CHAPTER 2

LITERATURE REVIEW

2.1   Service Quality

Service quality refers to the degree of excellence and satisfaction experienced by clients in relation to the services offered by a company. This factor is crucial for distinguishing service providers and has a significant impact on client happiness and loyalty. Service quality encompasses multiple elements, including responsiveness, reliability, assurance, empathy, and physical attributes (Cheraghalizadeh & Dědková, 2022).

In the context of the hotel industry, quality of service is essential to attract and retain customers. This involves providing efficient and personalized service that meets or exceeds customer expectations. High quality of service results in a positive experience for customers, increased satisfaction, and ultimately, customer loyalty. Studies have shown that service quality has a positive influence on customer satisfaction, brand image, and customer retention in the hotel industry (Dam & Dam, 2021).

Service quality is a significant factor that provides a powerful edge over competitors in the service business (Rahman et al., 2022; Woratschek et al., 2020). In other words, competitive advantage is derived from the ongoing enhancement of an organization's products in terms of quality and reliability (Fernandes, 2020). Continuous improvement of service quality results in more customer satisfaction and loyalty (Chongsanguan et al., 2016). Therefore, if customers are satisfied with the quality level of service of the company, the

chances of repurchase increase. The quality of service plays a crucial part in distinguishing between identical services. The organization stands out from its competitors due to its exceptional service quality (Chikazhe et al., 2021).

2.2   Social Media Marketing

In social media contains internet-based applications that are built on the foundations of web technology and ideology, and allow users to create and exchange content (Diebes & Iriqat, 2019). Social media is a medium that enables brands to cultivate relationships with existing customers and also provides avenues for engaging with potential customers. Currently, firms worldwide are placing significant emphasis on ensuring customer pleasure. The success and survival of the organization hinge on this factor (Nam & Kannan, 2020). In order to enhance customer happiness, firms must accurately gauge the degree of satisfaction, enabling them to propose offerings that deliver greater value to customers. Social media enables companies to gain insights into user pleasure or dissatisfaction through various communication channels. By efficiently implementing marketing and social media strategies, organizations can establish profitable relationships with their clients and consequently attain higher levels of customer satisfaction. Online platforms offer information that enables individuals to compare their anticipated outcomes with the actual services provided. When customers are assured that their expectations will be fulfilled, they will have trust in the service provider's service quality (Zahara et al., 2021a).

2.3 Brand Image

According to Kotler & Keller (2006), buyers aggregate a collection of traits and form a frame of mind through brand-related linkages in practical and symbolic dimensions. Meanwhile, Fang et al. (2020) describes the collective synchronization of brand image and brand loyalty as "why buyers choose", "choose", "remain loyal to", or "buy repeatedly" a company (Zia & Mirza, 2021), discovered that brand image has a direct effect on customer purchases, whereas brand awareness has an indirect effect.

On the other hand, many researchers recommend that expressive imagery can build more loyal customers (Haudi et al., 2022). One study demonstrates that in the hotel industry, brand image plays a significant impact in determining customer satisfaction (Haudi et al., 2022). Additionally, Brand Image is an indirect mechanism that can effectively influence customer purchasing behaviour and also has a significant impact on enhancing corporate success (Malik et al., 2021). In his research, Khan et al. (2020), asserts that brand promotion, brand interactions, and brand understanding exert a substantial influence on consumer retention.

2.4 Brand Awareness

Brand awareness refers to the extent of consumer comprehension and acknowledgement of a brand (Bilgin, 2018). This encompasses the degree to which customers can identify and retain a brand, as well as the associations linked to that brand. Brand awareness is crucial as it has the potential to impact

customer buying choices and distinguish brands from their rivals (Cheraghalizadeh & Dědková, 2022). States that brand awareness and brand image are factors that influence brand knowledge. Brand awareness refers to the extent to which customers express a willingness to purchase a specific product or brand. The ease with which people remember the brand is indicative of the brand's image, which in turn influences brand awareness. Without a strong brand image, brand awareness can be shaped by consumer perceptions, ultimately impacting the reputation of the company (Ezenwafor et al., 2021). Also created the concept of brand recall to analyse and measure brand awareness. This is an effective method for determining the extent to which buyers desire a particular product.

2.5   Customer Satisfaction

Customer satisfaction is the level of satisfaction or satisfaction felt by customers with the products or services provided by a company. This includes customer perceptions of product or service quality, customer experience, and the extent to which customer expectations are met. Customer satisfaction is an important factor in retaining customers and building customer loyalty.

The state of satisfaction and the assessment of the level of satisfaction by customers is a reaction to customer satisfaction. Another opinion on this subject is that satisfied customers remain loyal to the brand, those that are dissatisfied pick alternative brands, which produces a positive association between customer satisfaction and brand loyalty (Ezenwafor et al., 2021). Furthermore, Organizations should concentrate on a more comprehensive

approach for a marketing relationship that incorporates customer satisfaction, as this will lead to the retention of current customers and positive effects in the form of verbal recommendations (Kankam Boadu, 2019). Several studies, on the other hand, show that customer satisfaction plays an important role in improving and maintaining long-term profitable connections between customers and enterprises (Zahara et al., 2021).

Further, satisfaction leads customers towards a long-term profitable relationship with the brand, and also provides value to the brand as well as creates positive recommendation marketing that builds a good brand reputation (Soeryohadi et al., 2021). A study demonstrates the existence of a mutually advantageous connection between customer satisfaction and brand loyalty. Additionally, the study indicates that consumer perception is influenced by the company's profitability and market share, which aids in the ongoing enhancement of the company. Research also reveals that customer loyalty can be enhanced through customer satisfaction, trust, and the reputation of the company. Customer satisfaction can be attained by providing high-quality products, which contribute to the development of customer loyalty and the overall reputation of the organization (Muhammad et al., 2019).

2.6   Customer Retention

Customer retention refers to the inclination of individuals to remain loyal to a particular service provider and make repeat purchases. According to Wu et al. (2012), meeting customer expectations in terms of service quality can lead

to a rise in awareness and image, which in turn has the potential to affect customers' intentions to make repeat purchases (Liu & Jiang, 2020). The level of service quality plays a crucial role in influencing client retention and loyalty within the hospitality business. Customers that receive outstanding service are more likely to continue their relationship with service providers and make repeat purchases, hence providing a competitive edge to suppliers offering high-quality service (Martins Chika & Chigozie, 2019a). Assessing service quality is crucial for hotels as it enables them to analyse and enhance the whole visitor experience. Hotels can utilize this tool to identify areas that need improvement, benchmark against their rivals, get understanding of visitor requirements, enhance guest satisfaction levels, and enhance their online reputation. Delivering services of superior quality offers corporate benefits. Customers who receive exceptional service are more inclined to remain loyal to the service provider for a longer duration than anticipated and engage in repeat transactions.

2.7 Previous Research

Table 1. Previous Research

No.	Research	Variable	Analysis tools and units	Research results
1	"Do service quality and social media marketing improve	Service quality, SMM, brand awareness, brand	The methodology used for data analysis in the	This research emphasizes numerous crucial aspects.

No.	Research	Variable	Analysis tools and units	Research results
	customer retention in hotels? Testing the mediation effect" (Cheraghalizadeh2022).	image, customer satisfaction, customer retention	document is correlation and regression analysis The researchers conducted reliability tests using Cronbach's alpha and composite reliability to assess the correlation between individual items.	Service quality and social media marketing enhance customer satisfaction, increase brand recognition, and boost brand image. These findings suggest that hotels that offer excellent service and effectively utilize social media platforms are more likely to enhance customer satisfaction, brand awareness, and foster a favorable attitude among consumers. Furthermore, client retention is facilitated by the interplay of service quality and social media marketing with customer happiness, brand awareness, and brand image.
2	"Service quality and operational performance of hotels in port hardcourt, Nigeria" (Martins Chika & Chigozie, 2019a)	*Customer Satisfaction, Tangibles, Assurance, Responsiveness, Reliability and Empathy.*	This study likely used descriptive statistics, correlation analysis, regression analysis, factor analysis, and content analysis to investigate the relationship between dimensions of service quality (tangibles, assurance, responsiveness, reliability, empathy) and operational performance (customer satisfaction) in Port Harcourt	Customer satisfaction is positively influenced by the quality of service. Therefore, service providers should prioritize service quality in order to enhance customer happiness and promote repeat purchase intentions.

No.	Research	Variable	Analysis tools and units	Research results
			hotels using a cross-sectional survey design with a sample size of 120 respondents.	
3	"The effect of celebrity on brand awareness, perceived quality, brand image, brand loyalty, and destination attachment to a literary festival"(Kim et al., 2018).	Celebrity attributes, brand equity, destination attachment, loyalty to festival, festival brand awareness	Researchers employed data analysis to examine the impact of celebrity author endorsements on the value of a festival brand, the level of engagement individuals have with the festival's purpose, and additional factors such as the celebrity's personality, their allegiance to the festival, and their familiarity with the festival brand at the local literary festival they attended.	It was found that brand knowledge makes customers more loyal and helps them feel closer to tourist spots. Expertise is the most important celebrity trait, and festival brand knowledge and festival loyalty both make festival brand loyalty better. This has both theoretical and practical effects for how to brand destinations and advertise festivals more effectively.
4	"A study on the effects of social media marketing activities on brand equity and customer response in the airline industry" (Seo & Park, 2018).	*SM*MAs, brand equity, brand awareness, brand image, WOM	Data was collected from a survey of the effect of social media marketing activities (SMMA) on brand equity and consumer response in the aviation industry of 302 passengers and analyzed using a structural equation model (SEM).	This illustrates the effectiveness of using social media as a marketing technique to improve brand recognition, enhance the company's image, and promote customer pleasure. When used correctly, social media may efficiently distribute information about a firm and impact client behavior.
5	" Service quality in increasing consumer satisfaction in Showroom x kota	*Service quality, customer satisfaction*	This study conducted validity and reliability tests, descriptive statistical	It found that in five Asian countries, customer happiness was higher when the service was better.

No.	Research	Variable	Analysis tools and units	Research results
	bandung" (Mursyidah, 2021)		analysis, and hypothesis testing, with regression or correlation analysis, to reveal the significant effect of service quality on customer satisfaction at Showroom X Bandung in the context of the Indonesian automotive industry.	According to this study, people are happier when they think the quality of service they receive is better.
6	"The Impact of Social Media Marketing on Brand Equity toward the Purchase Intention of Starbucks Indonesia" (Karman, 2015).	Social media marketing, brand equity, purchase intention	Various experiments were used in this study to determine the impact of social media marketing on the purchase intent of Starbucks Indonesia. The tests conducted encompassing reliability and validity tests, classical assumption tests, path analysis using linear regression, and Sobel tests. The findings indicated that brand equity played a crucial role.	The study's results suggest that social media marketing, specifically through online communities, interaction, and content sharing, significantly influences the likelihood of customers in Indonesia purchasing from Starbucks. Moreover, the study found that brand equity acts as a mediator in the connection between social media marketing and customer purchase intention.
7	"Using Social Media Marketing to Create Brand Awareness, Brand Image, and Brand Loyalty on Tourism Sector in Indonesia" (Rimadias et al., 2021).	*social media marketing, consumer brand engagement, brand loyalty, brand awareness, brand image*	This study takes a quantitative approach, performing a survey of 220 TikTok users in Indonesia's tourism sector and analysing the data using the Structural Equation Model Partial Least	The research demonstrated that entertainment, electronic word of mouth, and interaction have a good impact on consumer brand engagement, whereas fashionable and customisation do not. Furthermore, consumer brand

No.	Research	Variable	Analysis tools and units	Research results
			Squares (SEM PLS).	engagement has a beneficial impact on brand loyalty, brand recognition, and brand image, providing policymakers and managers with useful insights for boosting Indonesia's tourist sector using TikTok-based social media marketing techniques.

2.8   Research Hypothesis

1.   The Influence of Service Quality on Customer Retention

Service quality is an important factor in the success of a service business. It can be thought of as an assessment of a service's excellence and thus an intangible marker that influences customer satisfaction and post-purchase behavior (Wai Lai, 2019). Customer evaluation of service quality is also crucial for businesses seeking to enhance their performance and market position. Companies that provide higher-quality services benefit from increased customer satisfaction and economic benefits (Omar et al., 2016). Previous research has indicated that service quality predicts consumer behaviour and has a favourable impact on customer satisfaction (Dam & Dam, 2021; Putro & Rachmat, 2019).

In the research, service quality is identified as a crucial factor that significantly influences customer satisfaction (Balinado et al., 2021; Mosahab et al., 2010) Satisfaction is defined as an internal perception that

is formed based on the customer's personal experience with the service. Moreover, a company's service quality might help to shape its brand image.

Brand image is important because it represents a set of attitudes and perceptions about a specific brand. Brand image is a significant aspect in decision making since it displays the brand's features and beliefs. A strong brand image influences brand recognition, loyalty, and competition. Developing a positive brand image, In addition to constantly By fulfilling or beyond consumer expectations, brands may attract new customers and maintain the loyalty of existing ones, so enhancing trust and fostering loyalty. According to Dam & Dam (2021), service quality has a favorable impact on brand image, customer satisfaction, and customer loyalty.

Positive encounters will gradually cultivate a good perception of the brand. The quality of service is often associated with efficiency, responsiveness to customer needs, and empathy (Sürücü et al., 2019), and brand knowledge helps clients understand what to anticipate from service providers. Brand awareness creates brand promotion in the minds of customers and is a company's most important asset since it demonstrates the difference and uniqueness of services and products. Based on the reasoning provided above, the hypothesis suggested is:

H1: Quality of service has a significant effect on customer retention.
H1a: Quality of service has a significant effect on brand image.
H1b: Service quality has a significant effect on brand awareness.
H1c: Service quality has a significant effect on customer satisfaction.

2. The Influence of Social Media Marketing on Customer Retention

Social media refers to internet-based programs that allow users to produce and share content. Social media is a platform that allows brands to retain relationships with existing customers while also connecting with new potential customers. Customer happiness is now the primary goal of all enterprises around the world. It influences whether a firm will flourish in the market or even survive (Farida & Setiawan, 2022).

To increase customer happiness, businesses must gather information on the level of satisfaction so that they can offer what is more valuable to customers. Companies can use social media to understand user happiness and displeasure through communication channels. Companies that properly execute marketing and social media initiatives will be able to create profitable relationships with their clients, resulting in increased customer satisfaction. Online platforms give this information, allowing users to compare their expectations to real services. Customers will have faith in the service provider's ability to meet their expectations (Zahara et al., 2021).

Social media can influence brand awareness by improving a customer's capacity to recognize a brand in a range of situations. It consists of a variety of facts, ideas, and examples, as well as a network of brand knowledge. These associations are vital for marketers and managers to consider while practicing brand distinctiveness, brand placement, and cultivating a good attitude toward the brand (ElAydi, 2018).

Moreover, brand awareness is crucial since it plays a pivotal role in marketing and is the basis for acquiring customers. Brand awareness improves individuals' capacity to recall and identify a company. Brand awareness can contribute to the attainment of many corporate goals and objectives. An accomplished company depends on both the recognition of its brand and the perception of its brand. Due to the public nature of social media, others can witness the company's interactions with customers and distribute information to others. As a result, currently, sharing information via social media is a more effective technique to spread corporate image.

Regarding brand recognition and image, social media has demonstrated itself to be an essential tool. The reason for this is that social media provides an excellent platform for brands to maintain a connection with existing customers while simultaneously increasing their likelihood of being discovered by new potential customers. In addition, a study conducted by Kim and Ko (2012), discovered that the use of social media marketing has a positive impact on brand equity. Based on their research, brand awareness is the primary factor that influences brand equity. favourable remarks and endorsements, along with good evaluations, swiftly influence the customer's affinity towards hotels and can facilitate the global expansion of businesses. Brand awareness can be enhanced among customers by various brand reminders, leading to better brand recall and a positive brand image (Seo & Park, 2018). Based on the reasoning provided above, the hypothesis suggested is:

H2: Social media marketing has a significant effect on customer retention.

H2a: Social media marketing has a significant effect on brand image.

H2b: Social media marketing has a significant effect on brand awareness.

H2c: Social media marketing has a significant effect on customer satisfaction.

3. **Influence of Mediation Variables**

According to Ratasuk & Buranasompob (2022), by strengthening brand image, product quality can promote customer repurchase intentions. This can be concluded that brand image is the most important role in promoting customer repurchase intention, followed by product quality and service quality.

According to Ilyas et al. (2020), Customer repurchase intentions are significantly influenced by brand awareness, which in turn is positively affected by customer satisfaction. Customer satisfaction acts as a mediator in the relationship between brand awareness and repurchase intention. According to Khan et al. (2020), customer satisfaction serves as a bridge between CRM and client loyalty. Customer happiness and loyalty have a significant relationship. According to the findings, excellent customer satisfaction leads to a stronger attachment to the firm. According to Khatoon et al. (2020), clients' purchasing intentions improve dramatically when they are satisfied with the service quality. consumer satisfaction was found to play a mediating role between service quality and consumer purchasing intentions.

H3a: Brand image mediates the relationship between service quality and customer retention.

H3b: Brand image mediates the relationship between social media marketing and customer retention

H4a: Brand awareness significantly mediates the relationship between service quality and customer retention.

H4b: Brand awareness significantly mediates the relationship between social media marketing and customer retention.

H5a: Customer satisfaction significantly mediates the relationship between service quality and customer retention.

H5b: Customer satisfaction significantly mediates the relationship between social media marketing and customer retention.
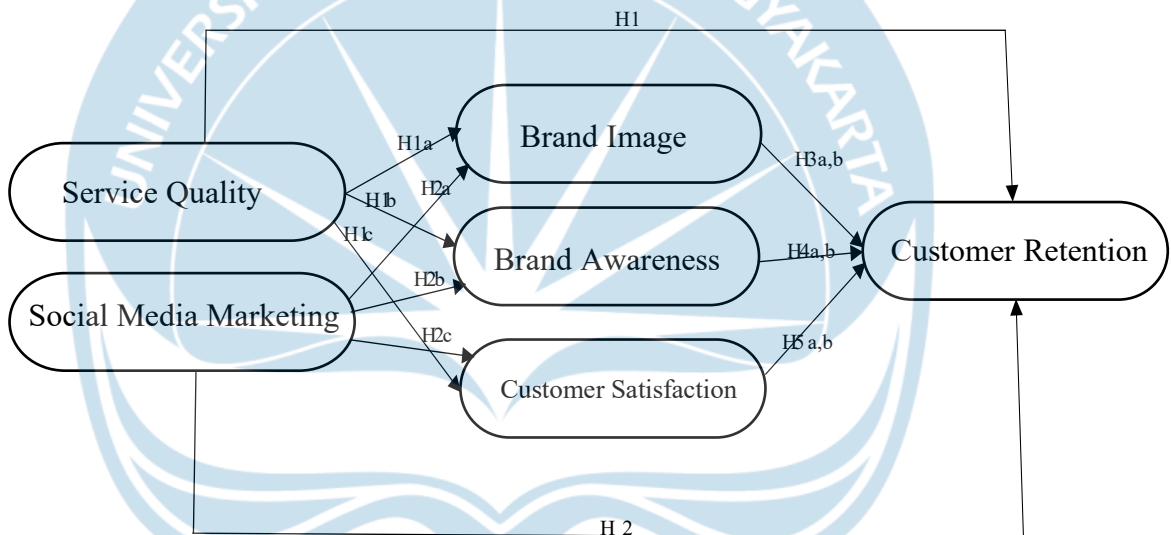
2.9   Research Model

Figure 1. Research Model (Cheraghalizadeh, 2022)