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# The Impact of Loyalty, Trust and Digital Service Quality on Customer Satisfaction: A Case Study of Villa Nadia Homestay, Malaysia

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## ABSTRACT

Customer satisfaction refers to a condition in which customers' desires, expectations, and needs are fulfilled. It is a crucial aspect that consistently attracts the attention of product suppliers and service providers. This study aims to examine the relationship between loyalty, trust, and digital customer service among customers of Villa Nadia Homestay in Kota Bharu, Kelantan, in achieving customer satisfaction. The primary objective of this research is to identify the relationship between loyalty, trust, and digital customer service towards customer satisfaction. A quantitative research approach was employed, whereby questionnaires were distributed via Google Form, and a total of 94 customers participated as respondents. Data were analyzed using the IBM Statistical Package for the Social Sciences (SPSS) version 27, involving descriptive analysis, mean analysis, correlation analysis, and hypothesis testing. The findings revealed that loyalty, trust, and digital customer service exhibit a significant and positive relationship with customer satisfaction.

**Keywords:** Loyalty, Trust, Digital Customer Service, Customer Satisfaction, Villa Nadia Homestay, Kota Bharu, Kelantan

## INTRODUCTION

Customer satisfaction plays a crucial role in the sustainability and competitiveness of service-oriented businesses. In today's digital era, customer interactions and service experiences are heavily influenced by digital platforms that enhance convenience, accessibility, and responsiveness. Villa Nadia Homestay, located in Kota Bharu, Kelantan, serves as a case study to explore how factors such as loyalty, trust, and digital customer service influence the level of customer satisfaction. These elements are vital as they contribute to repeat patronage and positive word-of-mouth promotion, which are essential in maintaining business growth within the hospitality sector.

### Research Question

RQ1: Is there a significant relationship between loyalty and customer satisfaction among customers of Villa Nadia Homestay?

RQ2: Is there a significant relationship between trust and customer satisfaction among customers of Villa Nadia Homestay?

RQ3: Is there a significant relationship between digital customer service and customer satisfaction among customers of Villa Nadia Homestay?

### Research Objectives

RO1: To identify the relationship between loyalty and customer satisfaction among customers of Villa Nadia Homestay.

RO2: To examine the relationship between trust and customer satisfaction among customers of Villa Nadia Homestay. RO3: To determine the relationship between digital customer service and customer satisfaction among customers of Villa Nadia Homestay.

## Hypotheses

H1: There is a significant relationship between loyalty and customer satisfaction.

H2: There is a significant relationship between trust and customer satisfaction.

H3: There is a significant relationship between digital customer service and customer satisfaction.

## Problem Statement

The hospitality industry, particularly small accommodation providers such as homestays, faces increasing competition and growing pressure to maintain consistent customer satisfaction. In Kota Bharu, Kelantan, the expansion of alternative accommodations and the widespread use of online booking platforms have intensified market rivalry. Within this context, Villa Nadia Homestay operates in a highly competitive digital environment where customer evaluations on online platforms significantly influence booking decisions and repeat patronage.

Despite its operational presence, challenges remain in sustaining repeat customers and ensuring consistent digital engagement. Online customer reviews and booking interactions suggest concerns related to delayed digital responses, inconsistent service quality, and limited personalized communication. As customer expectations continue to evolve alongside rapid digital adoption, seamless booking processes, prompt communication, and trustworthy service delivery have become critical determinants of satisfaction.

However, empirical evidence examining how loyalty, trust, and digital customer service collectively influence customer satisfaction within a single homestay context remains limited. Most existing studies focus on larger hotels or generalized hospitality settings, overlooking small-scale operators such as Villa Nadia Homestay. Therefore, understanding the interrelationship between loyalty, trust, and digital customer service is essential to address the specific challenges faced by this homestay and to determine how these factors contribute to enhancing customer satisfaction in a competitive digital marketplace.

## LITERATURE REVIEW

In this study, Digital Service Quality refers to customers' perceptions of the efficiency, reliability, and responsiveness of digital service platforms used by the homestay. Customer satisfaction has long been recognized as a key indicator of business performance and customer retention. According to Kotler and Keller (2016), customer satisfaction occurs when a company's performance meets or exceeds customers' expectations. In the hospitality industry, satisfaction reflects the degree to which guests perceive value in services provided, influencing repeat visits and word-of-mouth recommendations. Recent studies such as Parasuraman et al. (2018) and Zeithaml et al. (2020) emphasize that customer satisfaction is multidimensional and affected by service quality, trust, and loyalty. These factors are considered essential in building sustainable relationships between businesses and their customers.

Loyalty refers to a customer's commitment to repurchase or revisit a service provider due to positive past experiences and emotional attachment. Studies in 2024 by Rahman et al. and Wijaya (2023) found that customer loyalty in hospitality is strongly influenced by consistent service quality and personalized engagement. The research by Arifin et al. (2024) also indicated that loyal customers are less sensitive to price and more likely to recommend services to others. In the context of homestay or boutique accommodation, building loyalty is crucial as it contributes to occupancy sustainability and long-term profitability.

Trust plays an equally vital role in determining customer satisfaction. It represents the belief that the service provider is reliable, honest, and capable of delivering promises. According to Prasetyo and Ananda (2024), trust mediates the relationship between perceived service quality and customer satisfaction in digital platforms.

Similarly, the study by Risetpress (2024) on hotel customers revealed that a trustworthy brand image enhances customer satisfaction and leads to stronger loyalty intentions. In digital service settings, trust is built through transparent communication, secure online transactions, and prompt responses to inquiries.

Digital quality service or e-service has become an increasingly important determinant of satisfaction in the hospitality industry. Recent studies (Ilomata, 2024; MDPI, 2025) highlight that digital touch points such as websites, mobile apps, and online communication channels significantly affect customers' satisfaction and loyalty. Beyond convenience, digital service quality fosters engagement and trust by providing real-time interactions and seamless problem-solving experiences. The study by Lembaga Kita Journal (2024) confirmed that e-service quality, trust, and customer value collectively influence satisfaction and purchase intentions among online consumers. Hence, integrating digital customer service with elements of loyalty and trust is essential to sustain customer satisfaction in homestay businesses like Villa Nadia Homestay, where customer interaction often occurs through digital means.

## METHODOLOGY

This study employed a quantitative research design using a survey approach to examine the relationship between loyalty, trust, and digital customer service towards customer satisfaction among customers of Villa Nadia Homestay in Kota Bharu, Kelantan. The target population comprised customers who had previously stayed at Villa Nadia Homestay within the past two years. To ensure the study's relevance, respondents were selected based on their direct experience with the services provided by the homestay.

A non-probability purposive sampling technique was used, as only customers who had utilized Villa Nadia Homestay's digital booking or service platforms were eligible to participate. The sample size of 94 respondents was determined based on the formula proposed by Tabachnick and Fidell (2013):  $n > 50 + 8m$  where  $n > 50 + 8(3) = 74$ .

Where  $n$  represents the minimum sample size and  $m$  the number of independent variables (in this study, three variables: loyalty, trust, and digital customer service). Thus, the minimum sample size required was 74 respondents; however, 94 responses were collected to increase the reliability of the findings. Data were collected using a structured questionnaire distributed via Google Form. The questionnaire consisted of five sections: demographic information, loyalty, trust, digital customer service, and customer satisfaction. All items were measured using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

Data analysis was conducted using IBM SPSS Statistics version 27. Descriptive statistics were used to summarize demographic profiles and overall mean scores. Correlation analysis was performed to identify the relationships between independent and dependent variables, while hypothesis testing was conducted to determine the significance of these relationships. The findings were interpreted based on Albert Davis's (1971) correlation strength scale to assess the magnitude and direction of associations.

## RESULTS AND DISCUSSION

To provide an overview of respondents' perceptions toward the key study variables, descriptive statistics were computed. Table 1 summarizes the overall mean values for loyalty, trust, and digital customer service.

Table 1: Overall Mean Scores for Study Variables (N = 94)

Construct	Number of Items	Overall Mean
Loyalty	3	4.46
Trust	5	4.61
Digital Customer Service	5	4.57

The overall mean scores indicate that respondents hold highly positive perceptions toward all constructs measured in this study. Trust recorded the highest mean value 4.61, suggesting that customers strongly perceive Villa Nadia Homestay as reliable, transparent, and capable of delivering services as promised. Digital customer service followed closely with a mean of 4.57, indicating that the booking system, responsiveness, and digital interactions are generally perceived as efficient and user-friendly. Loyalty, with a mean of 4.46, also demonstrates a high level of customer commitment, particularly in terms of recommendation intentions and repeat patronage. Overall, the mean values exceeding 4.00 reflect a consistently favourable evaluation of the homestay’s relational and digital service performance, suggesting that customers experience satisfactory service encounters across multiple dimensions.

For hypothesis testing and to examine the relationship between variables, the Albert Davis Scale (1971) was used to determine the strength of the relationship between variables, as shown in the table below:

Table 1: Floating-point operations necessary to classify a sample

Range	Measurement Scale
0.70 - 1.00	Very strong
0.50 - 0.69	Strong
0.30 - 0.49	Moderate
0.10 - 0.29	Low
0.01 - 0.09	Very low

Hypotheses:

H1a: There is a significant relationship between loyalty and customer satisfaction.

H1b: There is a significant relationship between trust and customer satisfaction.

H1c: There is a significant relationship between digital customer service and customer satisfaction.

Variables	Customer Satisfaction
Loyalty	0.614**
Trust	0.527**
Digital Customer Service	0.462**

\*\*Note: \*\* Correlation is significant at the 0.01 level (2-tailed).

The results show that there is a significant positive relationship between loyalty, trust, and digital customer service towards customer satisfaction among customers of Villa Nadia Homestay, Kota Bharu, Kelantan. Based on Albert Davis’s (1971) measurement scale, loyalty shows a strong relationship ( $r = 0.614$ ), trust also indicates a strong relationship ( $r = 0.527$ ), while digital customer service demonstrates a moderate relationship ( $r = 0.462$ ) with customer satisfaction.

These findings suggest that customers who are loyal and have higher trust levels are more satisfied with the services provided by Villa Nadia Homestay. Moreover, efficient digital customer service also contributes to an increase in customer satisfaction, although its effect is slightly lower compared to the other two variables.

Figure 1: A Diagram of the Frequency

Variable	Frequency	Percentage (%)
Loyalty	88	93.6
Trust	85	90.4
Digital Customer Service	82	87.2
Customer Satisfaction	91	96.8

(n = 94 respondents)

Figure 1 illustrates the frequency distribution of the main variables in this study. The majority of respondents reported high satisfaction levels (96.8%), followed by strong loyalty (93.6%), high trust (90.4%), and positive perception of digital customer service (87.2%). This shows that most customers are satisfied with their stay experience and demonstrate strong attachment to the homestay’s services.

This result aligns with the findings of previous research (Mahendra & Indriyani, 2018; Jusoh & Sulaiman, 2020), which confirmed that customer loyalty and trust are significant predictors of satisfaction. Similarly, consistent and effective digital customer service enhances communication and responsiveness, thus increasing customer confidence and satisfaction.

## CONCLUSION

This study aimed to examine the relationship between loyalty, trust, and digital customer service on customer satisfaction among customers of Villa Nadia Homestay in Kota Bharu, Kelantan. The findings indicate that all three variables demonstrate significant positive relationships with customer satisfaction. Loyalty and trust exhibit strong positive correlations, whereas digital customer service shows a moderate yet meaningful association with satisfaction.

The strong relationship between trust and satisfaction is consistent with previous studies, which highlight trust as a pivotal determinant in small-scale hospitality settings. In the context of Villa Nadia Homestay, trust may be cultivated through personalized digital communication, transparent booking processes, and reliable service delivery, all of which help reduce perceived risk and enhance customer confidence. Similarly, customer loyalty reflects emotional attachment and repeated patronage, reinforcing satisfaction through consistent and positive service experiences. Meanwhile, digital customer service functions as a facilitative mechanism that enhances convenience, responsiveness, and interaction efficiency.

These findings suggest that emotional connection, reliability, and digital convenience collectively shape the overall satisfaction of guests. From a managerial perspective, homestay operators should prioritize strengthening relational bonds with customers while simultaneously enhancing digital interaction platforms. Improvements in online booking systems, customer feedback channels, and digital communication tools can increase responsiveness and foster trust, ultimately contributing to higher satisfaction levels.

This study also contributes to the broader discourse on customer relationship management within Malaysia’s hospitality sector by reaffirming that loyalty and trust remain primary drivers of satisfaction, while digital service quality serves as a critical supporting factor. Therefore, service providers should invest in technological advancements while maintaining consistent service standards and transparent communication practices. Future research may extend this model by examining potential moderating or mediating variables, such as price fairness, service recovery, or customer experience, to further refine the predictive framework of customer satisfaction in homestay and tourism accommodation contexts.

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## AUTHOR CONTRIBUTIONS

Ibrahim, R., Mohd Hasini, N.F., Mohd Esa, M. & Mohd Adabi, M.S.H contributed equally to the conception, design, data collection, analysis, writing, and final approval of the manuscript.

## CONFLICT OF INTEREST

The manuscript has not been published elsewhere and is not under consideration by other journals. All authors have approved the review, agree with its submission, and declare no conflict of interest regarding the manuscript.

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