CHAPTER II
REVIEW OF RELATED LITERATURE

In this chapter, we will present a review of the literature relevant to this research. The purpose of a literature review is to provide a solid theoretical foundation and in-depth understanding of the topic being researched.

2.1. Guest Satisfaction

This section focuses on a basic understanding of customer satisfaction in a research context. It includes the definition of customer satisfaction, the factors that influence it, and the indicators used to measure it. By understanding the basic concepts, influencing factors, and relevant indicators, this research can provide valuable insights into customer satisfaction.

2.1.1. Definition of Guest Satisfaction/Customer Satisfaction

Guest satisfaction, often known as customer satisfaction, refers to the consumer experience when consuming products and services and is strongly tied to the notion of experiential marketing. Experiential marketing is an endeavor by businesses or marketers to package things in such a way that they provide an emotional experience that appeals to consumers' emotions and sentiments (Schmitt & Zarantonello, 2014; Yunpeng & Khan, 2023). Shaw and Hamilton in Hidayah & Wiranti (2023) define customer satisfaction as the consumer's view of intellectual, physical, emotional, subconscious, and psychological interactions with various aspects of a company. These views impact consumer behavior and create memories that drive client loyalty, ultimately affecting the organization's economic worth.

In the hospitality industry, guest satisfaction is used to evaluate hotel performance (Kim et al., 2015; Aakash & Gupta Aggarwal, 2022). Hotel ratings and textual reviews scientifically depict guest experiences, which are observed by both travelers and hoteliers in order to make educated decisions and please their consumers (Song et al., 2022). Guest satisfaction is the measure of how many of the customer's expectations are met by the service provider. Guest satisfaction has an impact on revenue, repeat visits, and the firm's market reputation (Srivastava & Kumar, 2021). To obtain a competitive edge, hotels must focus on better handling of elements that eventually lead to visitor satisfaction.

According to the definition that is provided, guest satisfaction, or customer satisfaction in general, refers to consumers' perceptions or experiences when interacting with products or services. It is closely tied to experiential marketing, which seeks to elicit emotional responses from people via their experiences. Customer experience refers to all elements of engagement with a firm, including intellectual, physical, emotional, subconscious, and psychological exchanges. These encounters affect consumer behavior, generate memories, and increase customer loyalty, all of which have an impact on the organization's economic worth.

2.1.2. Factors that Influence Customer Satisfaction

Zeithaml and Bitner in Dung et al. (2021) define customer satisfaction as an assessment of the qualities or aspects of a product or service, as well as the product itself, that give a degree of customer satisfaction connected to satisfying demands. Customer satisfaction is determined by five criteria, which are listed below.

a. Product quality

Customers feel satisfied if they buy a product that has good quality, then the customer will continue use that product.

b. Price

Cheap prices if customers are price sensitive because they will get value for money. For customers who are not sensitive to price, the price component is not important to them

c. Service quality

Customers will feel satisfied if the service provided by the company meets customer expectations. Satisfied customers will come back for the product.

d. Emotional factors

The satisfaction obtained is not due to the product but the social value that makes customers satisfied with the product and these services.

e. Cost

Customers do not need to incur additional costs or do not need to waste time to get a product or service and tend to be satisfied with the product or service.

2.1.3. Indicators of Customer Satisfaction

There are four indicators of customer satisfaction variables according to Elitan in Nisrina & Usman (2021) include:

a. No complaints or grievances resolved.

b. The customer's feeling of satisfaction with the overall product.

c. Conformity to customer expectations/expectations.

d. Customer expectations exceeded.

Furthermore, there are three indicators that form customer satisfaction according to Kotler & Keller (2016) which are as follows:

a. Matching Expectations

It is the level of conformity between product performance expected by customers and felt by customers, namely:

1) The product that will be obtained meets or exceeds expectations.

2) The service provided by employees is in line with or exceeds expectations.

b. Interest in Returning

It is a customer's willingness to visit again or repurchase related products, namely:

1) Interested in visiting again because the service provided by the employees was very satisfying.

2) Interested in visiting again because of the value and benefits obtained after consuming the product.

c. Willingness to Recommend

This is a customer's willingness to recommend products that they have experienced from family and friends, including:

1) Recommend family or friends to buy the products offered because the service is very satisfying.

2) Advise family or friends to buy the products offered because of the value and benefits obtained after using or consuming a product.

2.2. Service Quality

This section discusses the basic concept of service quality in a research context. Service quality refers to the level of service excellence provided to customers. In this research, service quality will be defined and measured through indicators such as reliability, responsiveness, guarantee, empathy, and physical evidence. An understanding of these concepts and indicators is important for evaluating customer satisfaction.

2.2.1. Definition of Service Quality

Service quality has become increasingly important, and studies have demonstrated that it is a prerequisite for success and survival in today's competitive market (Ghobadian, et al. 1994; Gamaliel et al., 2022). The key to long-term advantage, particularly in recent years, has been to provide high-quality service that results in delighted consumers. Quality of service is crucial for the hotel sector and high-quality hotels can increase market share and likelihood (Clara et al., 2022).

Service quality is defined as customer satisfaction with services given by guesthouse owners or personnel (Hu et al. 2012; Lin et al., 2021). In the hotel sector, service quality is often quantified using certain characteristics of quality at the encounter level (Luo & Qu, 2016). Excellent service quality increases client happiness and loyalty, leading in customer retention (Ekinci et al. 2003). Service quality comprises the capacity to meet and surpass the demands of consumers (Antony, Antony, & Ghosh 2004).

According to the criteria mentioned above, service quality is critical in the hospitality sector since it has a substantial influence on customer happiness,

retention, and overall market performance. High-quality service is critical for establishing client delight, which promotes loyalty and repeat business. Service quality in the hotel industry is frequently assessed using particular encounter-level features, and high service quality entails meeting and surpassing client expectations. The capacity to provide outstanding service is critical for expanding a hotel's market share and guaranteeing its long-term profitability in a competitive environment. Hotels must prioritize service quality in order to maintain a competitive edge and achieve long-term profitability.

2.2.2. Indicators of Service Quality

According to Zeithaml (2018), numerous metrics for assessing service quality are split into five (five) dimensions, namely:

1. Tangible (things that are seen)

All physical proof that buyers may view firsthand. In this situation, the corporation or business provides physical proof to third parties of its presence to consumers. The company's look, quality, and capabilities, as well as the surrounding environment, are tangible evidence that consumers may use to judge the company's ability to deliver services. Some signs that may be evaluated from tangible are as follows:

a. The company's physical appearance:

   1) Appearance of the Company Building

   2) The status of facilities and infrastructure in terms of supporting services

   3) Company equipment used throughout the servicing procedure

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b. Appearance in the company:

   1) The cleanliness of the work environment

   2) Conditions and environment in the firm

   3) Ventilation in the company

   4) Information inside the firm

   5) The number of restrooms offered by the firm

   6) Posters, banners, or ads utilized by the firm.

2. Reliability

   Reliability refers to the company's capacity to satisfy client demands consistently. In this scenario, the corporation or organization must be capable of providing adequate and correct services to meet the expectations of its customers. Aside from that, it must be able to deliver on all of its promises to clients. The goal is to prevent clients from feeling duped about what the corporation has promised. It must be a concern for firms or corporations that promises are more than just that; they must be consistent with the promises made to customers. Reliability may be determined using the following indicators:

a. Provide service fulfillment based on commitments.

b. Provide reliable service.

c. Provide services within the given time frame.

3. Responsiveness

Companies or enterprises give quick and exact service in order to assist clients meet their demands. The following indicators can be used to assess responsiveness:

a. Employees are responsive in delivering customer service.

b. Services are given adequately.

c. Desire to assist clients in satisfying their needs.

4. Assurance

In today's commercial rivalry, corporations or enterprises must compete with one another to demonstrate their superiority over their competitors. A business must have knowledge and competence in all areas. Customers place a high value on guarantees and security. With greater and tighter competition, deceiving clients is an extremely dangerous business decision. Aside from that, firm staff are expected to deliver nice and courteous service to consumers. The indicators used to measure assurance in terms of meeting service quality are as follows:

a. Employees must explain to consumers what their needs are and what will be done to address those demands.

b. Employees' behavior towards consumers will offer them with peace of mind and assurance that the transactions they do are secure.

5. Empathy

Companies or enterprises must undoubtedly have an empathic approach toward clients. A firm or organization may demonstrate empathy by organizing time so that clients can be readily contacted. Managing time can be done over the

phone or in person with clients. Companies in this situation must likewise value clients, but this does not need them to agree with their viewpoints, but rather to make concessions or discover the best method to handle difficulties. The indicators to measure empathy are as follows:

a. Employees provide clients the option to ask inquiries.

b. Employees are attentive to every consumer that comes to meet their demands.

c. Employees who must attend to the unique demands of each consumer

2.3. Online Customer Review

This section explores the phenomenon of Online Customer Reviews (OCR) as an important data source in this research. OCR refers to reviews or comments made by customers online about a particular product or service. In this context, OCR is considered an important indicator for measuring customer perceptions and experiences of the products or services offered.

2.3.1. Definition of Online Review

Farki et al. (2016) noted that reviews are part of Electronic Word of Mouth (eWOM), which is a direct opinion from someone rather than an advertising. Reviews are one of the elements that impact a person's purchase choice, implying that the quantity of reviews may be used to predict product popularity or worth, which influences desire to buy. However, more reviews and ratings do not guarantee that people would purchase the goods. Many elements influence a customer's choice to purchase a product. Online reviews may be a very effective promotional tool for marketing communications. Marketers and suppliers have embraced this medium since it offers a low-cost and effective way to contact their

target audience. Marketers have been known to use customer networks of influence-to-influence potential purchasers' purchasing decisions.

2.3.2. Indicator of Online Customer Review

The online customer review indicators utilized in this study were generated based on research completed by Latifa P. and Harimukti W in Shidieq (2020), as follows:

a. Perceived Usefulness (Feeling Benefit)

Consumers see benefits from online customer reviews on a purchasing website. The things considered as indications of perceived usefulness are listed below:

1) Online consumer reviews make it easy to buy or order online.

2) Online consumer reviews make it easier to search for and discover information about products and services.

b. Credible sources

The literature on electronic word of mouth provides insight into the individual who develops the message's content. Credibility is described as an expert and communicator in a certain field who can be trusted and recognized by the message's recipient. The items utilized for source credibility indicators are listed below:

1) Trust Google Reviews' online consumer review tool.

2) Trust the feedback provided by other consumers.

c. Argument quality

Argument quality refers to the persuasive strength of the argument associated with the information message. The things used as argument quality indicators are listed below:

1) A product or service review informs readers about its benefits and drawbacks.

2) Google reviews assist people make purchase decisions.

d. Valence

Valence relates to whether a remark in a communication is positive or negative. Either favorable (for example, praise) or negative (for example, complaints). The elements utilized for the valance indication are listed below:

1) Product or service reviews on Google Reviews include accurate information.

2) Product or service reviews on Google offer a comprehensive picture of the product or service as a whole.

3) Positive feedback influences thoughts about a product or service.

4) If a product or service receives poor feedback, they will seek alternate options.