The Effect of Destination Image, Tourist Satisfaction, Perceived Value, and Perceived Service Quality towards Tourist Loyalty at Bali's *Seminyak* Beach

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ABSTRACT

Loyal visitors are essential to keep tourist destinations surviving and thriving. Tourist loyalty is a tendency to revisit tourist sites influenced by tourists' satisfaction. Quantitative research was conducted based on a theoretical model demonstrating how perceived value and perceived service quality affect tourist loyalty mediated by destination image and tourist satisfaction. A total of 149 respondents of both genders aged 18-65 years old who had a history of visiting Seminyak Beach Bali were recruited for the study using the convenience sampling method and subsequently examined using Structural Equation Modelling (SEM). Perceived value demonstrated an indirect positive influence on tourist loyalty through destination image and tourist satisfaction. Moreover, tourist satisfaction showed a direct positive effect on tourist loyalty. Destination image positively affected tourist loyalty which was mediated by tourist satisfaction.

Keywords: perceived value, perceived service quality, destination image, tourist satisfaction, tourist loyalty

1. PRELIMINARY

Vacation is part of human's basic needs due to its mental therapeutic effect. Several factors contribute to selecting a tourist destination, namely destination image, tourist satisfaction, and tourist loyalty. Tourist loyalty to a destination has the strongest influence on travel destination decision-making. Tourist loyalty is defined as the tendency to revisit a particular tourist destination and spread positive reviews to others. Once satisfied with a particular place, tourists gain loyalty and are highly likely to return though they must spend money and time there. Tourist loyalty is highly valued by tourist destinations as loyal visitors will secure income and support the site's further development. With the growing number of tourist destinations nowadays, the urgency to achieve tourist loyalty increases in a more competitive environment. Therefore, factors positively affecting tourist loyalty is an interesting topic to be further evaluated.

Bali has been widely known for its tourism and a great number of tourists, both domestic and local, visit annually. Bali had various tourist destinations and Seminyak Beach is one of them. Beautiful sunset view with restaurants and hotels one step from the beach attracts people to come. However, despite these strategic values, how Seminyak Beach preserves its loyal visitors is considered to be more important compared to attracting new ones. Hasan (2021) stated that there are factors affecting tourist loyalty, namely perceived value, perceived service quality, tourist satisfaction, and attitude to visiting behavior. This research aimed to depict the positive effect of perceived value, perceived service quality, destination image, and tourist satisfaction on Seminyak Beach's tourist loyalty. This study did not include attitude as the variable of visiting behavior to examine the mentioned factor without being mediated by attitude to visiting behavior.

2. LITERATURE REVIEW

Tourist loyalty is a commitment to rebuy a product or service in the future, resulting in similar brand repetition despite the influence of the current situation and marketing strategy that may cause behavioral change (Oliver, 1999). Developing customer loyalty has been a crucial marketing strategy to maintain the current customers (McMullan & Gilmore, 2008). *Tourist satisfaction* is a function of expectation before and after a trip. Satisfaction will be achieved once the experience exceeds the expectation and vice versa (Nguyen & Nguyen, 2021; Foster & Sidharta, 2019). Kotler and Keller defined *destination image* as the belief, impression, and idea of someone related to a particular place (Priyanto et al., 2015). Tasci & Kozak (2006) stated destination image is a perception by individuals toward destination character, which is influenced by mass media, promotion, and other factors.

Value is customers' judgments of particular services based on a perception of what is expected to be received (Moon & Han, 2019). Subsequently, *perceived value* is a ratio or trade-off of total benefit yielded from total sacrifice (Prayag & Ryan, 2012). *Perceived service quality* is a result of the evaluation process where customers compare their expectations with the services they gained (Nguyen & Nguyen, 2021). Le & Le (2020) stated service quality is a form of attitude that is related to but not equal to the satisfaction from the comparison of expectation and perception of performance.
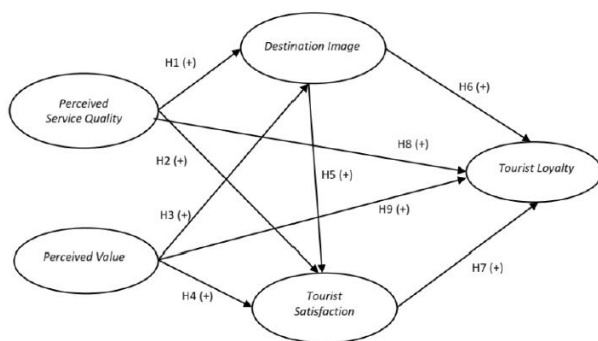
Figure 1. Research Conceptual Framework

Legend:
H1: Perceived service quality positively influences the destination image of Seminyak Beach domestic tourists.
H2: Perceived service quality positively affects tourist satisfaction of Seminyak Beach domestic tourists.
H3: Perceived value positively influences the destination image of Seminyak Beach domestic tourists.
H4: Perceived value positively influences tourist satisfaction of Seminyak Beach domestic tourists.
H5: Destination image positively influences tourist satisfaction of Seminyak Beach domestic tourists.
H6: Destination image positively influences tourist loyalty to Seminyak Beach domestic tourists.
H7: Tourist satisfaction positively influences tourist loyalty to Seminyak Beach domestic tourists.
H8: Perceived service quality positively influences tourist loyalty of Seminyak Beach domestic tourists.
H9: Perceived value positively influences tourist loyalty of Seminyak Beach domestic tourists.

3. RESEARCH METHODOLOGY

Seminyak Beach served as the research object. A total of 149 respondent data was gathered and tested for validity and reliability. Data is considered to be valid once the significant value exceeds 0.05 (p>0.05) and reliable if the Alpha Cronbach value is more than 0.6 (p>0.6). The data was analyzed using Structural Equation Modelling (SEM) analysis. SEM data analysis was divided into two groups: measurement and structural model. The measurement model was utilized to examine the raw data to produce valid and reliable ones before further analysis. This method enabled the use of several variables for both exogenous and endogenous latent variables. Measurement model suitability with empirical data was measured with *the Goodness of Fit* (GOF) index. This index indicates how good a model is to produce a covariant observation matrix among each indicator (Hair et al.,

2010:664). This study used 4 criteria, which met the bare minimum of a fit model (Hair et al., 2010), such as

1. χ^2 : df, χ^2 : df, cut-off value ≤ 3 (Hair et al., 2010: 668)
2. GFI (*Goodness of fit index*), cut-off value ≥ 0,90 (Hair et al., 2006: 746-750)
3. CFI (*Comparative fit index*), cut-off value ≥ 0,95 (Hair et al., 2006: 746-750)
4. RMSEA (*The Root Mean Square Error of Approximation*), a good RMSEA value is below 0,08 (Hair et al., 2006: 746-750)

After analyzing the measurement model, the structural model assessment was carried out to examine the relationship between each hypothesized variable. Structural model appropriateness with empirical data was examined using the GOF index. Validity and reliability test were performed using Construct Reliability and Average Variance Extracted. The acceptable value of Construct Reliability (CR) is >0.7 (Hair et al., 2010: 709-710). A high Average Variance Extracted (AVE) value indicates the data well represents all latent developed construction. A good AVE value is >0,5 (Hair et al., 2010: 709-710). Last, the hypothetical test was performed to obtain the t-value (cut-off <1,96), with significance at 5% (α=5%) using LISREL and SPSS.

This study made use of quantitative data. The primary data was obtained from the questionnaire using several statements which represented each variable examined. The study used Likert Scale as the measurement scale in which the respondent would provide answers based on characteristics that were measured in the 7 scales. A score of "1" indicated a strongly disagree attitude while the other extreme of "7" meant strongly agree. Samples were recruited using a non-probability sampling and convenience sampling method due to the unidentified number of the whole population (Zikmund et al., 2013).

4. DATA ANALYSIS AND RESULT

This study discovered that all factors (perceived value, perceived service quality, destination image, tourist satisfaction) that were previously expected to affect tourist loyalty had a reliable effect, with Cronbach alpha >0,6. The result of validity and reliability analysis using the AVE and CR test were summarized in **Table 1.** All variables had surpassed the minimum indicator of AVE >0,5; CR >0.7, and Cronbach Alpha constant of >0.6. Therefore, all variables were regarded as valid and reliable.

Hypothetical testing was conducted to explore the effect of each endogenous and exogenous latent variable among endogenous variable. This study's findings supported 4 hypotheses (H3, H4, H5, H7) with t-value >1,96. On the other hand, 5 other hypotheses (H1, H2, H6, H8, H9) were rejected due to the lack of significant effects when compared to the other 4 supported ones. The hypothetical testing result was shown in **Table 2.**

Variable	AVE	Reliability	
		A	CR
Perceived service quality	0,602975	0,851	0,923222
Perceived Value	0,7101667	0,840	0,8787241
Destination Image	0,705225	0,860	0,9038882
Tourist Satisfaction	0,74924	0,883	0,93705
Tourist Loyalty	0,73154	0,914	0,93143

AVE: Average Variance Extracted; CR: Construct Reliability
Table 1. Reliability Test

This study examined several factors, namely perceived service quality, perceived value, destination image, and tourist satisfaction, which affect tourist loyalty in Bali's Seminyak Beach domestic tourist. It could be inferred that perceived value, although without a direct positive effect on tourist loyalty, had an overall wider and positive influence mediated by destination image. This finding was along with that of previous studies (Wareewanich &

Sukpasjaroen, 2021; Matolo et al., 2021; Skogland & Siguaw, 2004). These prior studies stated that perceived value positively influenced tourist loyalty, which was mediated by tourist satisfaction (Yang & Peterson, 2004).

Moreover, this study revealed that destination image had no direct positive effect on tourist loyalty, but may have a positive effect on tourist loyalty if mediated by tourist satisfaction. This finding supported the preceding studies (Lu et al., 2020; Kanwel et al., 2019; Kusdibyo, 2022). They mentioned that the destination image could affect tourist loyalty positively once it was combined with tourist satisfaction.

Hypothesis	Standardized β	SE	t-value	p-value	Result
H1: Perceived service quality → destination image	0,18	0,31	1,00	p < 0,05	Unsupported
H2: Perceived service quality → tourist satisfaction	-0,22	0,44	-1,47	p < 0,05	Unsupported
H3: Perceived value → destination image	0,67	0,39	2,96	p > 0,05	Supported
H4: Perceived value → tourist satisfaction	0,78	0,81	2,60	p > 0,05	Supported
H5: Destination image → tourist satisfaction	0,38	0,25	2,31	p > 0,05	Supported
H6: Destination image → tourist loyalty	0,16	0,16	0,96	p < 0,05	Unsupported
H7: Tourist satisfaction → tourist loyalty	0,75	0,18	2,53	p > 0,05	Supported
H8: Perceived service quality → tourist loyalty	-0,25	0,30	-1,36	p < 0,05	Unsupported
H9: Perceived value → tourist loyalty	0,09	0,53	0,29	p < 0,05	Unsupported

Table 2. Hypotheses Testing Result

Likewise, the study examined the direct effect of perceived value and perceived service quality on tourist loyalty (Nilplub et al., 2016; Wang et al., 2022). Nevertheless, research conducted in Seminyak Beach was unable to support these two hypotheses. Perceived service quality did not show a positive influence on tourist loyalty in Seminyak Beach, both directly and indirectly. The possible causes were the lack of tourist services provided around the beach. There was a shortage of available public facilities, such as garbage can and restrooms. **Figure 2** summarized the main findings of the study.
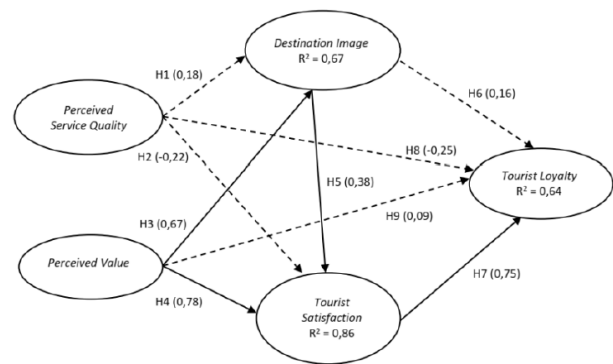
Figure 2. Final Model of Tourist Loyalty in Seminyak Beach

5. CONCLUSION

This study evaluated several factors that may affect local tourist loyalty in Bali's Seminyak Beach, such as perceived service quality, perceived value, destination image, and tourist

satisfaction. Perceived service quality had no effect, both directly and indirectly on tourist loyalty. This absence of effect was due to the minimum service provided around Seminyak Beach. Perceived service quality was the weakest predictor of tourist loyalty. In addition, despite that perceived value did not have a direct effect on tourist loyalty, it had the broadest indirect influence due to the capacity to boost destination image and tourist satisfaction which later could affect tourist loyalty. Next, tourist satisfaction demonstrated a positive influence on tourist loyalty in Seminyak Beach. Destination image had a positive effect on tourist loyalty, which was mediated by tourist satisfaction.

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