

THE EFFECT OF SERVICE QUALITY TOWARDS SATISFACTION AND CUSTOMER LOYALTY AT THE ROYAL BALI BEACH CLUB – JIMBARAN, INDONESIA

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Abstract

The development of Hotel business and hospitality in Bali rapidly, so that competition among hotels and both in prices and quality of service are very strict. Therefore, quality of service needs to be improved. The aim of this research is to find out of the effect of service's quality toward customers satisfaction and member's loyalty in The Royal Bali Beach Club – Jimbaran. The respondent of this research consist of 180 respondent which became a member of Royal Resorts Holiday club, and stay at The Royal Bali Beach Club-Jimbaran during the research held, and analyzed using Structural Equation Model (SEM) with support by AMOS program. The result of this research showed that: 1) Service quality has positive and significant effect toward customer's satisfaction, 2) Satisfaction has positive and significant effect toward member's loyalty, 3) Service quality have positive and significant effect toward customer's loyalty. Recommended for further researchers to expand the scope of the research is not just The Royal Bali Beach Club – Jimbaran, but include all group under the Karma Royal Group include all the

business division. For management consideration, The Royal Bali Beach Club- Jimbaran should to conduct evaluation and improve service quality especially in case responsiveness and recovery by giving special regularly training for teams to minimize complaint in order to increase satisfaction and member's loyalty.

Keywords: Service Quality, Satisfaction, Customer Loyalty, Consumer Behavior

INTRODUCTION

The increasing number of hotels and rooms which are increasingly fierce competition between accommodation entrepreneurs in Bali, a competitive advantage strategy needs to be considered, one of which is to create loyal customers. Research from Gee et al. (2008) is also in line with research conducted by Pfeifer (2005) and Walsh et al. (2005) which states that customer loyalty plays an important role for the company. Customer loyalty is an absolute must for companies discouraged when the business wants to survive and get ahead in the increasingly fierce competition, but are much more difficult to retain customers. Getting a regular subscription is the most important key to winning the competition (Agustiyadi, 2008).

Karma Royal Group, which in short, KRG is a developer in the field of tourism business, especially in the Villa and Hotel fields. As the Group of villas and hotels, has set up several hotels that are scattered throughout the world one's atunya is The Royal Bali Beach Club- Jimbaran hereinafter abbreviated RBBC. To address the increasingly fierce competition, KRG uses a membership system called Royal Resorts Holiday Club to bind the fixed customers and then the members are allocated to Hotels which are KRG Groups. With a number of Money Paying upfront (member fee) as a member of Club bound by the agreement as Guarantees are secured investment security, customer concerned had the privilege of service, special offers and the use of accommodation at the time of the next vacations. It is also very beneficial for RBBC, because customers are likely to be moved to another hotel did not happen. This method has proven to be very effective in stabilizing and anticipating residential fluctuations during low season and is also very useful for returning investment costs in front of the company.

Interest of a customer to reuse a service is determined by experience after the purchase or use of services and also related to the satisfaction and trust of such service (Assael, 2004). Assael (2004: 2) states that the higher the marketers understanding of the factors that background consumers behaviour, the better the effective strategies that can be developed to increase customer loyalty and long-term profitability of the company. In addition, when a service company does not control service recovery properly it can threaten the long-term sustainability

of the company so that when the company manages well the complaint handling procedures will affect the subsequent buying behavior reflected in the recommendations of snake (Morisson and Huppertz, 2010).

Consumer participation in becoming a member of holiday in a hotel is not a guarantee of repeated purchases or in this case the use of the same accommodation every holiday which is an indicator of customer loyalty. In recent business contexts, loyalty has been used to describe the willingness of customers to continue to subscribe to a long-term company, by buying and repeating goods and services repeatedly and better in an exclusive manner, and voluntarily recommending the company's products to colleagues and friends (Lovelock Wright, 2008). Customer loyalty and loyalty are not formed in a short period of time, but through the stages and learning process and experience of consistent service purchases all the time. The stages and processes in question are corporate actions or provide what is expected by customers to be in accordance with consumer perceptions so that satisfaction arises. According to Lovelock and Wright (2008), customer satisfaction is a customer's short-term emotional reaction to certain service performance. Rastini in Sanjaya (2006) said that to see the ability of the hotel to conduct marketing activities, the hotel or room occupancy rate and the length of time guests stay at a hotel can be used as a measure of the success of their marketing efforts. If room occupancy is relatively high and guests stay longer at a hotel, this indicates that the hotel services or services are relatively more favored by tourists or in other words the hotel service can be said to satisfy consumers.

Mital and Kamakura (2001) in Olorunniwo et al. (2006) showed that behavioral Intention indicating customer loyalty to a service offered, and to be very important for companies to increase profit of companies. Satisfied consumers will repurchase products or services and also spread positive messages to others (Arambawela and Hall, 2009). During this time, the level of customer dissatisfaction those who have become members of the holiday club "timeshare" system that utilizes their membership status on RBBC are usually caused by various things such as room availability increased maintenance costs each year inadequate supporting facilities, noise, and difficulty using membership at the desired time. These complaints need to get more attention from the company if it is not immediately recovery, it will have an impact on satisfaction with the quality of services that will have direct implications for customer loyalty (Olorunniwo, 2006). Problems regarding this service receive greater attention from many organizations ranging from regional, national organizations, to global organizations, and are considered as tools that can affect the income flow of an organization or company (Spohrer and Maglio in Mosahab, 2010).

To maintain business continuity, companies must strive and often have to spend high costs in their efforts to seize customers, Hasan (2012). Therefore, a big challenge for every organization is to find a breakthrough in order to consistently achieve customer satisfaction to its customers. Customer satisfaction is continued satisfaction in customer loyalty which leads to greater sales, more productive assets, and faster return on investment, Hasan (2012). Customer satisfaction is a long-term strategist requires commitment, funding, human resources, (Schanaars in Hasan, 2012).

Kotler (2005) suggests that if service perceptions are under the expected service, customers will be disappointed. If the perception of service meets expectations or exceeds their expectations, they will tend to use the provider again. The quality gap is important, because it is the customer's overall assessment of what is expected with what is received (Lovelock and Wright, 2007).

To achieve success, the company must be able to eliminate the gap by ensuring the needs and desires of its customers with all that is realized in the company's services (Taylor, 2001). The main factor of customer satisfaction is the customer's perception of service quality (Zeithaml and Bitner, 2006). Previous research explains that service quality is an important indicator of customer satisfaction (Spreng and Machoy, 1996). By giving attention to the quality of service and can make an organization different from other organizations and ultimately will provide a competitive advantage for the organization (Wang and Wang, 2006).

To realize customer satisfaction, a measurable dimension of service quality is needed, service quality is defined as how well services are consistent with or exceed customer expectations consistently (Parasuraman et al. 1988). Parasuraman et al. (1988) states that service quality (Servequal) scale is designed to measure the gap between customer expectations about services and their perception of services provided. Love Lock and Wright (2008) describes five dimensions of service quality standards, tangible, reliability, responsiveness, assurance, and empathy.

This Servequal method develops, Schmenner in Olorunniwo et al. (2006) suggested that there are six dimensions of service quality that can affect satisfaction customers in a service industry, namely: tangible, responsiveness, recovery, knowledge, accessibility and flexibility, reliability and trust.

Olorunniwo et al. (2006) regarding service quality, customer satisfaction, and behavioral intentions in the service factory shows that service quality can be measured by six dimensions, namely tangible, responsiveness, reliability and trust, accessibility and flexibility, recovery and knowledge. Service quality can affect customer satisfaction and behavioral intentions. To research the quality of service for fixed subscribers holiday ownership or

membership system, the dimensions of service quality focused on the six dimensions service quality consisting of tangible, responsiveness, knowledge, accessibility and flexibility, reliability and trust, and recovery.

The purpose of this study are: (1) To explain the effect of service quality on customer loyalty in RBBC-Bali , (2) To explain the effect of service quality on customer satisfaction on RBBC (3) To explain the effect of satisfaction on customer loyalty on RBBC.

This research is expected to contribute to the marketing management science of hospitality services, especially in matters relating to the problem of increasing the dimensions of service quality, customer satisfaction and loyalty in services, especially hospitality services. This research is also expected to be able to be used by hospitality entrepreneurs as the basis of competitive advantage in the tourism industry competition in the accommodation sector and provide information and input material in determining the strategy of increasing loyalty in RBBC.

Olorunniwo et al. (2006) regarding service quality, customer satisfaction, and behavioral intentions in the service factory shows that service quality can be measured by six dimensions, namely tangible, responsiveness, reliability and trust, accessibility and flexibility, recovery and knowledge . Service quality can affect customer satisfaction and behavioral intentions . Oloruniwo et al. (2006) found that in addition to service quality that affects the direct effect on behavioral intentions. The following is a description of the relationship between service quality that affects customer satisfaction and loyalty on RBBC that is reviewed based on the description of the conceptual and conceptual framework.

HYPOTHESES

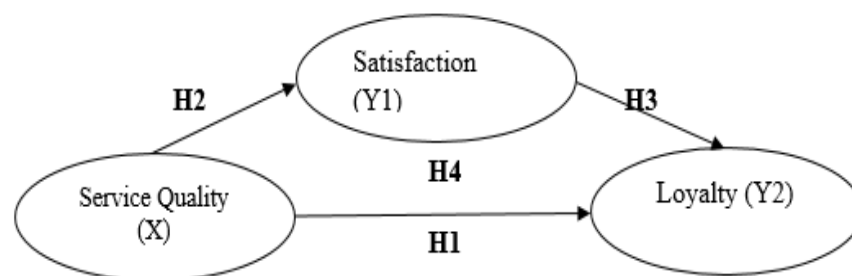


Figure 1 Conceptual Framework

H1: Service quality has a positive and significant effect on customer satisfaction

H2: Customer satisfaction has a positive and significant effect on customer loyalty.

H3: Service quality has a positive and significant effect on customer loyalty.

H4: Service quality has a positive and significant effect on customer loyalty through satisfaction.

RESEARCH METHOD

This research uses explanatory research design (explanatory research) that describes a relationship only between variables by testing the hypothesis by analyzing the causal relationships between variables in accordance with the study hypothesis, determine the relationship between the variables of service quality, customer satisfaction and customer loyalty. In this study, consists of 3 variables: exogenous or independent variables represented by constructs of service quality (X) with 6 dimensions, and dependent or endogenous variables represented by satisfaction (Y1) and Loyalty (Y2), total of indicators is 36.

The sampling technique used in this research is purposive sampling, which is the determination of intentionally determined sampling which is proportionally distributed based on the number of members owned by RBBC, the sample set in this study is a sample size five times the number of indicators available or $5 \times 36 = 180$ respondents, specifically members of RBBC-Jimbaran and were staying at RBBC-Jimbaran at the time of the study.

This research using descriptive statistical analysis that generates static characteristics of respondents and inferential tick in this study it under the Method of Analysis *Structural Equation Modeling* (SEM). The calculation process in this analysis is assisted with a computer program package, the *Statistical Package for Social Science* (SPSS) for Windows version 17 and the *Analysis of Moment Structure*(AMOS) sub-program version 21.0.

ANALYSIS AND RESULTS

Some procedures or steps in SEM analysis techniques with AMOS use 6 stages, namely, first the development of a model of the Effect of Service Quality on customer satisfaction and loyalty based on theory. Second, translate the path diagram into structural equations and measurement model specifications. Third, choose the Input Matrix and Model / Estimation technique, after the model is fully specified, the next step is to choose the appropriate type of input (covariance or correlation). In this study we will examine the relationship of causality, then the covariance matrix taken as input for SEM operations. The four assess the possibility of the emergence of problem identification. Fifth evaluation of the Goodness of Fit Criteria. Sixth is the Interpretation and Modification of the Model, this last step is to interpret the modifying model model for models that do not meet the testing requirements. The safety limit for residual numbers is 5 percent. If the residual number is greater than 5 percent of all the residual covariance generated by the model, then a modification starts need to be considered. There are several assumptions that must be met in the collection and processing of data so that it can be processed using techniques of structural equation models (SEM) such as: sample size, data normality, data distribution and multicollinearity and singularity.

- a) The sample size needed in the study with SEM analysis is 100 to 200, in this study using a sample of 180 respondents, taken from customers who stayed at RBBC-Jimbaran at the time of the study.
- b) Data Normality Test Results: Data distribution is said to be normal at a significance level of 0.01 if *critical ratio* (CR) *skeweness* or *CR kurtosis (tumbling)* tidal more than ± 2.58 (Santoso, 2011: 78). Data processing results show that the CR value is not within the range of ± 2.58 , so the data is said to be normally distributed. Based on the analysis, the value of CR Kurtosis lies between -2.571 to 0.400, hence assumption met.
- c) Test results *Multivariate Outliers*: The criteria used are p1 and p2 values above 0.05 which means there are no *outliers*. Calculations show that some p1 values are still below 0.05 , this indicates an *outliers* in the data. This condition is still acceptable because the number of *outliers* is not too much and other SEM assumptions have been fulfilled such as the requirements of normality, multicollinearity, and singularity, and the research model has a probability value of 0.163 above the specified conditions, namely: 0.05.
- d) Multicollinearity and Singularity Test Results: Detected from the covariance matrix determinant. The results of the data show the value of the *covariance matrix* is 0.00046. This value is far from zero so it can be stated that there is no multicollinearity and singularity.

Measurement Result of SEM Model Test

The measurement test consists of the test of “goodness of fit” and the validity of each construct and can be explained as follows:

- 1) The results of construct measurement tests for service quality.

Table 1. Test results *goodness of fit Index* quality of service

<i>Goodness of fit index</i>	<i>Cut-off Value</i>	Results	Remarks
Probability	≥ 0.05	0.102	Model fit
Chi square	Small expected	405.9	Model fit
CMIN / DF	≤ 2.0	1,094	Model fit
GFI	≥ 0.90	0.871	Model fit
TLI	≥ 0.95	0.981	Model fit
CFI	≥ 0.95	0.982	Model fit
RMSEA	≤ 0.08	0.023	Model fit
AGFI	≥ 0.90	0.848	Model fit

Table 2 shows that of the eight criteria, all of them have met the criteria of *goodness of fit*, so it can be concluded that all indicators have reflected the latent variables analyzed. Then the *regression weight* estimation value can be seen in the following table.

Table 2. Regression weight estimation Variable Quality of Service

<i>Regression weight</i>			<i>Loading factor</i>	SE	CR	P
Tangible	<---	Serv_Qual	.640	.276	4,043	***
Responsiveness	<---	Serv_Qual	.815	.319	4,543	***
Knowledge	<---	Serv_Qual	.705	.250	4,212	***
Relia_Trust	<---	Serv_Qual	.854	.297	4,417	***
Acces_Flex	<---	Serv_Qual	.518	.263	3,884	***
Recovery	<---	Serv_Qual	.470			

Based on the results of the analysis on Table 2 can be seen that each indicator shows good results, CR is more than 1.96 and also the loading factor is more than 0.5, thus the service quality indicators are valid variables in variable measurement latent.

2) The results of construct measurement tests satisfaction of customers

Construct / dimensions of satisfaction (satisfaction) consists of three indicators, the number of indicators of three (3) causes the value of $df = -1$ (negative). Because of the negative results, this model includes underidentified, and further testing of goodness of fit test cannot be done (Santoso, 2007). Results of testing the value factor loading and standardized regression weight to each indicator of satisfaction can be seen in Table 3 below.

Table 3. Test results goodness of fit Index customer satisfaction

	<i>Regression</i>	<i>Weight</i>	<i>Loading factor</i>	SE	CR	P
y1.3	<---	Satisfaction	.846			
y1.2	<---	Satisfaction	.772	.105	9,015	***
y1.1	<---	Satisfaction	.698	.096	8,584	***

Based on the data in Table 3, it can be seen that each indicator shows good results, namely with CR above 1.96, and seen from *regression weight* shows that the *factor loading* value > 0.5 means that the satisfaction forming indicator is a valid indicator in measuring latent variables.

3) Test results of construct measurement of customer loyalty

The results of the *goodness of fit* test dimensions of customer loyalty are in the Table 4 below.

Table 4. Test results *goodness of fit Index* customer loyalty

<i>Goodness of fit indices</i>	<i>Cut-Off Value</i>	Results	Remarks
Probability	≥ 0.05	0.796	Good
Chi Square	Small expected	0.457	Good
CMIN / DF	≤ 2.0	2,228	Good
GFI	≥ 0.90	0.999	Good
TLI	≥ 0.95	1,021	Good
CFI	≥ 0.95	1,000	Good
RMSEA	≤ 0.08	0,000	Good
AGFI	≥ 0.90	0.994	Good

The results of the data table 4 shows that of the eight criteria, all have met the criteria of *goodness of fit*. Judging from the probability number is greater than 0.05, which is equal to 0.796, it means that the model is fit. This means that all four indicators can reflect the latent variables analyzed. Value load test results *factor loading* and *standardized regression weight* to each indicator of physical evidence can be seen in the following Table 5.

Table 5. Test results of customer loyalty dimension measurement model

<i>Regression</i>	<i>Weight</i>	Estimate	SE	CR	P	
y2.3	<---	Loyalty	.825	.134	8,759	***
y2.2	<---	Loyalty	.638	.113	7,339	***
y2.1	<---	Loyalty	.692	.119	7,955	***
y2.4	<---	Loyalty	.705			

Based on the results of the analysis of table 5 above it can be seen that, each indicator shows good results, namely CR above 1.96 for all indicators. All probability values for each indicator are greater than 0.05. Judging from the *standardized regression weight* all indicators that form the dimensions of physical evidence show *loading factor* > 0.5 . Thus, it can be said that indicators form loyalty indicators is a valid indicator of latent variable measurement.

4) Test results *Full Structural Equation Model*

a) Overall Model Suitability Test - Based on the results of model estimation measurements that have been done by using *confirmatory factor analysis* and the whole model has met assuming

normally distributed test, *multivariate outlier*, and multicollinearity and singularity, then further testing analysis *Full Structural Equation Model*, to look at the suitability of the model and the relationship of causality occurs in tiered relationships. The overall test results can be seen in Table 6 below.

Table 6. Test results goodness of fit Full Structural Model Indexes

Goodness of fit indices	Cut-Off Value	Results	Remarks
Probability	≥ 0.05	0.163	Good
Chi Square	Small expected	618,482	Good
CMIN / DF	≤ 2.0	1,057	Good
GFI	≥ 0.90	0.846	Marginal
TLI	≥ 0.95	0.985	Good
CFI	≥ 0.95	0.986	Good
RMSEA	≤ 0.08	0.018	Good
AGFI	≥ 0.90	0.825	Marginal

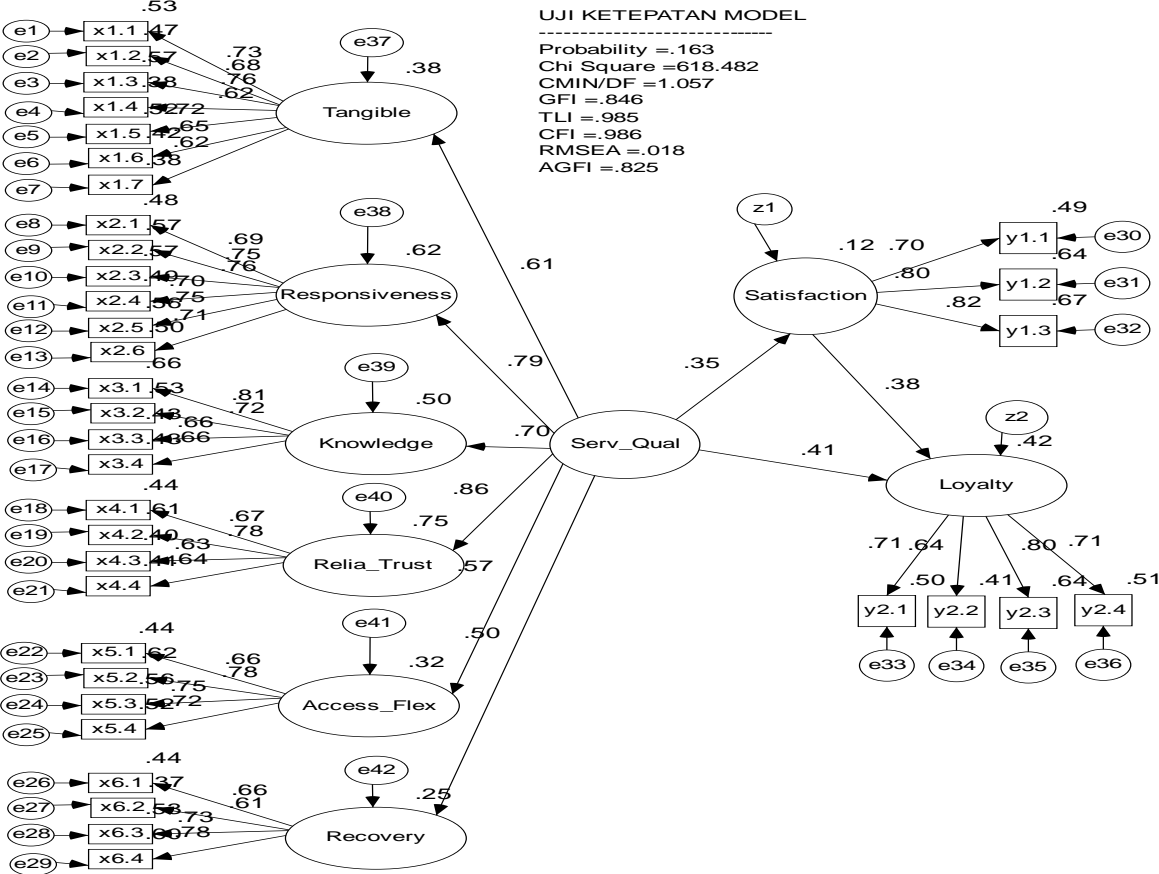


Figure 2. Full Structural Model Test

Based on the results of the data in Table 7 shows that the evaluation of the model of the eight measuring instruments shows that six have fulfilled the *cut cut value* and two are declared marginal, namely: GFI and AGFI . So also seen from the probability value greater than 0.05 that is equal to 0.163 , then the above model is *fit* and feasible to be used, so we can proceed.

b) Causality Test- Causality test aims to determine the causality relationship between exogenous and endogenous constructs in a study.

Table 7. Parameter Estimation *Regression Weight full model*

			Estimate	SE	CR	P	Label
Satisfaction	<---	Serv_Qual	.759	.236	3,213	.001	par_9
Tangible	<---	Serv_Qual	1,006	.242	4,153	***	par_5
Loyalty	<---	Satisfaction	.342	.085	4,019	***	par_10
Loyalty	<---	Serv_Qual	.788	.220	3,582	***	par_11
Responsiveness	<---	Serv_Qual	1,314	.277	4,738	***	par_31
Knowledge	<---	Serv_Qual	.988	.225	4,403	***	par_32
Relia_Trust	<---	Serv_Qual	1,246	.268	4,649	***	par_33
Acces_Flex	<---	Serv_Qual	1,053	.250	4,207	***	par_34
Recovery	<---	Serv_Qual	1,000				

Based on Table 7, it can be seen that service causality affects satisfaction that can be seen from the CR value = 3.213 and $p < 0.05$, satisfaction affects the customer loyalty with CR = 4.019 and $p < 0.05$, and the quality of service is also considered influential towards customer loyalty with CR = 3,582 and $P < 0.05$. The results of the causality test show that the value of the *critical ratio* (CR) is not equal to zero (all greater than 3), and the value of $p < 0.05$, so it can be stated that there is a real relationship between service quality variables with customer satisfaction and loyalty.

Hypothesis Testing Results

The results of structural testing of estimation parameters can be seen in the *output estimates of the regression weight* section, while the closeness of the relationship between variables can be seen in the output estimate the standardized regression weight section. Based on the analysis, regression weight standardize each construct can be seen in Table 9.

Table 9. *Standardized regression weight* the influence Service Quality has towards satisfaction and consumer loyalty

Hypothesis	Construct		<i>K direct & Indirect effect</i>		
			Std-Ize	P-Value	Remarks
H1	Quality of Service	Satisfaction	0.351	0.001	Sig
H2	Satisfaction	Loyalty	0.382	0,000	Sig
H3	Quality of Service	Loyalty	0.407	0,000	Sig
H4	Quality of Service	Loyalty	0.134	0.00 0	Sig

The test results on the research hypothesis based on Table 4, are as follows:

- 1) Hypothesis 1 which states that service quality has a positive and significant effect on customer satisfaction of RBBC-Jimbaran, received with a coefficient of 0.351 and *p value* of 0.001.
- 2) Hypothesis 2 states that satisfaction has a positive and significant effect on customer loyalty in RBBC-Jimbaran, received with a coefficient of 0.382 and a *p value* of 0.000.
- 3) Hypothesis 3 states that service quality has a positive and significant effect on customer loyalty in RBBC-Jimbaran, received with a coefficient of 0.407 and *p value* of 0.000.
- 4) Hypothesis 4 states that service quality has a positive and significant effect on loyalty through customer satisfaction with efficiency of 0.134 and *p value* of 0.000.

DISCUSSION

Effect of Service Quality on Customer Satisfaction

The results of data analysis statistics show that service quality positively and significantly affects customer satisfaction in RBBC (coefficient of 0.351 and *p value* of 0.001 that of the analysis model of this research shows that the service quality will lead to customer satisfaction (*member*) the Royal Bali-Jimbaran Bech Club .the results are consistent with research conducted by Ramdhani *et al.* (2011), which states there is positive and significant relationship between quality of service with customer satisfaction. The same research is in line with Naeem and Saif (2009), who found that customer satisfaction is the result of customer satisfaction. According to Bedi in Ming *et all.* (2011) the delivery of high quality services is a must to achieve customer satisfaction. Aldlaigan and Buttle in Ladhari *et al.* (2011) has identified a positive and significant correlation between dimensions of quality of service and overall satisfaction.

Effect of Satisfaction on Customer Loyalty

The results of statistical data analysis prove that there is a positive and significant influence between satisfaction with customer loyalty that *members* and stay in RBBC with a coefficient of 0.382 and *p value* of 0.000). This means that, the better the satisfaction felt by members of RBBC-Jimbaran, the higher the customer loyalty to stay overnight at RBBC-Jimbaran for their upcoming vacation, and vice versa if satisfaction is felt to be low, then customer loyalty to stay overnight at RBBC-Jimbaran will reduced.

The results of this study are in line with research conducted by Bowen and Chen (2001) stating that customer satisfaction has a positive and significant effect on customer loyalty. This research is also in line with research conducted by Molaee *et al*, (2013). Molina *et al*. (2007) and Palitati (2007) state that potentially customer satisfaction will have a positive and significant effect on customer loyalty. Anton in Singh (2006) said that satisfaction has a positive relationship related to repurchase intentions, the possibility of recommending products or services, loyalty and profitability.

Effect of Service Quality on Customer Loyalty

Statistical data results prove that service quality has a positive and significant effect on member loyalty in RBBC-Jimbaran with (coefficient 0.407 and *p value* 0.000). The better the quality of hotel services, the higher the level of loyalty of members to stay overnight at RBBC-Jimbaran and vice versa, the worse the quality of service, the lower the loyalty of members to remember at RBBC-Jimbaran.

The results of this study are in accordance with research conducted by Akbar and Parves (2009) which shows that there is a positive and significant relationship between service quality and customer loyalty, Kumar *et al* (2009) stated that good service quality will result in high customer satisfaction can increase customer loyalty. Manjunath and Aluregowda (2013) show that service quality is an important element for creating customer satisfaction and loyalty. All attributes of service quality have a positive effect on customer satisfaction and customer satisfaction is directly related to customer loyalty (Siddiqi: 2011). Ehigie in Ladhari *et al* (2011) also found service quality and satisfaction are important actors of customer loyalty. In taking a policy to increase customer loyalty, management is expected to pay attention to service quality because this variable has a positive and significant effect on customer loyalty (Yani, 2004).

Indirect effect and total effect

After testing the research hypothesis, the next step is to present the indirect results and the total effect on the constructs tested, which can be seen in Table 10 below.

Table 10. Indirect Effect and Total effect

Construct Exogenous	Construct Endogenous	Path Coefficient <i>Indirect Effect</i>	Path Coefficient <i>Total Effect</i>
		<i>Intervening</i>	<i>Standardized</i>
Quality Service	Loyalty	satisfaction customer	0.134 0.541

Based on Table 10, the magnitude of the total effect between service quality and customer loyalty is 0.541, while the large indirect effect on loyalty through customer satisfaction is 0.134. Thus it can be stated that direct influence is more powerful than indirect influence, meaning that Members who are loyal to RBBC are predominantly determined by the quality of service compared to customer satisfaction. The amount of indirect effect of service quality on loyalty through customer satisfaction is equal to: 0.134. This means that satisfaction can be an *intervening* variable between service quality and loyalty. This shows that the level of satisfaction also needs to be considered in an effort to obtain customer loyalty at RBBC-Jimbaran .

The findings of this study are that service quality has a positive and significant effect on customer satisfaction and loyalty . There are managerial and management implications in RBBC-Jimbaran as follows: (1) This research can be used as a reference by the RBBC management to evaluate team performance and improve strategies on services that will be provided to customers in order to increase customer satisfaction and loyalty. (2) Quality of service should receive more attention from the management of RBBC-Jimbaran, because its influence is not only on customer satisfaction but also on customer loyalty where the two things become the main goal companies to be able to survive amid increasingly fierce competition. (3) Guarantee is the most dominant dimension of service quality , thus, RBBC needs to make an extra effort to maintain the condition, because collateral relates to trust and security of investment. (4) *Accessibility & flexibility* are dimensions of service quality that are less than others, therefore management needs to pay more attention and reevaluate obstacles that interfere with access to hotels and other access.

CONCLUSIONS AND SUGGESTIONS

Empirical findings in several conclusions: (1) The quality of service provided by the hotel RBBC-Jimbaran positive and significant impact on customer satisfaction, so the better the quality of service provided by RBBC-Jimbaran then will be able to improve customer satisfaction gan On the contrary, the worse the quality of services provided, the lower the confidence felt by

customers at the RBBC-Jimbaran Hotel. (2) Satisfaction has a positive and significant effect on customer loyalty at RBBC-Jimbaran. That is, the higher the level of satisfaction felt by members of RBBC-Jimbaran, the higher the level of loyalty, whereas the worse the satisfaction obtained by RBBC-Jimbaran members, the lower the level of customer loyalty at RBBC-Jimbaran. (3) Service quality has a positive and significant effect on the loyalty of RBBC-Jimbaran members. That is, the higher the quality of services provided to members, the higher the level of member loyalty in RBBC-jimbaran, and conversely the worse the quality of services provided, the lower the level of loyalty of members in RBBC-Jimbaran. (4) Service quality positive and significant influence through customer satisfaction, meaning that with good quality of service will provide satisfaction so that customer loyalty is created, otherwise if the quality of service is not good then satisfaction will decrease and reduce member loyalty in RBBC-Jimbaran.

The above findings shall be considered for the improvement of the quality of hotel services RBBC-Jimbaran is as follows: (1) Based on the results of the analysis carried out, otherwise the quality of service is positive and significant impact on member satisfaction RBBC terhadap-Jimbaran. Based on the description of the research variables, it can be seen that there are respondents who are not satisfied with the services provided by RBBC-Jimbaran to their customers. Members' dissatisfaction although very small can be seen from the dimensions of *accessibility and flexibility* and *recovery*. In anticipation of this, it is necessary for the related parties such as the government to launch traffic flow in the jimbaran area which tends to be jammed and irregular so that it can take 30 minutes from the airport to reach it. From the *recovery* side, the management needs to make routine repairs through guest complaints and management inputs. (2) Satisfaction is stated to have a positive and significant effect on customer loyalty in RBBC-Jimbaran with a satisfactory score, therefore RBBC-Jimbaran must strive to maintain that satisfaction if it is necessary to improve to be very satisfying according to the *royal crown* standard, by paying attention to the slightest complaints from guests and making learning reference as a continuous development in the field of services. (3) Services Quality impact positively and significantly to lo yalitas customers, the management needs to emphasize the *total customer satisfaction* program through strategies that focus on quality of service to gain loyal customers in RBBC-Jimbaran.

LIMITATIONS

1) The object of the research is only addressed to members who are staying at RBBC-Jimbaran when the research is held. The results of this study cannot be generalized for cases outside the object of research, because each object has different characteristics from each other. Future

research is expected to expand the scope of the object, not limited to one RBBC-Jimbaran hotel, but can be done for all Karma Royal Group.

2) This research is carried out at one specific time point based on cross section data, while the environment continues to change so that this research is important in the future.

3) There are still many variables that can affect customer satisfaction and loyalty in RBBC in addition to the dimensions of service quality. Future research is expected to add research variables used to determine the level of customer satisfaction and loyalty.

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