

**THE INFLUENCE OF TRUST AND SERVICE QUALITY  
TOWARDS CUSTOMER LOYALTY: A CASE STUDY OF HOTEL XYZ**

By

Viena Santoso  
11303069



SWISS GERMAN UNIVERSITY  
The Prominence Tower  
Jalan Jalur Sutera Barat No. 15, Alam Sutera  
Tangerang, Banten 15143 - Indonesia

August 2017

**Revision after Thesis Defense on July 26<sup>th</sup> 2017**

### STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.



Viena Santoso

Student

Date

Approved by:

**SWISS GERMAN UNIVERSITY**

Dr. Dr. Dipl.-Ing. Rachman Sjarief, MM. MH.

Thesis Advisor

Date

Dr. Nila K. Hidayat, SE., MM.

Dean

Date

Viena Santoso

## ABSTRACT

### THE INFLUENCE OF TRUST AND SERVICE QUALITY TOWARDS CUSTOMER LOYALTY: A CASE STUDY OF HOTEL XYZ

By

Viena Santoso  
Dr. Dr. Dipl.-Ing. Rachman Sjarief, MM. MH.

SWISS GERMAN UNIVERSITY

The objective of this research is to found out the significant influence of trust and service quality on customer loyalty at Hotel XYZ. This research is conducted in a Hotel in West Java, Indonesia. The research method is based on quantitative research with 101 respondents from Hotel XYZ. This study applies questionnaire to collect the data and uses SPSS and AMOS software to analyze the data. The data analysis is utilizing Structural Equation Modeling (SEM) to identify the reliability and validity and the overall model fit and estimate the correlation between each variable in the designated research model.

The results prove that both trust and service quality have significant influence on customer loyalty. Service quality has a significant influence on trust as well. The managerial implication for Hotel XYZ is to acknowledge these elements in order to stabilize the customer volume and increase customer loyalty.

*Keywords:* Trust, Service Quality, Customer Loyalty



## DEDICATION

This thesis is dedicated for my parents, Muliadi Santoso and Maria Susanna, whose words of encouragement ring in my ears and for your love.

Last but not least, hotel industry in Indonesia.



## ACKNOWLEDGEMENT

First and foremost, I am forever grateful to the God for the good health and wellbeing that were necessary to complete this thesis. I would like to express my sincere gratitude to Mr. Rachman Sjarief, my thesis advisor, for providing me with all the guidance to complete this study through with his knowledge, motivated me, and everlasting patience and kindness. I would like to thank Mrs. Munawaroh Zainal and Michael Roberts for the guidance and support.

To Hotel XYZ management team, employees, and respected customers for helping me gather all the data.

I am also grateful for my beloved family for the continuous support and endless love and prayer.

My campus partner since day one, Injani Nadiyah, Elisabeth Rena, and Natasha Adjani for the support and help, shared knowledge, and companionship for the past 4 years.

I take this opportunity to express gratitude to all the Department Faculty members in SGU and all the respondents whom take part in this thesis, thank you for the help and support.

To HTM Batch 2013, thank you for making these years memorable.

Last but not least, Raynardi Winoto. Thank you for being support system, your relentless prayer and encouragement, and never fail to amuse me.

Thank you.

## TABLE OF CONTENTS

STATEMENT BY THE AUTHOR.....	2
ABSTRACT.....	3
DEDICATION .....	5
ACKNOWLEDGEMENT .....	6
TABLE OF CONTENTS.....	7
LIST OF TABLES.....	11
LIST OF FIGURES .....	12
CHAPTER 1 – INTRODUCTION .....	13
1.1.    Background.....	13
1.2.    Research Problems.....	17
1.3.    Research Questions.....	19
1.4.    Research Objectives.....	19
1.5.    Scope and Limitations.....	19
1.6.    Significance of Study.....	19
1.7.    Structures of Chapters.....	20
CHAPTER 2 – LITERATURE REVIEW .....	21
2.1.    Theoretical Perspectives .....	21
2.1.1.    Customer Loyalty.....	21
2.1.1.1.    Dimensions of Customer Loyalty .....	24
2.1.1.1.1.    No Loyalty .....	26
2.1.1.1.2.    Inertia Loyalty.....	26
2.1.1.1.3.    Latent Loyalty .....	26
2.1.1.1.4.    Premium Loyalty .....	26
2.1.2.    Trust .....	27
2.1.2.1.    Cognitive Trust .....	28
2.1.2.2.    Affective Trust .....	29
2.1.2.3.    Competence.....	29
2.1.2.4.    Integrity .....	30
2.1.2.5.    Benevolence .....	30
2.1.3.    Service Quality.....	31

2.1.3.1. Service Quality Measurement.....	32
2.1.3.1.1. Grönroos' Perceived Service Quality Model.....	33
2.1.3.1.2. Service Quality Gaps by Parasuraman.....	34
2.1.3.1.3. Parasuraman and Haywood-Farmer Attributes .....	35
2.2. Previous Study .....	37
2.2.1. Study Differences.....	42
2.3. Research Model .....	43
2.4. Hypothesis.....	43
CHAPTER 3 - RESEARCH METHODOLOGY .....	45
3.1. Type of Study.....	45
3.1.1. Scope of Study .....	45
3.2. Time Frame of Study .....	45
3.3. Research Process / Research Framework .....	46
3.4. Population and Sampling Method.....	47
3.5. Data Sources and Collection.....	48
3.6. Table of Indicators .....	49
3.7. Reliability and Validity.....	52
3.7.1. Reliability.....	52
3.7.2. Validity .....	53
3.8. Pre-Testing and Post-Testing.....	53
3.8.1. Pre-Testing.....	53
3.8.2. Post-Testing .....	54
3.9. Data Analysis .....	54
3.9.1. SPSS.....	54
3.9.2. AMOS .....	54
3.9.3. Model Fit Analysis.....	55
CHAPTER 4 – RESULTS AND DISCUSSION .....	57
4.1. Company Profile .....	57
4.2. Respondent Profile.....	57
4.2.1. Gender.....	58
4.2.2. Age .....	58
4.2.3. Educational Background.....	59

4.2.4.	Occupation .....	59
4.2.5.	Monthly Personal Income .....	60
4.2.6.	Area of Residence .....	60
4.2.7.	Companion during the visit to Hotel XYZ .....	61
4.2.8.	Frequency of visiting Hotel XYZ .....	61
4.3.	Pre-Test Result.....	62
4.3.1.	Validity Pre-Test Result.....	62
4.3.1.1.	Validity Pre-Test for Trust.....	62
4.3.1.2.	Validity Pre-Test for Service Quality .....	62
4.3.1.3.	Validity Pre-Test for Customer Loyalty .....	63
4.3.2.	Reliability Pre-Test Result.....	63
4.3.2.1.	Reliability Pre-Test Result for Trust.....	63
4.3.2.2.	Reliability Pre-Test Result for Service Quality .....	64
4.3.2.3.	Reliability Pre-Test Result for Customer Loyalty .....	64
4.4.	Post-Test .....	65
4.4.1.	Validity Post-Test Result.....	65
4.4.1.1.	Validity Post-Test of Trust.....	65
4.4.1.2.	Validity Post-Test of Service Quality .....	65
4.4.1.3.	Validity Post-Test of Customer Loyalty .....	66
4.4.2.	Reliability Post-Test Result .....	66
4.4.2.1.	Reliability Post-Test of Trust.....	66
4.4.2.2.	Reliability Post-Test of Service Quality .....	67
4.4.2.3.	Reliability Post-Test of Customer Loyalty .....	67
4.5.	Descriptive Statistics.....	68
4.6.	Data Analysis .....	69
4.6.1.	SEM Model.....	69
4.6.2.	Modification Indices .....	70
4.6.3.	SEM Model Modified.....	71
4.6.4.	Goodness of Fit Criteria.....	72
4.6.5.	Significance Level of Data.....	73
4.6.6.	Results of Modified SEM Model.....	74
4.6.6.1.	Trust to Customer Loyalty .....	74

4.6.6.2. Service Quality to Customer Loyalty .....	74
4.6.6.3. Service Quality to Trust .....	75
4.6.6.4. Trust towards Parameters.....	75
4.6.6.4.1. Integrity .....	75
4.6.6.4.2. Benevolence .....	75
4.6.6.4.3. Competence .....	75
4.6.6.5. Service Quality towards Parameters .....	76
4.6.6.5.1. Tangible.....	76
4.6.6.5.2. Empathy .....	76
4.6.6.5.3. Reliability .....	76
4.6.6.5.4. Responsiveness.....	77
4.6.6.5.5. Assurance .....	77
4.6.6.6. Customer Loyalty towards Parameters .....	77
4.6.6.6.1. Behavioral Loyalty .....	77
4.6.6.6.2. Attitudinal Loyalty .....	77
4.7. Hypothesis Testing.....	78
4.7.1. Hypothesis Testing and Analysis #1 .....	79
4.7.2. Hypothesis Testing and Analysis #2 .....	80
4.7.3. Hypothesis Testing and Analysis #3 .....	81
CHAPTER 5 – CONCLUSION AND RECOMMENDATION .....	82
5.1. Conclusion .....	82
5.2. Recommendation .....	83
5.2.1. Recommendation for Future Research.....	85
GLOSSARY .....	86
REFERENCES .....	88
APPENDICES .....	98
APPENDIX 1.....	98
APPENDIX 2.....	100
APPENDIX 3.....	103
APPENDIX 4.....	108
CURRICULUM VITAE .....	116