# THE IMPACT OF BRAND IMAGE, PRICE, AND SERVICE QUALITY ON PURCHASE DECISIONS AND CUSTOMER SATISFACTION: IMPLICATIONS FOR CUSTOMER LOYALTY IN THE HORISON HOTEL GROUP – WEST JAVA

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## Abstract

This study examines the influence of brand image, pricing, and service quality on purchasing decisions and customer satisfaction, as well as their combined impact on customer loyalty at Hotel Horison Group in West Java. Motivated by a decline in sales and occupancy rates from 2022 to 2024, the research aimed to identify key factors affecting customer loyalty. Using a descriptive-explanatory approach, data were collected through interviews, questionnaires, and direct observation, with proportionate random sampling. The study, conducted in 2014, utilized Structural Equation Modeling (SEM) for data analysis. Findings reveal that brand image, price, and service quality each have a significant positive effect on purchasing decisions and customer satisfaction. These factors, in turn, contribute meaningfully to customer loyalty. The results underscore the importance of improving brand image, offering competitive pricing, and enhancing service quality as strategic efforts to build and sustain customer loyalty at Hotel Horison Group.

**Keywords:** brand image; price; service quality; purchase decision; custimer satisfaction; customer loyalty

## Article Info

## INTRODUCTION

With a population of 288.9 million, Indonesia ranks as the fourth most populous country in the world, following China, India, and the United States. The nation has experienced notable economic growth, with its 2024 Gross Domestic Product (GDP) largely driven by the manufacturing, wholesale and retail trade, and construction sectors. The tourism industry also demonstrated positive momentum, recording 5.12 million international tourist arrivals between January and April 2024—a 7.52% increase compared to the same period in 2023. The majority of these visitors came from ASEAN countries, particularly Malaysia, China, and Singapore.

Despite downturns in certain sectors during this time, tourism maintained its growth, with visitors from ASEAN nations increasing by 16.77%. The industry was projected to become Indonesia's top foreign exchange contributor by 2023, with domestic tourist numbers expected to reach 255 million and total spending estimated at IDR 224.68 trillion. Government-led initiatives, including the "Wonderful Indonesia" campaign and various international accolades, have played a significant role in this success. Tourism holds a vital position in the national economy by generating employment opportunities and fostering a sense of national pride. It is also a strategic priority in Indonesia's National Medium-Term Development Plan (RPJMN) 2018–2022, along with infrastructure, maritime affairs, energy, and food security. The country's diverse tourism offerings—including its natural landscapes, cultural heritage, and man-made attractions—continue to draw interest from global travelers.

The hospitality sector, particularly star-rated hotels, plays a key role in supporting tourism growth. In 2022, Indonesia welcomed an average of 147,779 hotel guests per day, marking a 19% increase from 2021. West Java has become one of the leading tourist destinations, boasting 3,133 accommodation facilities in 2023, of which 463 were star-rated hotels. Although the majority of these hotels operate independently, market competition has intensified with the emergence of various local hotel brands (Krisnawati, Sule, Febrian, & Hassan, 2016).

Despite the rise in tourist visits to West Java, the Hotel Horison Group has experienced a decline in occupancy rates compared to other regions like DKI Jakarta and Bali. This situation highlights the challenges the group faces in customer retention and reflects the growing competition within the hospitality industry (Barusman, Rulian, & Susanto, 2019).

An initial analysis suggests that Hotel Horison Group's inability to capitalize on the growing tourism market in West Java may stem from several strategic misalignments. One key issue appears to be a mismatch in market positioning. While competitors like Accor and InterContinental have successfully established clear brand identities aligned with either premium or budget segments, Horison's brand image remains vague and lacks distinct differentiation. This may lead to confusion among consumers regarding the hotel's value proposition.

Additionally, the perceived quality of Horison's services and facilities may not consistently meet customer expectations, especially when compared to international standards offered by its competitors. This perception gap reduces customer satisfaction and hampers repeat visits. Furthermore, the lack of strong service differentiation—such as personalized experiences, innovative loyalty programs, or exceptional customer care—limits the hotel's ability to build emotional connections with guests. These factors combined suggest that despite a growing tourism market, Horison struggles to establish a compelling and competitive presence that resonates with its target audience.

Another preliminary survey involving 50 members of the Horison Loyalty Club found that service quality (28%), room pricing (22%), and hotel location (18%) were the top factors influencing hotel selection. While several service aspects such as reservations and Wi-Fi were rated positively, customers expressed dissatisfaction with the billing process and the Horison Preferred Card loyalty program. Both functional and emotional aspects of the hotel's brand image were found to affect customer loyalty.

Despite offering higher prices than competitors like Royal Safari Garden Resort and Grand Tjokro Bandung, Hotel Horison Ultima Bandung shows that customer satisfaction alone does not guarantee loyalty. This study reveals that price, service quality, and brand image significantly influence both customer satisfaction and loyalty, with satisfaction acting as a mediator in the loyalty-building process.

A study conducted by(Erpurini, 2021) Found that although service quality and brand image significantly contribute to customer satisfaction and loyalty, satisfaction alone does not necessarily lead to loyalty. The research highlights that loyalty is shaped by multiple elements, notably price, promotional efforts, and the quality of service provided. The findings show that these three factors—price, promotion, and service quality—positively and significantly influence customer satisfaction. In addition, both price and service quality have a direct and meaningful effect on loyalty. However, while promotional strategies enhance satisfaction, they do not have a notable impact on customer loyalty. The study underscores the role of customer satisfaction as a critical intermediary that connects these influencing factors with loyalty.

Overall, this research underscores the need to enhance pricing strategies, promotional activities, and service quality in order to build customer loyalty, with customer satisfaction remaining a central driver in the process (Anggraini & Budiarti, 2020).

In essence, loyalty refers to an individual's commitment to something over time.Amstrong (2019), customer loyalty is defined as non-random, repeat purchasing behavior exhibited by a decision-making unit. Oliver, as cited by (Almursyid, Surahman, & Rahman, 2024), defines loyalty as a deep-seated commitment to repurchase or continue using a preferred product or service in the future, despite situational factors or marketing efforts that might encourage switching. Griffin et al. (2020) emphasize that the concept of loyalty focuses more on behavior than attitude, highlighting a pattern of consistent, long-term purchasing behavior.

The purchase decision itself represents the stage at which a customer finally commits to buying a product, typically choosing their most preferred brand. However, two factors may influence the shift from purchase intention to actual purchase: the opinions of others and unforeseen circumstances. As a result, purchase intention does not always lead to an actual purchase decision (Amstrong, 2019)

Service quality plays a vital role in directly influencing purchasing decisions. When customers perceive that a service is of high quality, they are more inclined to trust the provider and feel assured in their decision to buy. High service quality typically results in customer satisfaction, which increases the likelihood of repeat purchases and strengthens brand loyalty. On the other hand, if service quality falls short of expectations, it can lead to dissatisfaction and may cause customers to turn to alternative options. As such, service quality serves as a key factor in shaping customer perceptions and significantly affects the final purchase decision (Erpurini et al., 2022).

(Samudro, Sumarwan, Simanjuntak, & Yusuf, 2020), quality is defined as the value perceived by the customer. In the context of products or services, quality refers to the extent to which they meet established specifications. (Martin, Elg, & Gremyr, 2025) explains that quality can have various meanings depending on the context and the individual. Common perspectives on quality include the following:(a) The transcendental view regards quality as inherent excellence, characterized by high standards and achievements. This view is typically applied to fields like performing and visual arts, suggesting that individuals come to recognize quality through repeated exposure and experience. However, from a practical management standpoint, this perspective is not always useful in evaluating quality.(b) The manufacturing-based approach is rooted in production and emphasizes adherence to internal specifications, often driven by productivity and cost-efficiency goals. In service industries, this perspective focuses on operational performance as the main driver of quality.

(c) The user-based definition sees quality as subjective and dependent on individual needs and preferences, equating it with customer satisfaction. This approach acknowledges that different customers value different attributes in a product or service.(d) The value-based definition interprets quality in relation to price, describing it as "affordable excellence" and emphasizing the trade-off between cost and performance.

(Yamit, 2020) compiles the views of several quality experts, highlighting the contributions of W. Edwards Deming, Philip B. Crosby, and Joseph M. Juran. Deming defines quality as meeting customer needs and desires. Crosby sees it as achieving zero defects and conforming to standards, while Juran emphasizes conformance to specifications. These perspectives form the foundation of Total Quality Management (TQM).

(Zeithaml, Verleye, Hatak, Koller, & Zauner, 2020) characterizes services as actions, operations, or performances that can be categorized in various ways. In sectors like hospitality, transportation, and healthcare, services constitute the core value offering and serve as the main source of business income. Essentially, services are dynamic, experience-based activities that provide value and contribute to customer satisfaction.

According (Erpurini, 2022), the quality of a service is determined by how well it aligns with customer expectations. Delivering service that consistently meets or exceeds these expectations is key to ensuring high service quality, reflecting a company's ability to meet customer needs effectively over time.

The relationship between service quality and pricing is also significant. Customers often perceive a correlation between higher prices and superior service quality. Therefore, businesses must strategically manage both aspects—delivering high-quality service while maintaining competitive pricing—to achieve customer satisfaction and sustain their market position (Prum et al., 2024).

(Keller, 2021)highlight that price is the only element in the marketing mix that directly generates revenue, whereas other components generally involve expenditure. Furthermore, price is the most adaptable

element of a firm's marketing strategy, allowing for quicker changes compared to adjustments in product design, distribution, or promotional efforts.

Similarly, Hawkins and Mothersbaugh define price as the amount of money one must pay to gain the right to use a product. The correct pricing enables individuals to acquire ownership or access rights to a product or service for a specified period. Price also plays a key role in shaping brand image, as it often reflects perceived quality and value, which in turn influences customer perceptions and buying behavior(Ramadhaningtyas & Kussudyarsana, 2025).

In the context of this study, which focuses on the impact of brand image, price, and service quality on purchase decisions and customer satisfaction, with implications for customer loyalty at the Horison Hotel Group – West Java, pricing is a critical factor. As competition intensifies in the hospitality industry, particularly in West Java where international brands dominate, customers increasingly use price as a reference point to judge both value and service expectations. If the price set by Hotel Horison is perceived as misaligned with the quality of services offered, it can lead to dissatisfaction and reduce the likelihood of repeat visits.

Therefore, understanding how price interacts with brand image and service quality becomes essential to influence purchase decisions and satisfaction. This relationship directly affects customer loyalty, as guests are more likely to return to a hotel that delivers perceived value at a fair cost. The research seeks to explore how pricing strategies, along with brand perception and service delivery, contribute to building a loyal customer base amid a highly competitive market landscape.(Toni et al., 2021)

(Kapferer, 2016) defines a brand as a powerful name capable of influencing purchasing behavior, shaped through personal experience, social interactions, word-of-mouth, and advertising. These elements collectively build brand image, which significantly affects how consumers perceive and value a brand. In relation to this study"The Impact of Brand Image, Price, and Service Quality on Purchase Decisions and Customer Satisfaction: Implications for Customer Loyalty in the Horison Hotel Group – West Java"—brand image serves as a fundamental construct influencing customer behavior and loyalty, emphasizes that a strong brand must occupy a clear position within its product category. For Horison Hotel Group, the lack of a distinctive brand identity and positioning—especially in comparison to more established competitors like Accor or InterContinental—may contribute to its declining customer loyalty and low occupancy rates. A clearly defined brand role within the hospitality sector would enable Horison to build stronger emotional connections with guests and reinforce its value proposition. Moreover, links marketing to the anticipation of customer needs and the creation of emotionally resonant products and services. In this context, a well-developed brand image is more than just recognition—it drives willingness to purchase and stay loyal, even in competitive and price-sensitive environments. This study examines how Horison's brand image, in conjunction with price and service quality, influences customers' purchase decisions and satisfaction levels, which ultimately determine their loyalty. A compelling brand image can help offset weaknesses in other areas, highlighting its strategic importance in the hotel's efforts to sustain long-term customer engagement.

(Crespo, Ferreira, & Cardoso, 2023) emphasize that a brand's influence stems from two key dimensions: representation and relationship. Representation involves a network of mental associations that shape the brand image, including consumer perceptions of the brand's territory (expertise or category), quality level (from low-end to luxury), unique attributes (positioning), and the type of consumers it attracts. Meanwhile, relationship focuses on how consumers emotionally connect with the brand, reflecting shared values, trust, and loyalty.

On the other hand, (Kotler & Keller, 2016) highlight that a strong brand functions as an emotional shortcut, bridging the gap between the company and its customers. A well-established brand image fosters both emotional and rational bonds, allowing the brand to build loyalty, differentiate itself from competitors, and justify premium pricing through perceived value and trust.

These two perspectives complement each other by illustrating that a strong brand image is not only a mental construct of associations (as Crespo et al. suggest) but also a strategic asset that drives emotional engagement and long-term loyalty (as described by Kotler et al.). Together, they underscore how brand image plays a pivotal role in shaping consumer perceptions and sustaining competitive advantage.

Beyond these advantages, a brand also makes the company's value proposition more emotionally engaging and attractive to consumers. According to Keller (2021), brand image is built through strong, favorable, and unique brand associations in consumers' minds, which can evoke emotional responses and

influence attitudes toward the brand. These associations are often affective in nature, forming through experiences, feelings, and symbolic meanings attached to the brand(Tanaka & Huang, 2024) Furthermore, (Fadhlurrachman & Sofyan, 2024) propose that brand trust and affective commitment are central to emotional brand attachment, which plays a critical role in building consumer loyalty. When consumers perceive a brand as reliable and emotionally resonant, they are more likely to engage with it, repeat purchases, and resist competitor offerings. This emotional involvement transforms functional value into relational value, strengthening customer satisfaction and loyalty (Xu, Jung, & Han, 2022). In fact, research has shown that consumers are often willing to pay a price premium for brands they perceive as offering higher quality or emotional trustworthiness, as these attributes reduce perceived risk and enhance the perceived value of the purchase (Shen, Zhao, Fan, & Buhalis, 2022). In the context of this study, a positive brand image not only influences purchase decisions but also deepens emotional engagement, encouraging long-term loyalty to Hotel Horison amid increasing competition in West Java's hospitality industry.

While previous research has demonstrated the positive impact of these variables—particularly service quality—on customer behavior, it has also revealed that satisfaction alone does not necessarily lead to loyalty (Erpurini, 2021). This suggests that in addition to achieving customer satisfaction, Hotel Horison must strategically strengthen emotional connections and brand trust to foster true customer loyalty. By positioning customer satisfaction as a mediating factor, this study aims to explore the interplay between service quality, price, brand image, and customer loyalty within the context of a real-world case—Hotel Horison Group in West Java, which is currently facing challenges in maintaining occupancy rates amidst growing competition. Unlike earlier studies that examine these variables in isolation, this research integrates them with marketing mix components and applies them to practical field data gathered from customer and loyalty club surveys. In doing so, it not only reinforces existing theories but also addresses a research gap by providing empirical evidence and strategic insights specific to the hospitality industry in Indonesia.

Despite a growing body of literature highlighting the influence of brand image, pricing, and service quality on customer behavior(Zeithaml et al., 2020) there remains a lack of integrated studies focusing specifically on how these factors interact to shape both purchase decisions and customer satisfaction, particularly within the Indonesian hospitality context. The urgency of this research lies in the declining occupancy rates of the Horison Hotel Group in West Java, despite a general increase in tourism demand. This signals a potential disconnect between customer expectations and the brand's market positioning. Previous studies have often treated customer satisfaction as the end goal(Kristanto et al., 2020), whereas emerging evidence suggests that satisfaction alone is insufficient to secure loyalty (Kandampully, Zhang, & Jaakkola, 2018). Therefore, a comprehensive understanding of how emotional brand associations and perceived quality influence loyalty and willingness to pay is critical for strengthening competitive positioning in a saturated market.

This study addresses that gap by investigating not only the direct effects of brand image, price, and service quality on satisfaction, but also their extended impact on loyalty, using Structural Equation Modeling (SEM) to capture complex interrelations. The novelty of this research lies in its specific focus on a local hotel group facing intense competition from global brands, and its attempt to reposition customer satisfaction as a mediating variable rather than a final outcome. In doing so, it offers a fresh perspective on how emotional engagement, brand trust, and perceived value contribute to sustained customer loyalty in Indonesia's evolving hospitality sector.

## METHOD

A research design serves as a comprehensive framework that guides the entire research process. (Kulesa, Induru, Hubbard, & Bhansali, 2024). This study adopts a quantitative survey method to collect factual data from observable phenomena, enabling researchers to analyze problems, validate existing practices, assess individual responses to similar conditions, and provide insights for future decision-making. (Provenzano & Baggio, 2020) Data are collected from a sample of the population using structured questionnaires, as outlined by Priadana & Sunarsi( 2021). The population in this study comprises guests who have stayed at, or are currently staying in, hotels under the Horison Hotel Group in West Java between October and December 2018

Sugiyono( 2014). To ensure accurate representation, purposive sampling is employed. The criteria for questionnaire respondents include: (1) being a guest at a Horison hotel in West Java during the study period, and (2) the willingness and ability to independently complete the questionnaire. Similarly, interview participants are selected through purposive sampling, targeting guests who have interacted with various hotel services—such as front office, housekeeping, or food and beverage departments—to obtain diverse insights into service experiences. (Budiman & Hariani, 2024) In addition to primary data, document analysis is conducted through a systematic review of internal hotel records, including customer satisfaction reports, standard operating procedures (SOPs), and feedback summaries. (Sinulingga, Nauly, Marpaung, & Zulfan, n.d.). These documents are selected based on their relevance to the research variables, such as service quality indicators and loyalty program effectiveness(Dewi, Wiranatha, & Suryawardani, 2021)

According to Musyaffi, Khairunnisa, & Respati (2022), SEM requires a minimum of five respondents per indicator. This study uses 15 indicators across six variables (totaling 90 indicators), so the minimum required sample size is $90 \times 5 = 450$ respondents. This exceeds the general SEM recommendation of 200–400 respondents (Sayed & Elsaid, 2023), enhancing model stability and result generalizability.

Validity and reliability testing are essential steps to ensure the accuracy and consistency of research instruments. Validity is assessed to determine whether the instrument accurately measures the intended constructs. This study employs the Pearson Product-Moment Correlation method, where an item is considered valid if its t-value from the correlation significance test exceeds the critical t-table value at the 0.05 significance level (typically, t > 1.96 for n > 30). For instance, an item with a calculated t-value of 2.15 is deemed valid, while one with a value of 1.60 is considered invalid and is either revised or removed. Reliability, on the other hand, is tested using Cronbach's Alpha to measure internal consistency. According to Nunnally and Bernstein (1994), a coefficient of $\geq 0.70$ indicates acceptable reliability, though values above 0.60 are considered adequate in exploratory research. For example, a variable such as "customer loyalty" with $\alpha = 0.82$ is classified as reliable, indicating consistent measurement across respondents. Since the data are collected using a Likert scale (ordinal), they are transformed into interval data using the Method of Successive Intervals (MSI) to enable parametric statistical analysis. The MSI process involves calculating response frequencies, proportions, cumulative proportions, Z-scores, and ultimately the interval scores using the formula: score = scale value + minimum scale value + 1. To meet the assumptions required for Structural Equation Modeling (SEM), normality tests such as the Shapiro-Wilk test are conducted, along with residual analysis to identify potential outliers.

The model posits that brand image, price, and service quality influence both purchase decision and customer satisfaction, which in turn affect customer loyalty. This structure is supported by (Amstrong, 2019) and (Zeithaml et al., 2020), who emphasized satisfaction as a key mediator in loyalty-building processes.

The hypotheses tested in this study are formulated to examine the relationships among key variables. Specifically, H1 posits that brand image, price, and service quality collectively influence customer satisfaction. H2, H3, and H4 examine the individual effects of brand image, price, and service quality, respectively, on customer satisfaction. H5 proposes that customer satisfaction has a direct effect on customer loyalty. To assess the model's adequacy, several goodness-of-fit criteria are employed, as suggested by Uyun & Yoseanto, (2022) These include the Chi-square/df ratio (acceptable if $\leq 3.00$), the Root Mean Square Error of Approximation (RMSEA $\leq 0.08$), Comparative Fit Index (CFI $\geq 0.90$), Tucker-Lewis Index (TLI $\geq 0.90$), Goodness of Fit Index (GFI $\geq 0.90$), and Adjusted Goodness of Fit Index (AGFI $\geq 0.90$). These fit indices are critical for determining whether the proposed structural equation model adequately represents the observed data and support the reliability and validity of the theoretical framework used in the study.

## RESULTS

The assessment of multicollinearity and singularity in SEM analysis is conducted by examining the determinant value of the covariance matrix. A determinant that is very small or close to zero suggests the presence of multicollinearity or singularity issues in the data. In this study, the calculated determinant of the sample covariance matrix is 0.10185D+00. Since this value is not excessively small, it indicates that the data

does not exhibit multicollinearity or singularity. Therefore, the dataset is considered suitable for further analysis.

The measurement model test results for each variable, as generated by the LISREL program, are presented as follows:

Table 1. Summary of the Measurement Model Test on the Influence of Brand Image, Price, and Service Quality on Purchase Decisions, Their Implications for Customer Satisfaction, and the Resulting Impact on Customer Loyalty

| Item | SLF 1 CM | HRG | KL | KP | KPLGN | LP | Error | CR 2 | VE 3 |
|---|---|---|---|---|---|---|---|---|---|
| X1,x1 | 0,79 | | | | | | 0,37 | 0,78 | 0,64 |
| X2,x1 | 0,81 | | | | | | 0,35 | | |
| X3,x2 | | 0,60 | | | | | 0,64 | 0,81 | 0,52 |
| X4,x2 | | 0,67 | | | | | 0,55 | | |
| X5,x2 | | 0,78 | | | | | 0,38 | | |
| X6,x2 | | 0,82 | | | | | 0,33 | | |
| X7,x3 | | | 0,72 | | | | 0,48 | 0,89 | 0,63 |
| X8,x3 | | | 0,75 | | | | 0,44 | | |
| X9,x3 | | | 0,86 | | | | 0,26 | | |
| X10,x3 | | | 0,81 | | | | 0,34 | | |
| X11,x3 | | | 0,82 | | | | 0,33 | | |
| Y1,h1 | | | | 0,83 | | | 0,32 | 0,93 | 0,73 |
| Y2,h1 | | | | 0,91 | | | 0,18 | | |
| Y3,h1 | | | | 0,90 | | | 0,19 | | |
| Y4,h1 | | | | 0,81 | | | 0,35 | | |
| Y5,h1 | | | | 0,83 | | | 0,31 | | |
| Y6,h2 | | | | | 0,84 | | 0,29 | 0,95 | 0,81 |
| Y7,h2 | | | | | 0,96 | | 0,09 | | |
| Y8,h2 | | | | | 0,84 | | 0,29 | | |
| Y9,h2 | | | | | 0,96 | | 0,07 | | |
| Z,h3 | | | | | | 0,86 | 0,25 | 0,93 | 0,81 |
| Z,h3 | | | | | | 0,99 | 0,01 | | |
| Z,h3 | | | | | | 0,85 | 0,28 | | |

Standardized Loading Factor, (2)Construct Reliability, (3)Variance Extracted
Note: CM : Brand Image; HRG : Price; KL : Service Quality; KP : Purchase Decision; KPLGN : Customer Satisfaction; LP : Customer Loyalty

The data analysis results indicate that the indicators used to construct the latent variables (constructs) exhibit strong validity, as reflected by a Standardized Loading Factor of ≥ 0.50, Extracted Variance values exceeding 0.50, and Construct Reliability values for all latent variables greater than 0.70. These findings confirm that each indicator reliably represents its corresponding latent variable. Consequently, all indicators in the research model have a significant and positive influence on their respective latent constructs.



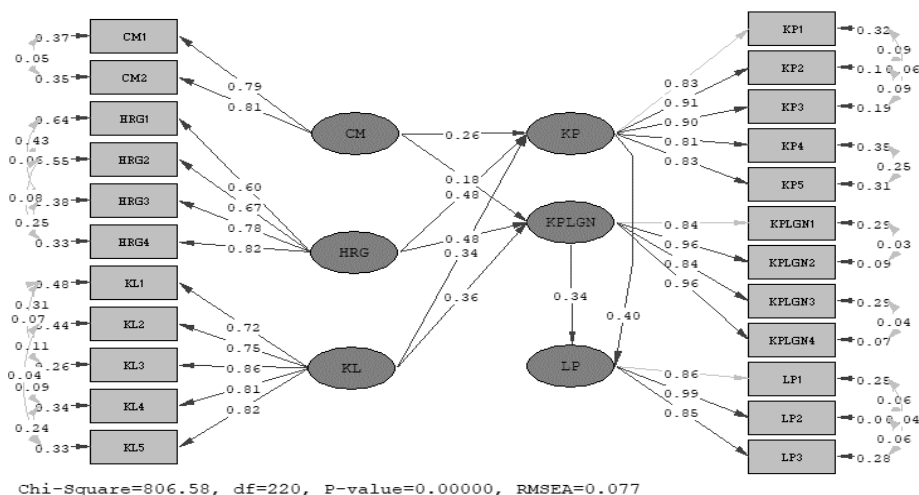Chi-Square=806.58, df=220, P-value=0.00000, RMSEA=0.077

Figure 1. A Model Illustrating the Influence of Brand Image, Price, and Service Quality on Purchase Decisions and Customer Satisfaction, and Their Impact on Customer Loyalty

This discussion presents a structural model analysis. The first model is a simultaneous model that explores the influence of brand image, service quality, and price as exogenous variables, with customer loyalty as the endogenous latent variable. In this model, purchase decision and customer satisfaction function as intervening variables.

In the second structural model, purchase decision and customer satisfaction are treated as exogenous variables, while customer loyalty remains the endogenous variable.

Based on these structural models, data evaluation is conducted to determine whether the dataset meets the necessary conditions for structural model analysis. Within the structural model, the parameter estimates obtained through SEM are expected to be the best estimates—meaning they are unbiased and have the minimum variance.

The evaluation process includes model fit testing for confirmatory variable analysis, normality tests, outlier detection, and multicollinearity and singularity checks, all of which are summarized as follows.

Once the factor validity of the variables has been confirmed and tests for normality, outliers, multicollinearity, and singularity have been completed, the next step in the SEM analysis is to construct the structural model based on the theoretical framework, which will then undergo model fit testing.

The Goodness-of-Fit test is a critical component used to evaluate how well the constructed SEM model fits the observed data. The hypotheses for assessing the model fit are:

$H_0$: The SEM model fits the data well.

$H_1$: The SEM model does not fit the data well.

Based on the structural model assessing the effects of brand image, price, and service quality on customer satisfaction and their implications for customer loyalty, several fit indices are presented to evaluate the adequacy of the structural equation model.

Table 2. Model Fit Test SEM

| Goodness of Fit Measure | Fit Measure SEM | | Measurement Result | |
|---|---|---|---|---|
| | *Good Fit* | *Marginal Fit* | | |
| Goodness of Fit Index (GFI) | ≥ 0,90 | 0,80 - < 0,90 | 0,86 | Marginal Fit |
| Root Mean Square Error (RMSEA) | < 0,08 | | 0,077 | Good Fit |
| Adjusted Goodness of Fit Index (AGFI) | ≥ 0,90 | 0,80 - < 0,90 | 0,82 | Marginal Fit |
| Normal Fit Index (NFI) | ≥ 0,90 | 0,80 - < 0,90 | 0,97 | Good Fit |
| Non-Normed Fit Index (NNFI) | ≥ 0,90 | 0,80 - < 0,90 | 0,98 | Good Fit |
| Relative Fit Index (RFI) | ≥ 0,90 | 0,80 - < 0,90 | 0,97 | Good Fit |
| Comparative Fit Index (CFI) | ≥ 0,90 | 0,80 - < 0,90 | 0,98 | Good Fit |
| Increamental Fit Index (IFI) | ≥ 0,90 | 0,80 - < 0,90 | 0,98 | Good Fit |
| Parsimony Normed Fit Index (PNFI) | ≥ 0,90 | 0,80 - < 0,90 | 0,85 | Marginal Fit |

Source : SEM LISREL Results Data, 2018

The results of the Structural Equation Modeling (SEM) analysis demonstrate that the proposed model exhibits an acceptable level of fit based on multiple goodness-of-fit criteria. For absolute fit, the Goodness of Fit Index (GFI) is 0.86, which is slightly below the recommended threshold of 0.90, indicating a marginal fit. However, the Root Mean Square Error of Approximation (RMSEA) value is 0.077, falling within the acceptable range (≤ 0.08), suggesting that the model adequately represents the observed data. Incremental fit indices further support the model's robustness, with values exceeding the recommended threshold of 0.90: Normed Fit Index (NFI = 0.97), Non-Normed Fit Index (NNFI = 0.98), Relative Fit Index (RFI = 0.97), Comparative Fit Index (CFI = 0.98), and Incremental Fit Index (IFI = 0.98). Although the Adjusted Goodness of Fit Index (AGFI) stands at 0.82, which is marginally below the ideal value of 0.90, it still supports an acceptable model fit. The Parsimonious Normed Fit Index (PNFI) of 0.85 also suggests that the model maintains a reasonable balance between complexity and explanatory power. These results collectively confirm that the SEM model provides a good comparative and incremental fit, indicating that it reliably reflects the theoretical framework and observed relationships.

## DISSCUSSION

Customer feedback on the brand image of the Horison Hotel Group in West Java has generally been positive, particularly regarding the dimensions of image attributes and holistic image.(Yuliasti & Cyasmoro, 2023) Nonetheless, several indicators within the image attributes dimension received below-average ratings, including the availability of Wi-Fi in every room, the competitiveness of room pricing compared to other hotels in the region, the perceived value for money between room rates and services offered, the tranquility and comfort of the rooms, and the overall quality of room service.(Puspitasari & Srinugroho, 2023) Similarly, in the holistic image dimension, certain elements such as the hotel's reputation for providing quiet rooms, its perceived position as the top hotel choice in West Java, and the arrangement of essential spaces—such as the lobby, reception area, and restrooms—also showed room for improvement (Tahir, Adnan, & Saeed, 2024)

Respondents expressed a fair level of satisfaction with their stay experiences, especially in relation to dimensions such as repeat purchase behavior, word-of-mouth referrals, brand reinforcement, and general satisfaction. As noted by Vieira, Oliveira, & Pataco(2023), word-of-mouth remains a critical indicator of loyalty in the service industry, making these results particularly relevant. However, some individual indicators scored lower than expected. For instance, the statement "you would say good things about Hotel Horison" was rated relatively modestly, suggesting that not all guests felt strongly compelled to advocate for the brand (Shaheen, Morsy, Qoura, & Zaki, 2021)

In terms of loyalty, many respondents indicated a willingness to recommend Horison Hotel Group to others, which is a promising sign, as such advocacy can function as unpaid promotion—a powerful asset considering that personal recommendations tend to be more trusted than commercial advertising (Antosova, Psurny, & Stavkova, 2023). Nevertheless, while respondents generally demonstrated signs of loyalty, results from several key indicators reveal ongoing hesitation regarding long-term loyalty. For example, in the "Say Positive Things" dimension, the hotel is not consistently viewed as the top choice among competitors.(Wilson & Goldie, 2022) In the "Recommend to a Friend" category, many guests expressed uncertainty or reluctance to suggest the hotel even when acquaintances are seeking accommodation. (Permatasari, Maghrifani, & Wibowo, 2025)Similarly, under the "Continue Purchasing" dimension, the intention to rebook or prioritize the hotel for future stays remains relatively weak(Di Mauro, Peters, & Carnovale, 2024).

These findings suggest that while the Horison Hotel Group has succeeded in cultivating a generally favorable brand image and moderate customer satisfaction, it still faces challenges in solidifying enduring customer loyalty. (Mahartana, Tuti, & Kristiadi, 2024) Strategic improvements targeting specific service aspects—such as pricing competitiveness, room ambiance, and communication of unique brand values—could help transform satisfied customers into committed brand advocates.(Hossain, Hasan, & Arifin, 2025)

Results from the hypothesis testing indicate that brand image contributes 8% to customer satisfaction, with the strongest influence emerging from the image attributes dimension—particularly the indicator related to the hotel's attractive interior design details. This suggests that respondents' positive perceptions of the hotel's physical and aesthetic elements play a significant role in shaping their overall satisfaction. As emphasized by (Górska-Warsewicz & Kulykovets, 2020), a favorable brand image serves as a critical determinant in consumers' accommodation choices. Similarly, Polo-Peña, Andrews, and(Polo-Peña, Andrews, & Torrico-Jódar, 2024) highlight the relevance of visual and symbolic brand elements in influencing hotel selection, while (Cuesta-Valiño, Kazakov, Gutiérrez-Rodríguez, & Rua, 2023) affirm that brand perception significantly affects customer loyalty in the hospitality sector.

Price accounts for 12% of the variance in customer satisfaction, slightly surpassing the influence of brand image. The most influential indicator in this dimension is price suitability relative to benefits—especially the perception that the room rates correspond well with the comfort and services offered. This aligns with findings from (Levrini & Jeffman dos Santos, 2021), who emphasize that pricing fairness and transparency are crucial for sustaining customer satisfaction in service-based industries. In the same vein, (Hastoko & Stevany, 2022) assert that perceived value, rather than price alone, is what shapes purchase decisions. As (Erpurini & Badrudin, 2023) notes, price is often the most heavily weighted component of the marketing mix in consumer decision-making, particularly in highly competitive sectors like hospitality. This is further supported by (Harta,

Hadi, & Manggabarani, 2024), who found that clear value-for-money perceptions positively affect guest satisfaction.

However, service quality emerges as the most dominant contributor, explaining 28% of the variation in customer satisfaction—significantly higher than the influence of brand image or price. This finding is consistent with (Nurrahman, 2023), who emphasizes that the quality of direct interactions between hotel staff and guests critically determines satisfaction levels and repeat visits. (Aras, Persada, & Nabella, 2023) also highlight that personalized and consistent service delivery in hotels strengthens customer relationships and increases the likelihood of both return visits and positive word-of-mouth referrals. In the case of the Horison Hotel Group, respondents rated service quality highly, indicating it as the main reason for their intention to return or recommend the hotel to others (Yuliasti & Cyasmoro, 2023).

## CONCLUSION

The results of the SEM analysis confirm that the proposed structural model is statistically valid and appropriate for interpretation. The model met assumptions of multicollinearity, singularity, and normality, and achieved acceptable goodness-of-fit indices. All constructs demonstrated adequate validity and reliability, affirming the strength of the measurement and structural models within the hospitality context.

Service quality emerged as the strongest determinant of customer satisfaction, explaining 28% of its variance. Staff responsiveness and interaction quality were key drivers, supporting prior findings (Nurrahman, 2023) that service excellence is central to guest satisfaction and repeat patronage. Price contributed 12% to satisfaction, with respondents emphasizing value-for-money alignment, consistent with earlier research (Levrini & Jeffman dos Santos, 2021). Brand image accounted for 8% of satisfaction, with interior design as a standout attribute. However, lower scores in Wi-Fi quality, room comfort, and competitive pricing suggest image inconsistencies that hinder stronger satisfaction, as noted by (Górska-Warsewicz & Kulykovets, 2020)

Despite relatively strong loyalty levels, indicators such as positive word-of-mouth, repeat bookings, and recommendation intent revealed opportunities for improvement. Guests still hesitate to identify Hotel Horison as their preferred brand, indicating loyalty fragility. (Lemy, Goh, & Ferry, 2019)Continuous improvements in service delivery and value alignment are therefore essential.

Contextually, the study reflects positive market dynamics in West Java's hospitality sector, with year-end occupancy rates reaching 90–100%. However, high visitor volumes have not automatically translated into customer loyalty, highlighting the need for sustained service quality and facility upgrades to remain competitive.

This study has several limitations. First, the cross-sectional design limits causal inference; future studies could employ longitudinal methods to assess changes in loyalty over time. Second, the research is geographically limited to West Java, which may constrain generalizability. Broader studies involving multiple hotel chains across regions are recommended to validate and expand these findings.

Additionally, this study primarily focuses on quantitative data from customer surveys. Future research could incorporate qualitative insights through interviews or focus groups to capture deeper emotional and experiential factors affecting brand perception and loyalty. Exploring the impact of digital touchpoints, brand communication strategies, and loyalty program effectiveness may also provide valuable directions for managerial application and academic enrichment.

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