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Research Article

Exploring the Satisfaction–Revenue Nexus: A Mixed-Methods Analysis of RevPAR Performance in Southeast Asian Three-Star Hotels

Fathimah Azzahro[1*], Bayu Irwansyah[2], Galih Gumilar[3], Devita Niken Hapsari[4], Dyah Palupiningtyas[5]

[1] Sekolah Tinggi Ilmu Ekonomi Pariwisata Indonesia Semarang; e-mail: fathimahazzahro6@gmail.com
[2] Sekolah Tinggi Ilmu Ekonomi Pariwisata Indonesia Semarang; e-mail: irwansyahbayu909@gmail.com
[3] Sekolah Tinggi Ilmu Ekonomi Pariwisata Indonesia Semarang; e-mail: galih_gumilar1991@yahoo.com
[4] Sekolah Tinggi Ilmu Ekonomi Pariwisata Indonesia Semarang; e-mail: devitanikenhapsari@gmail.com
[5] Sekolah Tinggi Ilmu Ekonomi Pariwisata Indonesia Semarang; e-mail: dyahpalupi@stiepari.ac.id
* Corresponding Author : Fathimah Azzahro : fathimahazzahro6@gmail.com

Abstract: This research aims to explore the satisfaction–revenue nexus by examining the effect of tourist satisfaction on Revenue Per Available Room (RevPAR) performance in three-star hotels across Southeast Asia. Grounded in Expectation–Confirmation Theory and the Service-Profit Chain framework, the study conceptualizes tourist satisfaction as a strategic intangible asset that contributes to financial performance through both direct and indirect mechanisms. A mixed-methods sequential explanatory design was employed. Quantitative panel data were collected from 312 three-star hotels in Indonesia, Malaysia, Thailand, Vietnam, and the Philippines over the period 2019–2024 and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) and panel regression techniques. The results indicate that tourist satisfaction has a positive and statistically significant direct effect on RevPAR. Furthermore, occupancy rate partially mediates this relationship, suggesting that satisfaction enhances revenue performance primarily through demand stabilization and increased room utilization. Qualitative findings from managerial interviews further confirm that guest satisfaction strengthens online reputation, repeat visitation, and revenue consistency. This study contributes empirical evidence to the literature on satisfaction-driven financial performance in mid-scale hospitality markets and offers strategic implications for revenue optimization in competitive Asian contexts.

Keywords: Mixed-Methods Research; Occupancy Rate; RevPAR; Satisfaction–Revenue Nexus; Tourist Satisfaction.

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1. Introduction

The global hospitality landscape has evolved into a hyper-competitive ecosystem where the traditional boundaries of service delivery are constantly redefined by fluctuating consumer demands. In this environment, the mid-scale or three-star hotel segment serves as a critical economic engine, particularly within the burgeoning tourism markets of Asia. Unlike the luxury sector, which thrives on exclusivity, or the budget sector, which competes primarily on cost, three-star hotels operate in a high-stakes "value-for-money" bracket. In this segment, financial viability is predominantly measured through Revenue Per Available Room (RevPAR)—a sophisticated metric that synthesizes both inventory management (occupancy) and pricing power (Average Daily Rate/ADR). As a comprehensive indicator, RevPAR captures a hotel's ability to optimize its available inventory at given price points, making it an indispensable benchmark for performance comparison and strategic decision-making in the hospitality industry (Demydyuk & Carlbäck, 2024).

The theoretical nexus between "soft" psychological constructs, such as Tourist Satisfaction, and "hard" financial outcomes like RevPAR, is rooted in the Service-Profit Chain framework. This model posits that internal service quality drives employee productivity and service value, which in turn fosters customer satisfaction and loyalty, ultimately translating into robust profit growth (Hogreve et al., 2021). However, the operationalization of this chain in the

three-star sector is complex. High satisfaction does not merely result in repeat business; it functions as a Market Signaling Mechanism. In the digital age, satisfied guests generate "digital gold"—positive online reviews and high ratings on platforms like TripAdvisor and Agoda—which directly influence a hotel's visibility and its ability to maintain price integrity during low-demand periods. (Mathews et al., 2022) demonstrated that hotels leveraging electronic word-of-mouth (eWOM) data analytics as part of long-term brand reputation strategies achieved sustainable competitive advantages, particularly among resource-constrained mid-scale properties. Complementing this, (Lee & Choeh, 2024) found that eWOM factors—particularly review depth and rating scores—are significant determinants of hotel booking prices, confirming the direct financial implications of online reputation management.

The post-pandemic era (2019–2024) has introduced a structural shift in tourist behavior across Asia. Travelers in Indonesia, Thailand, and neighboring nations have become increasingly discerning, prioritizing hygiene protocols, service agility, and experiential consistency over mere price points. (Kenji, 2024) documented how the COVID-19 pandemic triggered a fundamental repositioning of tourist expectations across Southeast Asia, with recovery trajectories underscoring that consumers in these markets now assign heightened importance to safety, cleanliness, and service reliability as baseline satisfaction determinants. This behavioral recalibration was further evidenced by (Fathimath & Mansoori, 2024), who found that in post-pandemic hotel contexts across South and Southeast Asia, COVID-19 fear levels significantly moderated the relationship between service quality dimensions and tourist satisfaction—demonstrating that hygiene and experiential consistency have become non-negotiable attributes in the region's hospitality market. This shift has elevated tourist satisfaction from a marketing objective to a strategic intangible asset. When guests perceive high value, their price sensitivity diminishes, granting hotel managers the leverage to optimize RevPAR without triggering a "race to the bottom" through aggressive discounting (Alderighi et al., 2022).

Despite the intuitive link between satisfied guests and healthy financial performance, a significant empirical gap persists in the hospitality literature. Existing studies have extensively explored the relationship between satisfaction and behavioral intentions—such as revisit likelihood and recommendation propensity—yet few have successfully mapped these subjective perceptions onto objective, audited financial indicators like RevPAR, especially within the context of Asian mid-scale hotels (Demydyuk & Carlbäck, 2024), in their landmark longitudinal study of six US hotel chains spanning 17 years, confirmed that while customer satisfaction positively mediates revenue outcomes, the complexity of this relationship necessitates cross-level models that integrate pricing dynamics and occupancy rates to accurately quantify the satisfaction-to-profitability pathway. Most research, however, remains either Western-centric or focused on the luxury segment, leaving the "backbone" of Asian tourism—the three-star hotel—under-researched. This study addresses this void by employing a mixed-methods approach to investigate the direct and indirect impacts of tourist satisfaction on RevPAR, specifically examining the mediating role of occupancy rates as a conduit for financial performance.

2. Literature Review

Tourist Satisfaction: Concept, Theoretical Foundation, and Determinants

Tourist satisfaction represents a multidimensional and cumulative evaluation of the overall consumption experience, resulting from a comparison between tourists' pre-travel expectations and their actual perceptions of service performance. This concept is strongly grounded in Expectation–Confirmation Theory (ECT), which posits that satisfaction arises when perceived performance meets or exceeds initial expectations, whereas dissatisfaction occurs when performance falls short (Saut & Bie, 2022). Drawing on ECT, (G. Wang et al., 2025) further affirmed that tourist satisfaction operates as a psychological judgment formed by comparing pre-trip expectations against the actual experiences encountered during the visit, and demonstrated a strong positive correlation between the quality of tourism experiences and visitor satisfaction outcomes across multiple touchpoints.

In the hotel industry, tourist satisfaction is influenced by both tangible and intangible attributes. Tangible elements include physical facilities, room comfort, cleanliness, location, and price fairness, while intangible factors encompass service quality, staff professionalism, responsiveness, empathy, and emotional engagement. A comprehensive analysis of hotel

customer satisfaction conducted by (Zarezadeh et al., 2024) confirmed that these two categories are not independent but interact dynamically, with high service quality amplifying the perceived value of the physical environment and collectively producing heightened levels of guest satisfaction. Moreover, (Ali et al., 2021), through their empirical study of hotel service quality, demonstrated that empathy, responsiveness, assurance, and tangibles all carry statistically significant positive relationships with customer satisfaction—reinforcing the multidimensional character of this construct in hospitality settings. Experiential aspects such as atmosphere, personalization, and perceived value also play an increasingly important role in shaping satisfaction, particularly in highly competitive hospitality markets.

Previous studies emphasize that tourist satisfaction is not a static outcome but a dynamic process shaped by repeated interactions throughout the service encounter. As a result, satisfaction reflects an overall judgment formed from multiple touchpoints, including pre-arrival expectations, on-site service delivery, and post-stay evaluations. (Kim & Kim, 2022), in their analysis of hotel customer experience through online reviews, demonstrated that dimensions related to physical facilities, service encounters, location, and food and beverage all contribute significantly to forming a composite satisfaction judgment, and that these dimensions are most effectively captured through longitudinal, multi-touchpoint data rather than single-point evaluations. This dynamic view of satisfaction underscores the need for hospitality managers to consistently monitor and improve the full spectrum of guest interactions to sustain positive overall evaluations.

The Role of Tourist Satisfaction in Hotel Performance

Tourist satisfaction has been widely recognized as a critical determinant of hotel performance. Empirical research consistently demonstrates that higher satisfaction levels lead to customer loyalty, positive word-of-mouth, and repeat visitation, all of which contribute to long-term revenue sustainability. Satisfied tourists are more likely to recommend hotels to others and to provide favorable online reviews, thereby strengthening a hotel's market position. (L. Wang & Li, 2023), in their meta-analysis of five influencing factors on tourist loyalty, confirmed that satisfaction remains the single strongest predictor of tourist loyalty—encompassing revisit intention, recommendation behavior, and overall commitment—surpassing the effects of perceived value, experience quality, and motivation. Similarly, (Nguyen et al., 2024) empirically demonstrated in a Southeast Asian context that tourist satisfaction functions as a critical mediator between antecedent factors—including perceived value, cultural contact, and green practices—and future revisit intention, confirming the direct behavioral consequences of satisfaction in the hospitality industry.

In the digital era, satisfaction is closely associated with online reputation management, as review platforms and social media significantly influence booking decisions. High satisfaction scores improve a hotel's visibility and credibility, thereby increasing demand and reducing customer acquisition costs. (Seow et al., 2024) found that among wellness tourists in Malaysia, electronic word-of-mouth (eWOM) plays a significant mediating role in the relationship between tourist satisfaction, experience quality, and revisit intention—establishing a causal chain in which satisfied guests generate positive digital content that reinforces future demand. This finding is consistent with (Mathews et al., 2022) who demonstrated that hotels effectively leveraging eWOM data analytics as a long-term brand reputation strategy achieved sustainable competitive advantages, particularly within the mid-scale segment where digital credibility directly influences occupancy and pricing power. Consequently, satisfaction indirectly enhances operational performance by stabilizing demand and improving pricing power.

Furthermore, satisfied tourists tend to exhibit lower price sensitivity, allowing hotels to maintain or increase room rates without negatively affecting occupancy. (Demydyuk & Carlbäck, 2024), in their landmark 17-year longitudinal study of six US hotel chains, confirmed that customer satisfaction positively mediates revenue outcomes, and that its effect on long-term financial performance operates through a dual pathway: directly by improving retention rates and indirectly by enhancing the hotel's capacity to sustain higher room pricing during demand fluctuations. This relationship highlights the strategic importance of satisfaction not only as a marketing outcome but also as a key driver of financial and competitive performance in the hospitality sector.

Revenue Per Available Room (RevPAR) as a Hotel Performance Indicator

Revenue Per Available Room (RevPAR) is one of the most widely used indicators for evaluating hotel financial performance, as it integrates both occupancy rate and average daily rate (ADR) into a single metric. Unlike standalone measures, RevPAR provides a comprehensive assessment of a hotel's ability to optimize room revenue and efficiently utilize its available capacity. By combining both the pricing and volume dimensions of room revenue, RevPAR offers a more holistic view of operational effectiveness than either ADR or occupancy rate considered independently (Demydyuk & Carlbäck, 2024). The metric is particularly valuable for cross-hotel benchmarking and for evaluating the effectiveness of pricing and demand management strategies over time.

Recent studies suggest that tourist satisfaction plays a significant role in improving RevPAR performance. High satisfaction levels contribute to increased occupancy through repeat stays and positive recommendations, while also enabling hotels to command higher room rates due to enhanced perceived value. (Alderighi et al., 2022), in their empirical investigation of the hotel price–satisfaction relationship, found that room occupancy functions as a significant moderating variable: under high-occupancy conditions driven by satisfaction-generated demand, hotels are better positioned to maintain price integrity and resist the pressure to discount, which in turn protects and elevates RevPAR. Additionally, stable demand driven by satisfied customers reduces revenue volatility and improves forecasting accuracy, a dynamic explicitly confirmed by (Demydyuk & Carlbäck, 2024) whose cross-level model demonstrated that customer satisfaction, when combined with disciplined pricing strategies, yields measurably superior long-term RevPAR trajectories compared to volume-driven occupancy maximization alone.

Therefore, RevPAR is not merely a financial outcome but also reflects the effectiveness of service quality and customer satisfaction strategies. By fostering tourist satisfaction, hotels can achieve sustainable RevPAR growth, reinforcing the interconnection between experiential quality and financial performance. This nexus between guest-centric quality management and RevPAR optimization represents a core proposition of this study, situating tourist satisfaction as both a proximate and distal driver of revenue performance in the three-star hotel segment across Asian markets.

3. Proposed Method

Research Design

This study employs a mixed-methods research approach using a sequential explanatory design, which integrates quantitative and qualitative methods in a structured and complementary manner. This design is particularly appropriate for studies that seek not only to identify statistical relationships but also to explain and contextualize those relationships through in-depth qualitative insights. As (Azer et al., 2022) articulate, mixed methods research enables researchers to ask both confirmatory and exploratory questions within the same research project, thereby verifying and generating theory simultaneously — a feature that makes it especially well suited to complex phenomena in hospitality and tourism contexts. The sequential explanatory design specifically is advantageous for studies in which empirical evidence is already available, as it allows researchers to establish a broad quantitative overview before drilling down into greater contextual detail through qualitative means (Nematpour et al., 2024)

The research is conducted in two consecutive stages. The first stage consists of a quantitative phase, which aims to test the hypothesized relationships between tourist satisfaction and hotel financial performance indicators. Quantitative data are collected through structured instruments and analyzed using statistical techniques to identify patterns, correlations, and potential causal relationships. This phase provides empirical evidence regarding the strength and direction of the relationships among the studied variables. The second stage involves a qualitative phase, designed to further interpret and enrich the quantitative findings. Based on the results of the quantitative analysis, qualitative data are collected through semi-structured interviews with selected participants. This phase allows for a deeper exploration of tourists' perceptions, experiences, and underlying reasons that may explain the observed statistical outcomes.

The sequential explanatory design enables the qualitative findings to complement and elaborate the quantitative results, thereby enhancing the overall validity and robustness of the study. (Huang et al., 2025), in their systematic review of mixed-methods research across 328

studies in top-tier tourism and hospitality journals from 2015 to 2024, confirmed that sequential approaches are widely favored in the field precisely because the integration of both methods facilitates the simultaneous exploration of patterns and relationships while also capturing the contextual and experiential dimensions of participants' perspectives, resulting in more nuanced and well-rounded interpretations of findings. By combining numerical analysis with contextual understanding, this approach provides a more comprehensive explanation of how and why tourist satisfaction influences hotel performance, offering both theoretical and practical insights for hospitality management.

Proposed Method: Phase I (Quantitative)

The first phase of the study adopts a quantitative research approach aimed at empirically testing the hypothesized relationships between tourist satisfaction and hotel financial performance. This phase focuses on establishing statistically robust evidence regarding the effect of tourist satisfaction on RevPAR across different national contexts within Southeast Asia.

Sampling and Scope

The quantitative data were collected from 312 three-star hotels operating in five Southeast Asian countries, namely Indonesia, Malaysia, Thailand, Vietnam, and the Philippines. Three-star hotels were selected due to their significant market share and relatively standardized service offerings, which allow for more meaningful cross-country comparisons. (Li et al., 2025), in their multi-country analysis of hotel selection attributes across 3-star and 4-star properties, confirmed that customers of three-star hotels place particular emphasis on room-level service and cleanliness, making this segment an especially rich context in which satisfaction-driven performance mechanisms can be identified and measured. The multi-country scope further enhances the external validity and generalizability of the findings by capturing diverse tourism markets and operational environments within the region.

Time Frame

The study utilizes panel data covering the period from 2019 to 2024, incorporating both operational performance records and tourist survey data. This longitudinal time frame allows the analysis to account for temporal variations and structural changes in the hospitality industry, including demand fluctuations and recovery dynamics following the COVID-19 pandemic. The use of panel data strengthens the analysis by capturing both cross-sectional and time-series variations across hotels, offering methodological advantages over single-point cross-sectional studies in detecting both within-hotel and between-hotel differences over time (Demydyuk & Carlbäck, 2024).

Measurement Scales

Tourist satisfaction is operationalized as a multidimensional latent construct, reflecting the complex nature of tourists' evaluative judgments. Measurement is conducted using a five-point Likert scale, ranging from strongly disagree (1) to strongly agree (5). The construct encompasses four key dimensions commonly identified in hospitality literature: service quality, physical facilities, price fairness, and emotional experience. These dimensions collectively capture both functional and experiential aspects of hotel stays, providing a comprehensive assessment of tourist satisfaction. (Loan et al., 2023), applying PLS-SEM to a tourism service quality study, confirmed the validity of a five-point Likert scale in operationalizing multidimensional satisfaction constructs, and demonstrated that dimensions including service quality, price rationality, and perceived value can each be reliably operationalized as reflective indicators of an overarching satisfaction latent variable.

Statistical Analysis

To analyze the quantitative data, the study employs a combination of Partial Least Squares Structural Equation Modeling (PLS-SEM) and panel regression analysis. PLS-SEM is used to assess the reliability and validity of the measurement model and to estimate the structural relationships among latent variables, making it suitable for complex models and exploratory research contexts.(Magno et al., 2024)noted in their review of PLS-SEM applications in quality management research that the method is particularly powerful for assessing predictive model validity, evaluating unobserved heterogeneity, and testing structural pathways among reflective latent constructs — all of which are central to the present study's analytical goals. Panel regression analysis is subsequently applied to examine the direct impact of tourist satisfaction on RevPAR while accounting for unobserved heterogeneity across hotels and over time.

The quantitative relationship is specified in the following econometric model:

$$RevPARit = \alpha + \beta 1 Satisfactionit + \varepsilon it$$

Proposed Method: Phase II (Qualitative)

The second phase of the study employs a qualitative research approach aimed at contextualizing and deepening the understanding of the quantitative findings from Phase I through a managerial perspective. This phase is essential for explaining the underlying mechanisms that cannot be fully captured by statistical analysis alone, particularly how tourist satisfaction is translated into measurable financial outcomes.

Data Collection

Qualitative data were collected through in-depth, semi-structured interviews with hotel managers drawn from the participating three-star hotels. Managers were selected due to their direct involvement in operational decision-making, pricing strategies, service quality management, and customer experience initiatives. The semi-structured interview format provided flexibility, allowing respondents to elaborate on their experiences while ensuring that key themes related to satisfaction and performance were consistently explored across interviews. (Ruslin, 2022) highlights that the semi-structured interview format is more powerful than other interview types in qualitative research precisely because it allows researchers to acquire in-depth information and evidence from interviewees while maintaining the thematic focus of the inquiry — providing both structured guidance and adaptive flexibility that is particularly suited to uncovering managerial reasoning and operational insights in hospitality settings.

The interview protocol was developed based on the quantitative results, enabling targeted questioning on specific patterns and relationships identified in Phase I. This approach ensured alignment between the two research phases and enhanced the explanatory power of the qualitative inquiry. In the sequential explanatory design, the development of a qualitatively grounded follow-up protocol based on quantitative outcomes is a key integration mechanism that bridges the two phases and ensures the qualitative data directly addresses residual questions that the statistical analysis alone could not resolve (Jackson-Gordon & Plano Clark, 2024).

Research Objective and Analytical Focus

The primary objective of this qualitative phase is to confirm, interpret, and elaborate the statistical relationships observed in the quantitative analysis. In particular, this phase seeks to uncover the managerial and operational mechanisms through which guest satisfaction influences financial performance indicators such as RevPAR. These mechanisms may include pricing flexibility, repeat visitation, demand stability, online reputation management, and service differentiation strategies. By capturing managerial insights, this phase provides a richer understanding of how satisfaction-driven strategies are implemented in practice and how they contribute to revenue optimization. The qualitative findings also serve to validate the quantitative results by assessing whether the observed statistical associations align with real-world managerial experiences.

Data Analysis and Integration

The qualitative data were analyzed using thematic analysis, allowing for the identification of recurring patterns, themes, and explanatory narratives across interviews(Christou, 2023) affirms that thematic analysis in tourism and hospitality research is among the most appropriate qualitative analytical methods for identifying cross-case patterns in participants' experiences, particularly when the goal is to identify both semantic surface-level themes and latent explanatory themes that map onto theoretically grounded frameworks. The resulting themes were then integrated with the quantitative findings in a complementary manner, thereby strengthening the overall interpretation of the results. This integration enhances the study's internal validity and supports more nuanced theoretical and managerial implications. (Huang et al., 2025) emphasize that such integration — when qualitative outcomes are systematically cross-referenced with quantitative results — yields meta-inferences that are more robust and practically meaningful than either method could produce in isolation.

4. Results and Discussion

Descriptive Statistics

The descriptive analysis provides an overview of the key variables measured across the 312 three-star hotels included in the sample. Descriptive statistics are used to assess the central tendency and dispersion of the data, offering an initial understanding of hotel performance and tourist perceptions within the study context.

Overall, tourist satisfaction exhibits a relatively high mean score (M = 4.12, SD = 0.46), indicating that guests generally reported positive evaluations of their hotel experiences. The relatively low standard deviation suggests a consistent level of satisfaction across the sampled hotels, reflecting standardized service delivery within the three-star hotel segment. This finding is consistent with (Saut & Bie, 2022) who reported similarly high mean satisfaction scores in a comparable mid-scale hotel study in Southeast Asia, attributed to guests' alignment between pre-stay expectations and actual service performance.

The average occupancy rate of 68.45% (SD = 12.30) indicates moderate room utilization, with notable variability across hotels and time periods. This variation highlights differences in demand conditions, operational efficiency, and market positioning among hotels. The substantial standard deviation in occupancy reflects the uneven recovery trajectory across Southeast Asian hotel markets during the 2019–2024 study window, a pattern documented by (Kenji, 2024) who found that COVID-19-induced demand disruptions produced markedly divergent occupancy recovery rates across Indonesia, Vietnam, Malaysia, Thailand, and the Philippines. Meanwhile, RevPAR records a mean value of USD 42.60 (SD = 10.85), suggesting moderate revenue performance with substantial dispersion, which may be attributed to differences in occupancy levels, pricing strategies, and market demand across countries.

Collectively, these descriptive findings suggest that while overall guest satisfaction remains high, financial performance varies considerably, underscoring the importance of identifying drivers that translate satisfaction into revenue outcomes. The descriptive statistics for the primary variables are summarized in the table below.

Table 1. Descriptive Statistics.

Variable	Mean	Standard Deviation (SD)
Tourist Satisfaction	4.12	0.46
Occupancy Rate (%)	68.45	12.30
RevPAR (USD)	42.60	10.85

Hypothesis Testing

The hypotheses were tested using Partial Least Squares Structural Equation Modeling (PLS-SEM) and panel regression analysis to examine the relationships among tourist satisfaction, occupancy rate, and RevPAR. The results provide strong empirical support for the proposed research model.

First, the analysis reveals that tourist satisfaction has a positive and statistically significant direct effect on RevPAR ($\beta = 0.38$; $p < 0.001$). This finding indicates that higher satisfaction levels are associated with improved revenue performance, supporting the argument that satisfaction contributes directly to financial outcomes. This result is consistent with (Demydyuk & Carlbäck, 2024), whose 17-year longitudinal study of hotel chains confirmed that customer satisfaction exerts a measurable positive effect on long-term profitability through both direct revenue contributions and enhanced pricing stability.

Second, tourist satisfaction significantly influences hotel occupancy rates ($\beta = 0.45$; $p < 0.001$). This result suggests that satisfied guests are more likely to generate repeat stays and positive word-of-mouth, thereby increasing room demand and utilization. (L. Wang & Li, 2023) in their meta-analysis of tourist loyalty factors, confirmed that satisfaction is the single most powerful predictor of revisit intention and recommendation behavior — both of which directly translate into occupancy gains at the property level.

Third, the occupancy rate demonstrates a strong and significant effect on RevPAR ($\beta = 0.52$; $p < 0.001$), confirming its role as a critical operational driver of hotel revenue performance. This finding aligns with revenue management theory, which emphasizes the importance of maximizing room occupancy to enhance RevPAR, particularly in mid-scale hotel segments. (Alderighi et al., 2022), empirically demonstrated that occupancy rate moderates the satisfaction–price relationship, such that hotels operating at high occupancy levels driven by positive guest experiences are better positioned to maintain rate integrity and resist downward pricing pressure, thereby protecting RevPAR.

Finally, mediation analysis confirms that occupancy rate partially mediates the relationship between tourist satisfaction and RevPAR. This indicates that tourist satisfaction affects RevPAR both directly and indirectly through increased occupancy, highlighting the dual pathways through which satisfaction enhances financial performance. This partial mediation structure is consistent with findings by (Demydyuk & Carlbäck, 2024), who demonstrated that the financial returns of satisfaction operate through a dual pathway — simultaneously through direct revenue outcomes and indirectly through demand stability mechanisms such as occupancy optimization.

Discussion of Findings

The findings provide robust empirical support for Expectation–Confirmation Theory (ECT), demonstrating that when hotel service performance meets or exceeds guest expectations, it leads not only to positive attitudinal outcomes but also to tangible financial benefits. The results extend existing literature by empirically linking satisfaction to RevPAR within a multi-country Southeast Asian context. (Saut & Bie, 2022) similarly found that the alignment between pre-stay expectations and perceived service performance is the primary mechanism through which satisfaction is formed in mid-scale hotel settings, reinforcing the centrality of ECT as a theoretical lens for understanding satisfaction-driven financial outcomes.

The study confirms that tourist satisfaction functions as an intangible strategic asset for three-star hotels. Rather than being merely an outcome of service delivery, satisfaction serves as a revenue-generating resource that strengthens demand and stabilizes financial performance. This reinforces the strategic importance of investing in service quality and guest experience management. (Zarezadeh et al., 2024) found that the interplay between tangible and intangible service attributes — including cleanliness, staff professionalism, and perceived value — collectively drives overall hotel customer satisfaction, and that hotels which manage these factors holistically achieve stronger and more sustainable revenue outcomes than those relying on single-attribute improvements.

In the context of three-star hotels in Asia, the findings indicate that satisfaction contributes more strongly to RevPAR through higher occupancy rates rather than through aggressive price increases. This pattern reflects the competitive and value-oriented nature of the mid-

scale hotel market, where demand is driven primarily by perceived value, consistency, and experiential benefits rather than premium pricing. (Li et al., 2025) in their multi-hotel analysis using customer ratings data across three- and four-star properties in Asia, found that three-star hotel guests place distinctly higher relative weight on room quality, cleanliness, and staff service compared to guests in higher-tier segments, confirming that the dominant demand drivers in this segment are value-functional rather than luxury-aspirational.

From a consumer behavior perspective, the results suggest that Asian hotel guests tend to prioritize functional quality and emotional experience over luxury attributes. Satisfied guests are more likely to return and recommend hotels, reinforcing demand volume rather than price escalation. (Nguyen et al., 2024) demonstrated in a Southeast Asian tourism context that tourist satisfaction — when mediated by cultural contact, green practices, and perceived value — significantly amplifies future revisit intention, suggesting that the behavioral consequences of satisfaction in Asian markets are particularly strong in driving repeat demand rather than willingness to pay premium rates.

The qualitative findings from managerial interviews further corroborate the quantitative results. Managers consistently reported that high levels of guest satisfaction lead to more favorable online reviews, increased repeat bookings, and stronger brand trust. These factors collectively contribute to demand stability, which is critical for maintaining consistent occupancy and revenue performance in highly competitive hospitality markets. (Seow et al., 2024) confirmed that electronic word-of-mouth (eWOM) plays a significant mediating role in translating tourist satisfaction and positive experience into revisit intention, and that this digital reputation mechanism is especially powerful in markets where guests rely heavily on peer-generated review content when making booking decisions — a pattern highly characteristic of the Southeast Asian hospitality context studied here.

5. Comparison

This section compares the direct and indirect pathways through which tourist satisfaction influences hotel financial performance, highlighting the relative strength of each channel and their implications within the three-star hotel segment in Asia.

Direct Impact of Tourist Satisfaction on RevPAR

The results indicate that tourist satisfaction exerts a direct, positive, and statistically significant effect on RevPAR ($\beta = 0.38$). This direct relationship suggests that higher levels of guest satisfaction enhance hotels' overall revenue-generating capacity, even without considering intermediate operational variables. The direct effect may be attributed to factors such as increased willingness to pay, enhanced perceived value, and improved brand reputation, which allow hotels to sustain stable revenue performance. (Alderighi et al., 2022) noted that satisfaction-driven improvements in perceived value reduce guests' price resistance, providing hotels with a degree of pricing power that operates independently of occupancy dynamics. However, when compared to the indirect pathway, the magnitude of the direct effect is relatively moderate. This finding implies that while satisfaction contributes directly to financial outcomes, its strongest influence may operate through other operational mechanisms rather than pricing power alone.

Indirect Impact Through Occupancy Rate (Mediation Effect)

The indirect pathway reveals a stronger and more dominant mechanism. Tourist satisfaction significantly influences the occupancy rate ($\beta = 0.45$), which in turn serves as a powerful driver of RevPAR ($\beta = 0.52$). This mediation effect indicates that satisfaction primarily enhances financial performance by stimulating demand volume rather than by enabling higher room rates. (L. Wang & Li, 2023) confirmed in their meta-analysis that satisfaction is the strongest antecedent of all tourist loyalty sub-dimensions — including revisit intention, recommendation behavior, and continued patronage — all of which directly and cumulatively drive occupancy levels over time. The partial mediation confirms that occupancy rate plays a crucial role in translating positive guest experiences into tangible revenue outcomes. Satisfied guests are more likely to return, recommend the hotel, and generate positive online reviews, all of which contribute to higher room utilization over time.

Market Sensitivity in the Asian Three-Star Hotel Segment

The comparative analysis further reveals that, within the Asian three-star hotel market, tourist satisfaction is more effective in driving occupancy growth than facilitating price increases. This reflects the value-sensitive nature of the mid-scale hospitality market in Asia, where guests prioritize affordability, consistency, and perceived benefits over premium pricing. (Fathimath & Mansoori, 2024) found that in post-pandemic Asian hospitality markets, service quality and satisfaction remain the primary booking determinants for mid-scale travellers, with price sensitivity remaining high and limiting hotels' ability to convert satisfaction into pricing power. In such markets, competitive pressure limits the extent to which hotels can raise room rates without risking demand loss. Consequently, satisfaction-driven strategies yield greater financial returns by stabilizing and increasing occupancy levels rather than by pursuing aggressive revenue-per-room strategies.

Comparative Implications

Overall, the comparison demonstrates that although tourist satisfaction directly enhances RevPAR, its indirect effect via occupancy rate is comparatively stronger and more influential in the studied context. This finding underscores the strategic importance of focusing on demand-generating mechanisms such as service quality, guest experience, and online reputation, particularly for three-star hotels operating in highly competitive Asian markets. (Demydyuk & Carlbäck, 2024) similarly concluded that across hotel chains studied longitudinally, the satisfaction–RevPAR relationship is predominantly mediated by demand-side variables such as occupancy stability, rather than rate escalation, reinforcing the volume-over-rate logic that characterizes mid-scale performance optimization in price-sensitive markets.

Comparison with Previous Literature

The findings of this research provide a localized context compared to broader industry studies, as summarized in the table below.

Table 2. Comparison with Previous Literature.

Feature	Findings in this Study	Comparison with Previous Research
Market Focus	Three-star hotels in Southeast Asia (Indonesia, Malaysia, Thailand, Vietnam, and the Philippines)	Most previous studies focused on high-end luxury hotels or Western markets (Demydyuk & Carlbäck, 2024); (Alderighi et al., 2022)
Consumer Behavior	Asian guests are value-oriented, prioritizing experiences and benefits over luxury	Western markets often show different sensitivities regarding price and luxury standards (Li et al., 2025); (Nguyen et al., 2024)
Financial Mechanism	Satisfaction drives RevPAR primarily through occupancy stability	Aligns with (Demydyuk & Carlbäck, 2024) on revenue stability but adds specific evidence for mid-scale Asian hotels

Comparison of Statistical Indicators

The following table compares the descriptive metrics observed in the study.

Table 3. Comparison of Statistical Indicators.

Indicator	Mean Value	Significance
Tourist Satisfaction	4.12	High satisfaction levels among guests, consistent with benchmarks reported by (Saut & Bie, 2022)
Occupancy Rate	68.45%	Reflects moderate to high demand stability across Southeast Asian hotel markets
RevPAR	42.60 USD	The benchmark for financial performance in this segment

6. Conclusions

Based on the comprehensive analysis conducted in this study, several key conclusions can be drawn regarding the relationship between tourist satisfaction and financial performance in the context of three-star hotels in Southeast Asia.

First, the empirical evidence robustly demonstrates that tourist satisfaction exerts a positive and statistically significant impact on Revenue Per Available Room (RevPAR). This finding reinforces the crucial role of customer experience in driving hotel financial outcomes, extending beyond traditional operational and pricing factors. Investments in guest experience are therefore not peripheral to financial strategy but constitute a core mechanism through which mid-scale hotels generate sustainable revenue growth.

Second, this influence manifests through two distinct but interrelated pathways: a direct effect, wherein satisfaction enhances RevPAR independently, and an indirect effect, mediated partially by the occupancy rate. The partial mediation confirms that increased guest satisfaction leads to higher room demand and utilization, which in turn amplifies revenue generation. This dual pathway highlights the multifaceted nature of satisfaction's impact, encompassing both customer willingness to pay and volume-based revenue effects. The evidence suggests that managing satisfaction strategically produces compounding financial benefits that neither pricing nor occupancy management alone can replicate.

Third, the study reveals that within the highly competitive and price-sensitive Asian three-star hotel segment, tourist satisfaction primarily facilitates occupancy growth rather than enabling significant room rate increases. This underscores a market characteristic where value-conscious guests prioritize consistent service quality and positive experiences over luxury or premium pricing, challenging some assumptions prevalent in studies focused on luxury or Western markets. For mid-scale hotel operators in Southeast Asia, this implies that demand-volume strategies anchored in experiential quality yield greater financial returns than rate-escalation approaches.

Finally, these findings underscore the conceptualization of tourist satisfaction as a strategic intangible asset. Rather than being a mere outcome of service delivery, satisfaction functions as a critical resource that directly contributes to the sustainable financial performance of mid-scale hotels. Hotels that prioritize guest experience investments — spanning service quality, physical environment, and emotional engagement — are better positioned to achieve stable occupancy levels, positive online reputation, and long-term revenue resilience. This perspective advocates for managerial prioritization of customer experience initiatives as part of deliberate, long-term strategic planning rather than as reactive operational responses.

In sum, this study contributes to the growing body of hospitality research by empirically validating the economic value of tourist satisfaction and elucidating its operational mechanisms in emerging Asian markets. These insights provide both theoretical enrichment and practical guidance for hotel managers seeking to optimize performance through enhanced guest satisfaction.

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