Equation Modeling (SEM). SEM analysis performed with the help of software to perform calculations is AMOS 25. The following are the steps used to perform analysis with the SEM model:

Theory-Based Model Development
The development of the model in this study is based on the concept of data analysis which has been explained in Chapter II. In general, this panel model consists of three independent variables (exogenous), namely location (LO), price (HA), and service quality (KP), and two dependent variables (endogenous), namely satisfaction (KEP) and customer loyalty (LOY).

Constructing Path Diagrams and Structural Equations
The next stage is to compile cause-and-effect relationships using path diagrams and construct structural equations. The theoretical model that has been compiled, is described in a path diagram to make it easier to find out the causality to be tested. After that, the theoretical model is translated into structural equations. Each endogenous construct is a dependent variable in a separate equation. Then the

independent variable is all constructs that connect to endogenous constructs. Based on the research framework described in the previous chapter, the structural equation is obtained as follows:
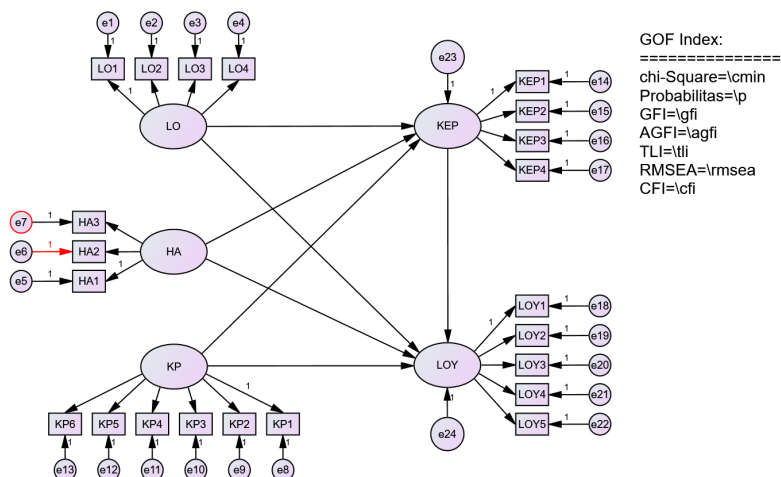

Figure 1. Structural Diagram

Selecting Matrix Input Types and Estimation
The model carried out by the proposal in the study uses input data, namely the covariance matrix or variance/correlation matrix. Covariance matrices have advantages over correlation matrices to provide comparative validity among populations or samples that are not the same. Sample size is one of the determinants in calculations carried out to produce the basis for estimating sampling errors. The minimum recommended sample size is 5 – 10 observations for each estimated parameter. If the estimated parameters are 20, then the minimum number of samples is 100 – 200. In this study the number of respondents used as a sample was 260 people, thus meeting the recommended number.

Data Quality Test

Table 2. Normality Test Results

Variable	min	max	skew	c.r.	kurtosis	c.r.
LOY5	1.000	5.000	-.835	-5.500	.694	2.283
LOY4	1.000	5.000	-.736	-4.845	.330	1.087
LOY3	1.000	5.000	-.740	-4.872	.710	2.336
LOY2	1.000	5.000	-.754	-4.964	.649	2.136
LOY1	1.000	5.000	-.803	-5.285	.491	1.615
KEP4	1.000	5.000	-.828	-5.454	.545	1.794
KEP3	1.000	5.000	-.739	-4.867	.686	2.258
KEP2	2.000	5.000	-.536	-3.528	-.176	-.581
KEP1	2.000	5.000	-.691	-4.547	-.045	-.148
KP6	1.000	5.000	-.465	-3.063	.624	2.054

Variable	min	max	skew	c.r.	kurtosis	c.r.
KP5	1.000	5.000	-.338	-2.226	-.057	-.187
KP4	1.000	5.000	-.474	-3.123	.005	.015
KP3	2.000	5.000	-.442	-2.912	-.277	-.913
KP2	2.000	5.000	-.041	-.268	-.849	-2.793
KP1	1.000	5.000	-.492	-3.241	.071	.235
HA3	1.000	5.000	-.479	-3.152	-.292	-.962
HA2	1.000	5.000	-.510	-3.358	-.123	-.406
HA1	2.000	5.000	-.206	-1.357	-.901	-2.965
LO4	2.000	5.000	-.229	-1.505	-.506	-1.665
LO3	2.000	5.000	-.333	-2.191	-.576	-1.895
LO2	1.000	5.000	-.319	-2.101	-.170	-.561
LO1	1.000	5.000	-.434	-2.859	.122	.402
Multivariate					-9.858	-2.446

Source: Primary Data Processing Results (2023)

Based on Table 2, the normality test results show that the majority of univariate data distribution is normally distributed because the critical ratio (C.R) values for kurtosis (pointiness) and skewness (skewelancing), are in the range of ± 2.58. While multivariate data meets normal assumptions because the value of -2.446 is in the range of ± 2.58.

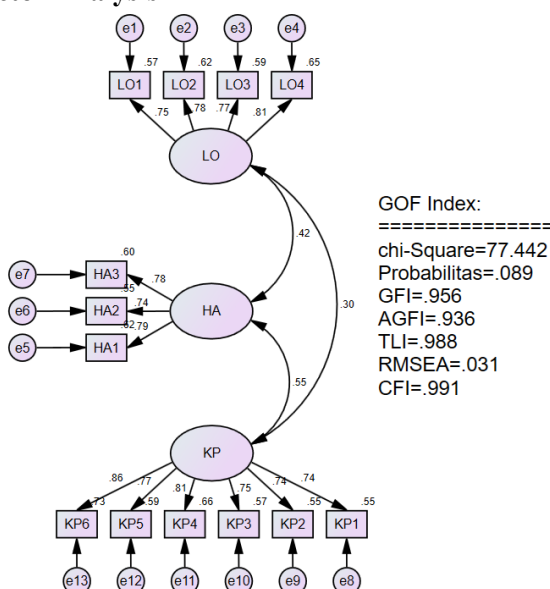**Confirmatory Factor Analysis**

Figure 2. Results of Exogenous Varoabel Confirmatory Analysis

In the confirmatory analysis of exogenous variables consisting of location, price, and service quality variations, there are three basic tests carried out, namely suitability tests, reliability tests, and validity.

Goodness of Fit (GOF) Conformity Evaluation
The results of model alignment testing (GOF) on confirmatory exogenous variable analysis factors can be shown in Table 3 below:

Table 3. Goodness of Fit Conformity Test Results of Exogenous Variables

Goodness of Fit Index	Cut-off value	Research Model	Information
Chi-Square	Minimum	77,442	Fit
Probability	> 0,05	0,089	Fit
GFI	≥ 0.90	0,956	Fit
AGFI	≥ 0.90	0,936	Fit
TAG	≥ 0.90	0,988	Fit
RMSEA	≤ 0.08	0,031	Fit
CFI	> 0.90	0,991	Fit

Source: Primary Data Processing Results (2023)

Based on Table 3 of endogenous variable GOF test results contained in the study. The results prove that in most of the criteria in this study, each variable is under the GOF criteria. Thus, all indicators representing variables in the study are fit.

Validity Test
The results of exogenous validity testing can be shown in Table 4.

Table 4 Results of Exogenous Variable Loading Factor Value

Construct			Factor Loading	Information
Location	→	LO1	.752	Valid
Location	→	LO2	.785	Valid
Location	→	LO3	.769	Valid
Location	→	LO4	.806	Valid
Price	→	HA1	.789	Valid
Price	→	HA2	.741	Valid
Price	→	HA3	.777	Valid
Quality of Service	→	KP1	.739	Valid
Quality of Service	→	KP2	.742	Valid
Quality of Service	→	KP3	.754	Valid
Quality of Service	→	KP4	.814	Valid
Quality of Service	→	KP5	.769	Valid
Quality of Service	→	KP6	.856	Valid

Source: Primary Data Processing Results (2023)

Based on the test results of the exogenous variable construct model in Table 4 above, it proves that the question indicator representing the exogenous variable has a value of ≥ 0.50. Thus, it can be concluded that all question indicators on exogenous variables consisting of Location, Price, and Service Quality are declared valid and there are no missing indicators.

Table 5. Construct Reliability Test Results

Variable	Indicator	Loading Factor	Loading Factor2	1-Loading Factor2	Construct Reliability
Location	LO1	0,750	0,566	0,434	
	LO2	0,785	0,616	0,384	
	LO3	0,769	0,591	0,409	0,860
	LO4	0,806	0,650	0,350	
	Σ	3,112		1,577	
Price	HA1	0,789	0,623	0,377	
	HA2	0,741	0,549	0,451	0,813
	HA3	0,777	0,604	0,396	
	Σ	2,307		1,225	
Quality of Service	KP1	0,739	0,546	0,454	
	KP2	0,742	0,551	0,449	
	KP3	0,754	0,569	0,431	
	KP4	0,814	0,663	0,337	0,903
	KP5	0,769	0,591	0,409	
	KP6	0,856	0,733	0,267	
	Σ	4,764		2,348	

Source: Primary Data Processing Results (2023)

In Table 5 there are construct reliability results from exogenous variables in this study, with the results showing construct reliability values ≥ 0.7. Based on the results of testing the reliability of exogenous variables, it can be concluded that the entire research instrument is reliable so that it can be used in this study.

Confirmatory Factor Analysis of Endogenous Variables
The results of the confirmatory analysis conducted on the endogenous variable are described below:
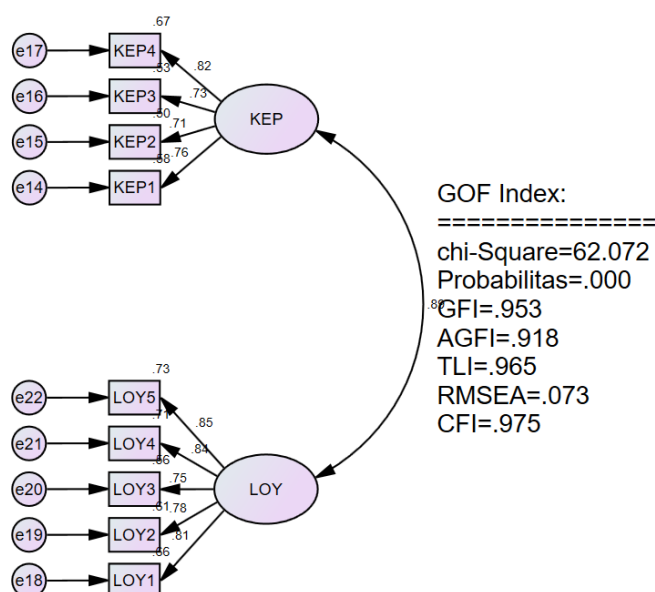
Figure 3. Results of Endogenous Varoabel Confirmatory Analysis

In the confirmatory analysis of endogenous variables consisting of Customer Satisfaction and Loyalty variables, there are three basic tests carried out, namely suitability tests, validity tests, and reliability tests.

Goodness of Fit Conformity Evaluation (GOF)
The results of model conformity testing (Goodness of Fit) on confirmatory endogenous variable analysis factors can be shown in table 4.19 below:

Table 6. Endogenous Variable Goodness of Fit Conformity Test Results

Goodness of Fit Index	Cut-off value	Research Model	Information
Chi-Square	Minimum	62,072	Marginal
Probability	> 0,05	0,000	Marginal
GFI	≥ 0.90	0,953	Fit
AGFI	≥ 0.90	0,918	Fit
TLI	≥ 0.90	0,965	Fit
RMSEA	≤ 0.08	0,073	Fit
CFI	> 0.90	0,975	Fit

Source: Primary Data Processing Results (2023)

Based on Table 6 of the results of the goodness of fit testing endogenous variables in the study. The results showed that most of the criteria in this study on each variable had met the criteria of goodness of fit. Thus, all indicators representing variables in this study have been fit.

Validity Test

The results of endogenous validity testing can be shown in table 4.20 below:

Table 7. Results of Endogenous Variable Loading Factor Value

Construction			Factor Loading	Information
Satisfaction	→	KEP1	.762	Valid
Satisfaction	→	KEP2	.709	Valid
Satisfaction	→	KEP3	.727	Valid
Satisfaction	→	KEP4	.818	Valid
Customer Loyalty	→	LOY1	.812	Valid
Customer Loyalty	→	LOY2	.781	Valid
Customer Loyalty	→	LOY3	.745	Valid
Customer Loyalty	→	LOY4	.842	Valid
Customer Loyalty	→	LOY5	.852	Valid

Source: Primary Data Processing Results (2023)

Based on the test results of endogenous variable construct models in Table 7 prove that the question indicator representing the endogenous variable has a value of ≥ 0.50. Thus, it can be concluded that all question indicators on endogenous variables consisting of Customer Satisfaction and Loyalty are declared valid and there are no missing indicators.

Reliability Test

The results of reliability testing can be shown in table 8. below:

Table 8. Construct Reliability Test Results

Variable	Item	Loading Factor	Loading Factor2	1-Loading Factor2	Construct Reliability
Satisfaction	KEP1	0.762	0.581	0.419	
	KEP2	0.709	0.503	0.497	
	KEP3	0.727	0.529	0.471	0,841
	KEP4	0.818	0.669	0.331	
	Σ	3,016		1,719	
Customer Loyalty	LOY1	0.812	0.659	0.341	
	LOY2	0.781	0.610	0.390	
	LOY3	0.745	0.555	0.445	0,903
	LOY4	0.842	0.709	0.291	
	LOY5	0.852	0.726	0.274	
	Σ	4,032		1,741	

Source: Primary Data Processing Results (2023)

In Table 8 There are construct reliability results from endogenous variables in this study, with the results showing construct reliability values ≥ 0.7. Based on the results

of endogenous variable reliability testing, it can be concluded that the entire research instrument is reliable so that it can be used in this study.
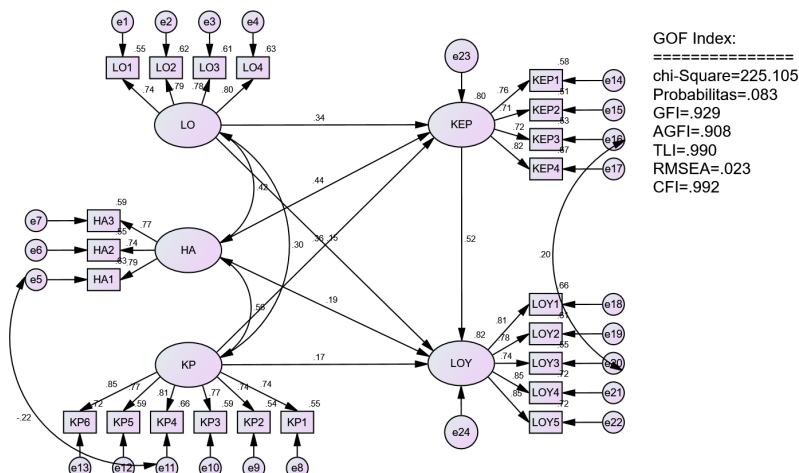
Stuctural Equation Model

In this study, the SEM (Structural Equation Model) analysis model was used to understand the effect of price, location, satisfaction, and service quality on customer loyalty.

Path Diagram
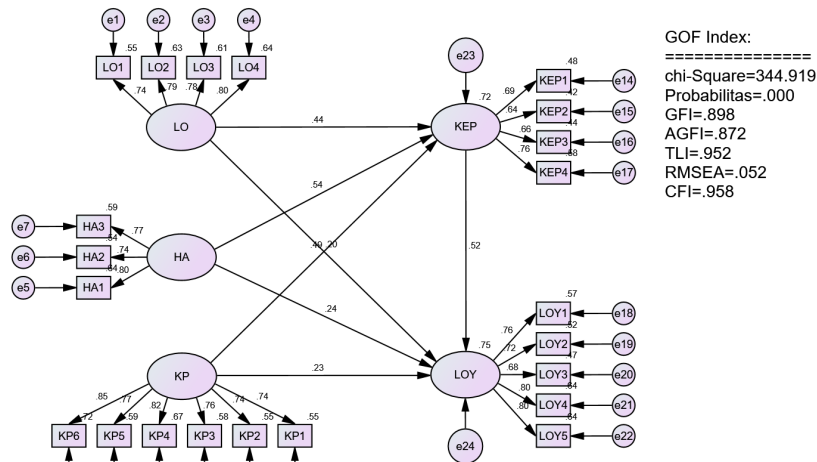
Figure 4. Structural Model Analysis Results before Modification

Figure 5. Structural Model Analysis Results after Modification

Evaluation of Goodness of Fit (GOF) Criteria

Assessing the goodness of fit is used to understand to what extent the hypothesized model matches the data sample. GOF results are shown in the data below:

Early Model Goodness of Fit (GOF) Testing

The results of the initial GOF test model in this study can be shown in table 9. below:

Table 9. Goodness of Fit Test Results of Exogenous Variables

Goodness of Fit Index	Cut-off value	Research Model	Information
Chi-Square	Minimum	344,919	Not Fit
Probabilitas	> 0,05	0,000	Not Fit
GFI	≥ 0.90	0,898	Not Fit
AGFI	≥ 0.90	0,872	Not Fit
TLI	≥ 0.90	0,952	Fit
RMSEA	≤ 0.08	0,052	Fit
CFI	> 0.90	0,958	Fit

Source: Primary Data Processing Results (2023)

Based on the results of testing the GOF model of the initial research model in table 9, it can be seen that 4 criteria indicate the model does not fit, namely Chi-Square, Probability, GFI, and AGFI. 3 criteria indicate a fit model, namely TLI, RMSEA, and CFI. Furthermore, model modifications must be carried out to obtain alternative model results with GOF criteria.

Goodness of Fit (GOF) Testing of Modified Models

The results of the GOF test model after modification in this study can be shown in table 10 below:

Table 10 Goodness of Fit Test Results of Exogenous Variables

Goodness of Fit Index	Cut-off value	Research Model	Information
Chi-Square	Minimum	225,105	Fit
Probability	> 0,05	0,083	Fit
GFI	≥ 0.90	0,929	Fit
AGFI	≥ 0.90	0,908	Fit
TLI	≥ 0.90	0,990	Fit
RMSEA	≤ 0.08	0,023	Fit
CFI	> 0.90	0,992	Fit

Source: Primary Data Processing Results (2023)

Based on the test results of the goodness of fit model of the research model after being modified in table 10 above, it can be seen that the model criteria show fit results, namely Chi-Square, Probability, GFI, AGFI, TLI, RMSEA, and CFI. Thus showing that the research model has been fit and the model is acceptable.

Furthermore, in this research model, there is also a mediating variable (intervening), namely customer satisfaction. Customer satisfaction is a variable mediator in the influence of location, price, and service quality on customer loyalty. To determine the significance of the role of mediator variables, Sobel Test testing analysis can be used. The Sobel test can be performed by testing the strength of the indirect influence X to Y through M. The mediating effect is expressed significantly if the value of sig. < 0.05 and t-statistic > 1.96. Mediation testing can be described in the results below:

1. The mediating role of Customer Satisfaction on the effect of Location on Customer Loyalty

Input:		Test statistic:	Std. Error:	p-value:
a 0.345	Sobel test:	3.23598771	0.06130277	0.00121223
b 0.575	Aroian test:	3.20365097	0.06192154	0.00135697
s_a 0.059	Goodman test:	3.26932383	0.06067768	0.00107805
s_b 0.148	Reset all		Calculate	

Figure 4. Sobel Test Results the Effect of Location on Customer Loyalty Through Customer Satisfaction

Based on the results of mediation testing on the effect of location on customer loyalty through customer satisfaction with Sobel test analysis, it proved that the t-statistic value was 3.235 > 1.96 and a significant value of 0.000 < 0.05. This means that customer satisfaction can mediate the effect of location on customer loyalty and is significant.

2. The mediating role of Customer Satisfaction on the effect of Price on Customer Loyalty

Input:		Test statistic:	Std. Error:	p-value:
a 0.413	Sobel test:	3.30070152	0.07194683	0.00096443
b 0.575	Aroian test:	3.27069535	0.07260688	0.00107283
s_a 0.066	Goodman test:	3.33154898	0.07128066	0.00086364
s_b 0.148	Reset all		Calculate	

Figure 5. Sobel Test Results the Effect of Price on Customer Loyalty through Customer Satisfaction

Based on the results of mediation testing on the effect of price on customer loyalty through customer satisfaction with Sobel test analysis showed that the t-statistic value was 3.300 > 1.96 and the significance value was 0.000 < 0.05. This means that customer satisfaction can mediate the effect of price on customer loyalty and is significant.

3. The mediating role of Customer Satisfaction on the effect of Service Quality on Customer Loyalty

Input:		Test statistic:	Std. Error:	p-value:
a	0.361	Sobel test: 3.19960493	0.0648752	0.00137616
b	0.575	Aroian test: 3.16603767	0.06556302	0.00154531
s_a	0.064	Goodman test: 3.23426301	0.06418	0.00121957
s_b	0.148	Reset all	Calculate	

Figure 6 Sobel Test Results the Effect of Service Quality on Customer Loyalty through Customer Satisfaction

Based on the results of mediation tests on the effect of service quality on customer loyalty through customer satisfaction using Sobel test analysis, it proved that t-statistical values were 3.199 > 1.96 and significant values of 0.001 < 0.05. This means that customer satisfaction can mediate the effect of service quality on customer loyalty and is significant.

5. Discussion

The Effect of Location on Customer Satisfaction at Guest House Yogyakarta
The results of this study prove that location has a positive and significant effect on customer satisfaction staying at guest houses in Yogyakarta. An optimal location can provide guests with a better experience and contribute to higher levels of satisfaction. Factors such as accessibility to famous tourist attractions, ease of access to public transportation, and the presence of important facilities around the Guest House have a positive impact. In addition, safety aspects and the quality of the surrounding environment also play an important role in creating a pleasant experience for guests. Having Guest Houses located close to popular tourist attractions and business destinations can save guests time and effort in their travels. This helps to increase guest satisfaction and ensure that they have a positive stay in Yogyakarta. Therefore, Guest House owners and managers in Yogyakarta should consider location as one of the key factors in maintaining and improving customer satisfaction levels. By choosing a strategic location and ensuring accessibility and good environmental quality, they can create greater appeal for guests and build a positive reputation in the hospitality industry. The results of this study are in accordance with research (Lahap et al., 2016) which proves that location can determine good satisfaction for guest houses. Other research by (Cristian & Raluca, 2012) also shows that company location affects customer satisfaction. A location that supports and facilitates customer access to their main destination will increase their comfort and satisfaction.

The Effect of Location on Customer Loyalty at Guest House Yogyakarta
The results of this study prove that location has a positive and significant effect on customer loyalty to stay at guest houses in Yogyakarta. This research shows that a strategic location, with good accessibility to famous tourist attractions, business areas,

as well as public facilities, contributes significantly to customers' desire to return to stay at the same Guest House. The existence of a Guest House located close to tourist destinations or business centers makes guests' trips more convenient and efficient. This creates a positive experience that influences customer satisfaction and increases their likelihood of choosing the same Guest House in their next visit. Therefore, Guest House owners and managers in Yogyakarta should recognize the importance of a suitable and strategic location in building customer loyalty. They can utilize this information by maintaining or improving facilities and services around the Guest House to meet guests' needs. Thus, they can ensure that customers are satisfied with the location and facilities provided, which in turn will strengthen their loyalty to the Guest House. The results of this study are in accordance with research (Dulkhatif et al., 2016) which states that location has a significant effect on customer loyalty. Other research by (Karomah et al., 2018) also states that location affects customer loyalty. Thus, it will be able to bring customers who have high loyalty by staying back on future visits and also recommending to others..

The Effect of Price on Customer Satisfaction at Guest House Yogyakarta
The results of this study prove that price has a positive and significant effect on customer satisfaction when staying at a Yogyakarta guest house. This study reveals that prices that are affordable and in accordance with the quality of services and facilities offered by the Guest House have a positive and significant influence on customer satisfaction. Guests who feel that the price they pay is proportional to the value they receive tend to be more satisfied with their stay. Reasonable and affordable prices create a customer perception that they are getting good value for their money, which in turn increases their level of satisfaction. Therefore, Guest House owners and managers in Yogyakarta need to carefully consider their pricing, which should reflect the quality and facilities offered. By keeping prices competitive and in line with the value provided to customers, Guest Houses can ensure that guests feel satisfied during their stay, which will then have a positive impact on customer loyalty and the chances of repeat visits in the future. This means that the suitability of the price set by the guest house with the quality offered will be able to increase the satisfaction felt by customers. The results of this study are under the research of Lourenço et al (2015) proving that price has a positive influence on the level of satisfaction felt by customers. Another study by (Purba & Demou, 2019) also found that price has a positive influence on customer satisfaction. Improper pricing, which is considered not in accordance with the ability and value that will be obtained by customers, will reduce customer satisfaction.

The Effect of Price on Customer Loyalty at Guest House Yogyakarta
The results of this study prove that price has a positive and significant effect on customer loyalty staying at Yogyakarta guest houses. Price has a very important role in influencing the loyalty of customers staying at Guest House in Yogyakarta. This study reveals that prices that are affordable and in accordance with the quality of services and facilities offered by the Guest House have a positive and significant influence on customer loyalty. Customers who feel that the price they pay is

comparable to the benefits and quality received tend to tend to return to stay at the same place. Fair prices create a customer perception that they are getting good value for money, and this contributes to their intention to choose the same Guest House in the future. Therefore, Guest House owners and managers in Yogyakarta need to pay attention to their pricing strategies to match the standards and benefits offered. By maintaining competitive and affordable prices, they can ensure that customers will remain loyal and likely to return to stay at their Guest House, ultimately increasing their business sustainability and long-term success. The results of this study are under research (Hermawan et al., 2017b) which proves that price has a positive effect on customer loyalty. Another study by (Indriyati et al., 2019) also proves that there is a positive and significant effect of price on customer loyalty. When customers perceive that the price they pay matches or even exceeds the value they receive, it will lead to high loyalty. This behavior can be shown by making future overnight visits or recommending it to others.

The Effect of Service Quality on Customer Satisfaction at Guest House Yogyakarta
The results of this study prove that service quality has a positive and significant effect on customer satisfaction staying at guest houses in Yogyakarta. This study shows that customers who are satisfied with the quality of service provided by the Guest House tend to have a high level of satisfaction. Friendly, responsive, efficient and high-quality service creates a positive experience for customers. Well-maintained facilities, cleanliness, and the availability of helpful staff are factors that increase customer satisfaction. Customers who are satisfied with the service have a higher propensity to return and stay again at the same Guest House in the future. Therefore, Guest House owners and managers in Yogyakarta need to continuously improve and maintain their service quality standards. By providing a satisfying experience to each guest, they can ensure high customer satisfaction and customer intention to return, which in turn supports the growth and success of their business. The results of this study are in accordance with the research of Liung and Syah (2017) found the results that good service quality will make customers. Also supported by other research by (Indriyati et al., 2019) also states that service quality has a positive influence on customer satisfaction. Memorable experiences from the services offered to customers will form positive emotions in customers towards service providers. Thus, the better the service quality of the guest house will lead to high customer satisfaction.

The Effect of Service Quality on Customer Loyalty at Guest House Yogyakarta
The results of this study prove that service quality has a positive and significant effect on customer loyalty staying at Yogyakarta guest houses. This research shows that when customers are satisfied with the quality of service provided by the Guest House, they tend to become loyal customers who will return to stay at the same place in the future. Factors such as staff friendliness, service efficiency, cleanliness, and availability of good facilities greatly influence the customer experience. Customers who feel well served and comfortable during their stay have a high tendency to choose the same Guest House again in their next visit. Therefore, for Guest House owners

and managers in Yogyakarta, maintaining and improving their service quality is key to building strong customer loyalty. By providing a positive and quality experience to each customer, they can ensure that customers are not only satisfied, but also have a strong intention to return, ultimately contributing to the long-term success of their business. The results of this study are below the findings of (Hermawan et al., 2017) which prove that there is a positive and significant effect of service quality on customer loyalty. Other findings by Thirarut (2019) also state that service quality has a positive influence on customer loyalty. This means that the better service quality is perceived by customers, will form a long-term relationship with the service provider. Thus, good service quality from the guest house will be able to increase customer loyalty.

The Effect of Customer Satisfaction on Customer Loyalty at Guest House Yogyakarta
The results of this study prove that customer satisfaction has a positive and significant effect on customer loyalty in staying at Yogyakarta guest houses. The results of this study indicate that when customers feel satisfied with their stay, they tend to have a strong intention to return to stay at the same place in the future. Factors such as good location, competitive prices, and satisfactory service quality greatly contribute to customer satisfaction. Customers who feel that their expectations are met and that they are given good value for the money they pay, have a tendency to choose the same Guest House again in their next visit. Therefore, for Guest House owners and managers in Yogyakarta, maintaining and improving customer satisfaction is an important strategy to build strong customer loyalty. By providing a positive and satisfying experience to each customer, they can ensure that customers not only return, but also recommend their place to others, ultimately contributing to the long-term success of their business. The results of this study are below the findings of (Lai, 2019) which found that guest house satisfaction has a positive and significant influence on customer loyalty. Another study by (Zeithaml et al., 2018) also showed results that customer satisfaction has a positive effect on customer loyalty. Satisfaction is crucial for all companies, because of its ability to influence consumer views of the services and goods offered (Zeithaml et al., 2018). Customers who get satisfaction with the services they receive will be able to create higher loyalty by visiting and staying again in the future.

6. Conclusions

The results showed that location, price, and service quality have a positive and significant influence on customer satisfaction and customer loyalty at Guest House Yogyakarta. This shows the importance of efforts to maintain and improve service quality and maintain prices in accordance with the experience felt by customers. This research provides a valuable insight for Guest House owners in Yogyakarta to improve the customer stay experience and create stronger loyalty. Therefore, Guest House owners and managers should continue to prioritize training and development of their staff. Improving service quality includes friendliness, speed of service, room

cleanliness, and responsiveness to customer needs. They can also conduct regular training and collect customer feedback to understand areas where improvements are needed. However, this study also has some limitations. First, the research focuses only on Guest Houses in Yogyakarta, so the results of this study cannot be generalized to other cities or regions. Second, this research does not focus on one particular Guest House, so variations in location, price, facilities, and service quality between Guest Houses cannot be considered properly. Third, the number of samples used is relatively small so that it can limit the adequacy of representation of Yogyakarta Guest House consumers. For future research, it is recommended that Guest House managers in Yogyakarta continue to improve service quality and maintain prices in accordance with the quality offered. In addition, research can consider conducting direct interviews with respondents to get more information. Furthermore, research can expand the sample coverage by including customers from outside Yogyakarta. Finally, research can add other factors such as promotion, brand image, and word-of-mouth (E-WOM) in analyzing customer satisfaction and loyalty in guest houses.

References:

Arzena, D. M. (2013). Pengaruh Kepuasan atas Kualitas Pelayanan dan Kepercayaan terhadap Loyalitas Nasabah PT. Bank Mandiri Tbk Cabang Muaro Padang. *Jurnal Manajemen*, *2*(02).

Bei, L.-T., & Chiao, Y.-C. (2001). An integrated model for the effects of perceived product, perceived service quality, and perceived price fairness on consumer satisfaction and loyalty. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, *14*, 125–140.

Budiarno, B., Udayana, I. B. N., & Lukitaningsih, A. (2022). Pengaruh Kualitas Layanan, Kualitas Produk Terhadap Kepuasan Pelanggan Dalam Membentuk Loyalitas Pelanggan. *Equilibrium: Jurnal Penelitian Pendidikan Dan Ekonomi*, *19*(02), 226–233. https://doi.org/10.25134/equi.v19i02.4531

Cristian, D. D., & Raluca, B. (2012). Empirical research on the impact of location and service on the retail brand image. *Annals of the University of Oradea, Econimic Science Series*, 813–819.

David, P., Bloom, M., & Hillman, A. J. (2007). Investor activism, managerial responsiveness, and corporate social performance. *Strategic Management Journal*, *28*(1), 91–100.

Dulkhatif, D., Haryono, A. T., & Warso, M. M. (2016). Pengaruh Kualitas Pelayanan, Kepuasan Pelanggan dan Lokasi terhadap Loyalitas Pelanggan pada penyedia jasa internet Study PT Noken Mulia Tama Semarang. *Journal Of Management*, *2*(2).

Fitriyani, S., Murni, T., & Warsono, S. (2019). Pemilihan Lokasi Usaha dan Pengaruhnya Terhadap Keberhasilan Usaha Jasa Berskala Mikro dan Kecil. *Managament Insight: Jurnal Ilmiah Manajemen*, *13*(1), 47–58.

Goranda, I. R., Nurhayati, P., & Simanjuntak, M. (2021). Analysis of consumer satisfaction and loyalty factors with crm approach in agribusiness e-commerce company. *Journal of Consumer Sciences*, *6*(2), 111–128. https://doi.org/10.29244/jcs.6.2.111-128

Heizer, J. H., Render, B., & Munson, C. (2014). Operations management: sustainability and supply chain management. *(No Title)*.

Hermawan, B., Basalamah, S., Djamereng, A., & Plyriadi, A. (2017a). *Effect of service quality and price perception on corporate image, customer satisfaction and customer loyalty among mobile telecommunication services provider.*

Hermawan, B., Basalamah, S., Djamereng, A., & Plyriadi, A. (2017b). *Effect of service quality and price perception on corporate image, customer satisfaction and customer loyalty among mobile telecommunication services provider.* https://doi.org/10.21013/jmss.v8.n1.p7

Heung, V. C. S., Wong, M. Y., & Qu, H. (2002). A study of tourists' satisfaction and post-experience behavioral intentions in relation to airport restaurant services in the Hong Kong SAR. *Journal of Travel & Tourism Marketing*, *12*(2–3), 111–135.

Indriyati, I., Irmawati, Y., & Puspitasari, T. (2019). Comparative study of bacterial cellulose film dried using microwave and air convection heating. *Journal of Engineering and Technological Sciences*, *51*(1), 121–132. https://doi.org/10.5614/j.eng.technol.sci.2019.51.1.8

Karomah, R., Arifin, R., & Hufron, M. (2018). Pengaruh kualitas produk, pelayanan, harga dan lokasi terhadap loyalitas pelanggan melalui kepuasan sebagai variabel intervening (studi kasus konsumen rumah makan super geprek Dinoyo Malang). *E-JRM: Elektronik Jurnal Riset Manajemen*, *7*(11).

Kotler, P. (1997). Manajemen pemasaran: analisis, perencanaan, implementasi, dan kontrol. *Jakarta: Prenhallindo*.

Lahap, J., Ramli, N. S., Said, N. M., Radzi, S. M., & Zain, R. A. (2016). A study of brand image towards customer's satisfaction in the Malaysian hotel industry. *Procedia-Social and Behavioral Sciences*, *224*, 149–157. https://doi.org/10.1016/j.sbspro.2016.05.430

Lai, I. K. W. (2019). Hotel image and reputation on building customer loyalty: An empirical study in Macau. *Journal of Hospitality and Tourism Management*, *38*, 111–121. https://doi.org/10.1016/j.jhtm.2019.01.003

Lee, H. S. (2013). Major moderators influencing the relationships of service quality, customer satisfaction and customer loyalty. *Asian Social Science*, *9*(2), 1. https://doi.org/10.5539/ass.v9n2p1

Musyaffa, A., & Emmywati, E. (2018). Dampak Kualitas Layanan Dan Harga Terhadap Loyalitas Pelanggan Melalui Kepuasan Pelanggan Po. Tiara Mas. *Media Mahardhika*, *17*(1), 90–102. https://doi.org/10.29062/mahardika.v17i1.62

Octavia, R. (2019). Pengaruh Kualitas Pelayanan Dan Kepuasan Nasabah Terhadap Loyalitas Nasabah Pt. Bank Index Lampung. *Jurnal Manajemen Pemasaran*, *13*(1), 35–39. https://doi.org/10.9744/pemasaran.13.1.35-39

Oliver, R. L. (1999). Whence consumer loyalty? *Journal of Marketing*, *63*(4_suppl1), 33–44.

Pharisee, S., & Siregar, Q. R. (2020). *The Influence of Price and Promotion on Customer Loyalty of Online Transportation Service Users in Medan City. Maneggio: Scientific Journal of Masters in Management, 3 (1),(148–159)*.

Pramesti, M. A., & Chasanah, U. (2021). Pengaruh Kualitas Produk Dan Harga Terhadap Loyalitas Pelanggan Dengan Kepuasan Pelanggan Sebagai Variabel Mediasi. *Jurnal Bina Bangsa Ekonomika*, *14*(2), 281–287. https://doi.org/10.46306/jbbe.v14i2.76

Purba, A., & Demou, E. (2019). The relationship between organisational stressors and mental wellbeing within police officers: a systematic review. *BMC Public Health*, *19*, 1–21.

Ram, S., Campbell, T., & Lourenco, A. P. (2022). Online or offline: does it matter? A review of existing interpretation approaches and their effect on screening mammography metrics, patient satisfaction, and cost. *Journal of Breast Imaging*, *4*(1), 3–9. https://doi.org/10.1093/jbi/wbab086

Sangadji, E. M., & Sopiah, S. (2013). The Effect of Organizational Culture On Lecturers' Job Satisfaction and Performance: A Research in Muhammadiyah University throughout East Java. *International Journal of Learning & Development*, *3*(3), 1–18.

Saputra, N. R. S. D. (2015). Pengaruh Kualitas Pelayanan dan Lokasi Agen terhadap Loyalitas Pelanggan Po. Rosalia Indah dengan Harga sebagai Variabel Moderasi. *Jurnal Ekonomi Dan Kewirausahaan*, *15*.

Shah, F. T., Syed, Z., Imam, A., & Raza, A. (2020). The impact of airline service quality on passengers' behavioral intentions using passenger satisfaction as a mediator. *Journal of Air Transport Management*, *85*, 101815. https://doi.org/10.1016/j.jairtraman.2020.101815

Tjiptono, F. (2007). *Service, quality satisfaction*.

Wangchan, R., & Worapishet, T. (2019). Factors influencing customer loyalty in hotel business: Case study of five-star hotels in Bangkok, Thailand. *Asian Administration & Management Review*, *2*(1).

Zeithaml, V. A., Bitner, M. J., & Gremler, D. D. (2018). *Services marketing: Integrating customer focus across the firm*. McGraw-Hill.