

ABSTRACT

Nowadays there has been a significant growth in terms of Indonesia's economy. Investors and business alike will be able to take advantage of the economic growth of the country. One of the most credible institutions (DRI) Danareksa Research institute has shown that the citizens of Indonesia has a high degree of expectation regarding the country's economy in the year 2017. Their expectation in the end will greatly affect their buying behavior. The citizens are more willing to conduct business and invest their money. The increase in investment will possibly also increase the GDP and job vacancies. Other than that another factor which is affected by the increase in expectation is the buying power of the citizens. Additionally, the increasing local expectation will also greatly appeal to the foreign investors. The economic growth of 2017 also translates to opportunities that are available in terms of the tourism industry. Tourism is one of the industries which the local government focuses their enhancements on. They deemed the industry to be very crucial since it contributes greatly to the GDP of the country. In the recent years, businesses which operate in the tourism industry have felt a significant increase in terms of potential customers

The purpose of this research is to reveal the Effect of operand and operand service quality toward customer loyalty through Customer Engagement and Customer Satisfaction at Supermall in Surabaya. This is a case study of Rock Hotel is using the 7 variables to identify their customer loyalty toward them toward Rock Hotel in Surabaya.

This study uses a quantitative approach to the analysis technique of Structural Equation Model (SEM) and the AMOS 22.0 software. The questionnaire distributed to 166 respondents in the sample in which the characteristics of respondents which consists of men and women in the age range 16-65 years, consumers who live in Surabaya, have visited Rock Hotel in Surabaya. The sampling method used in this research is purposive sampling. The results showed Operand service quality has a significant effect on customer satisfaction with the regression coefficient of 0.588 with the acceptable hypothesis standard ie C.R. $\geq \pm 2.00$ with significance level <0.05 (5%), hence hypothesis 4 (H4) is Accepted. Operand service quality has a significant effect on customer loyalty with the regression coefficient of 0.022 with the acceptable hypothesis standard ie C.R. $\geq \pm 2.00$ with significance level <0.05 (5%), hence hypothesis 5 (H5) is not accepted.

Customer engagement has a significant effect on customer satisfaction the regression coefficient of 0.251 with the acceptable hypothesis standard ie C.R. $\geq \pm 2.00$ with significance level <0.05 (5%), hence hypothesis 6 (H6) is Accepted. Customer engagement has a significant effect on customer loyalty with a regression coefficient of 0.48 with the acceptable hypothesis standard ie C.R. $\geq \pm 2.00$ with significance level <0.05 (5%), hence hypothesis 7 (H7) is Accepted. The estimation parameters between the 2 variable shows a significant effect from customer engagement to customer satisfaction the regression coefficient of 0.41, the particular hypothesis is accepted

Keywords: Customer satisfaction, customer loyalty, customer engagement, operant and operand customer loyalty