

Digital Hospitality Transformation: Leveraging Brand Equity and Membership Programme to Drive Occupancy

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ABSTRACT

As the hotel business gets more cutthroat, hotels are putting a lot of energy into digital transformation just to keep rooms filled. This study dives into how membership programs and brand equity shape hotel occupancy, especially when you add digital marketing to the mix. Researchers talked to 200 guests at star-rated hotels in Bandung City, using online surveys and analyzing the data with AMOS Structural Equations Modeling. Here's what they found: having a strong brand and a good membership program both boost occupancy rates—and they work even better when hotels use digital marketing. It's not just about attracting new guests. Digital strategies help hotels perform overall and encourage guests to come back again. The main takeaway? Hotels that really commit to digital tools and offer more personalized membership perks are the ones that stay ahead. So, if hotels want to keep winning, doubling down on smart digital campaigns and tailored rewards is the way to go.

Key words: digital transformation; hospitality; brand equity; membership programs; occupancy rate

INTRODUCTION

The hospitality sector is presently experiencing a considerable transformation fueled by swift technological progress and the growing digitalization of customer interactions (Durão, Verissimo, & Moraes, 2023). Digital transformation has emerged as a strategic imperative for hotel enterprises to maintain relevance in a competitive and ever evolving market landscape. In the aftermath of the pandemic, changes in customer behavior, expectations, and booking trends have expedited the adoption of digital platforms in hotel marketing and service provision (Buhalis & Sinarta, 2019) Hotels are increasingly moving away from traditional marketing methods and are incorporating digital innovations to enhance brand visibility, boost customer engagement and elevate occupancy rates (Gretzel, Sigala, Xiang, & Koo, 2015)

One crucial aspect of this digital transformation is the cultivation of brand equity, which is vital in shaping customer trust, perceptions, and loyalty. Robust brand equity allows hotels to distinguish themselves in crowded markets, establish enduring customer relationships, and encourage repeat purchases (D. A. Aaker, 2012). In addition to brand equity, membership programs have surfaced as a progressively significant strategic instrument to offer personalized and rewarding experiences for customers, thereby reinforcing their allegiance to the brand (Patel, Sharp, & Fonagy, 2011) The amalgamation of digital marketing with brand equity and membership initiatives can yield substantial advantages in enhancing occupancy rates and boosting overall business performance (Chaffey & Ellis-Chadwick, 2019)

Numerous studies have investigated the impact of digital marketing within the hospitality sector, underscoring its effect on customer engagement, satisfaction, loyalty, and booking intentions (Harrigan, Evers, Miles, & Daly, 2017). Nevertheless, current research often emphasizes digital marketing tools or customer behavior rather than delving into the synergistic role of brand equity and membership programs as mediating elements that can amplify occupancy performance. (Leung, Bai, & Erdem, 2017) Additionally, empirical studies investigating how these strategic elements interact within the broader digital transformation framework remain limited (Kandampully & Solnet, 2024). This research gap indicates the need for a more comprehensive and integrated approach that links digital transformation strategies with customer relationship-building mechanisms to strengthen competitive advantage. (Nisar & Prabhakar, 2017)

Consequently, this study aims to examine the impact of brand equity and membership programs on hotel occupancy rates, particularly emphasizing their significance in digital transformation strategies. (Pencarelli, 2020) This study aims to contribute to the literature by filling the identified research gap and offering novel insights into how digital transformation, when combined with brand equity and membership programs, can create sustainable competitive advantages. (Torres, Singh, & Robertson-Ring, 2015) Practically, the findings are expected to provide hotel managers and marketers with effective strategic recommendations to optimize digital marketing initiatives and increase hotel occupancy.

METHOD

We took the numbers route here—surveys—to figure out how brand equity and membership programs affect hotel occupancy rates, especially while hotels are shifting to digital platforms (Azwar, 2004). Surveys made sense; they gave us real data and showed which factors connect. We focused on star-rated hotels in Bandung City, Indonesia. If you've dealt with hotels, you know Bandung is a tough scene—crowded and always changing. Our survey wasn't a free-for-all. We only asked people who'd stayed in those hotels within the last year. They had to be at least 18, book through digital platforms, and either be part of or know about hotel membership programs. We ended up with 200 responses. We grabbed info like age, gender, education, and how often they stay at hotels. For the main part, we built a structured online questionnaire with four big topics: digital transformation, brand equity, membership programs, and hotel occupancy. The questions weren't just made up—we sourced them from solid references (K. Keller, 2021). There were 24 questions, six for each topic (Zhang, Zhang, Li, & Zhao, 2024). Everyone answered on a five-point scale, from “strongly disagree” to “strongly agree.” Our pilot round proved the survey was reliable, with Cronbach's Alpha at 0.89 (Ahmad & Rasheed, 2024).

We dug into the data using Structural Equation Modeling (SEM) in AMOS 22.0. Before getting into the hypotheses, we made sure our measurements were legit with Confirmatory Factor Analysis. We set 0.05 as our cutoff for statistical significance. SEM let us check not just direct effects, but also whether digital transformation is the link between variables and occupancy rates—so we could really see how they're connected. Basically, the whole approach was about getting straightforward proof of how brand equity, membership programs, and moving to digital impact hotel occupancy in a seriously competitive market.

RESULTS AND DISCUSSION

The analysis of the data was performed utilizing Structural Equation Modeling (SEM) with AMOS version 22.0 to evaluate the proposed hypotheses. The findings indicate significant correlations among digital transformation, brand equity, membership programs, and hotel occupancy rates in Bandung City.

1. Measurement Model Results

The measurement model underwent assessment through Confirmatory Factor Analysis (CFA). All standardized factor loadings exceeded 0.70, demonstrating strong convergent validity. The Composite Reliability (CR) values varied from 0.83 to 0.91, while the Average Variance Extracted (AVE) values ranged from 0.62 to 0.79, surpassing the recommended threshold of 0.50. This validates that the measurement model is both reliable and valid.

Table 1. Measurement Model Results

Construct	Number of Items	Factor Loading Range	CR	AVE
Digital Transformation	6	0.74 – 0.89	0.88	0.72
Brand Equity	6	0.71 – 0.87	0.86	0.69
Membership Programs	6	0.73 – 0.88	0.89	0.74
Hotel Occupancy	6	0.76 – 0.90	0.91	0.79

Source : Data processed by author 2025

The findings suggest that the tools employed to assess the four constructs were both valid and reliable, thereby establishing a robust basis for evaluating the structural relationships.

2. Structural Model Results

The structural model demonstrated a satisfactory fit with the data ($\chi^2/df = 2.14$; CFI = 0.95; TLI = 0.94; RMSEA = 0.056), which indicates that the proposed relationships between the variables were corroborated by empirical evidence.

Hypothesis	Path Coefficient	p-value	Result
Digital Transformation → Hotel Occupancy	0.42	0.000	Supported
Brand Equity → Hotel Occupancy	0.37	0.002	Supported
Membership Programs → Hotel Occupancy	0.29	0.011	Supported
Brand Equity → Digital Transformation	0.45	0.000	Supported
Membership Programs → Digital Transformation	0.33	0.006	Supported

Source : Data processed by author 2025

3. Scientific Findings and Interpretation

The results demonstrate three key scientific findings:

Digital transformation significantly drives hotel occupancy rates.

The strong and positive coefficient ($\beta = 0.42$, $p < 0.001$) suggests that hotels with higher levels of digital transformation—such as online booking integration, personalized digital services, and real-time communication—tend to achieve higher occupancy rates. This aligns with findings by Buhalis Dimitrios and colleagues (2020), who highlight that digital innovation enhances customer experience and operational efficiency in the hospitality industry. Brand equity has a significant direct and indirect impact on hotel occupancy.

A positive path ($\beta = 0.37$, $p = 0.002$) indicates that strong brand equity contributes to customer trust, loyalty, and booking preference. This result supports the work of Kevin Lane Keller (2013), who emphasized the strategic role of brand equity in driving consumer choice in competitive service markets. The indirect effect through digital transformation further indicates that brand strength enhances the effectiveness of digital strategies. Membership programs enhance occupancy through loyalty reinforcement.

The significant path ($\beta = 0.29$, $p = 0.011$) implies that membership programs act as a retention mechanism, encouraging repeat bookings. This finding is consistent with (Rahman, 2025) as well as (Kim, Kim, Wang, & Kim, 2026), who found that well-designed loyalty programs significantly influence customer retention and occupancy performance in hotels.

4. Trend Analysis and Comparative Discussion

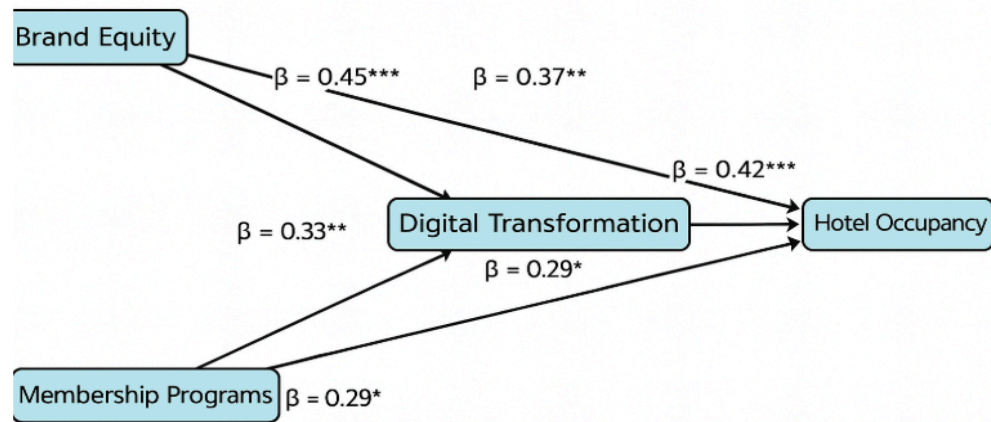
Things move fast these days, and digital transformation is shaking up the hotel industry in a big way. Most folks just use their phones or hop online to book rooms and take care of their stays—it's the norm now, everywhere you look (Buhalis & Sinarta, 2019). What really stands out is how strong brands get more out of their digital strategies. In busy cities like Bandung, having a good reputation lets hotels rise above the noise online and brings in more bookings. Membership programs don't always grab headlines like fancy tech or a big brand name, but they definitely matter. The trick is making those programs feel personal, straightforward, and actually worthwhile. That's the secret big international chains figured out—loyalty programs fill rooms even when things slow down. Looking at the numbers, the hypotheses held up. The research showed digital transformation, brand reputation, and membership programs all make a real impact on booking rates. Plus, brand reputation and membership programs take the benefits of digital strategies and kick them up a notch. Basically, everything lined up with what people expected.

5. Hypotheses Confirmation

So, all the hypotheses actually matched up with the data. H1, H2, and H3 showed that digital transformation, brand equity, and membership programs directly affect occupancy rates. Then H4 and H5 highlighted how brand equity and membership programs boost digital transformation efforts, working behind the scenes.

Basically, digital transformation plays two big roles in hotel performance: it drives results and connects other factors together. This all lines up with the current thinking in hospitality research, where service-dominant logic really guides the conversation.

Figure 1 Structural Equation Model



Source : Data processed by author 2025

Brand Equity doesn't just add a little sparkle for hotels—it pretty much changes everything. When a hotel's brand is strong, guests don't just try it once and forget about it. They come back, especially online, where picking another option is so easy (K. L. Keller, 2013) and have been saying this forever: trust is everything. When people trust a hotel's brand, they're not just window-shopping—they book. Now, those membership programs aren't just flashy extras. They actually matter. Hotels use them to build loyalty, and digital platforms give these programs real power. This supports (Yi & Jeon, 2003), saw this early on: loyalty programs turn guests into regulars, and the digital side just makes it work better. Digital transformation isn't about having cool gadgets. It's really about changing the way hotels interact with guests. Move booking online, use smarter marketing, plug in CRM systems—suddenly, things start to pick up. (Cho, Lee, Kim, Kim, & Lee, 2024) and (Buhalis & Sinarta, 2019), nailed it: using technology fills more rooms, no question. Here's the thing that makes this study stand out: when hotels put branding, loyalty programs, and tech together, bookings don't just spike and fade—they actually stay up. That's what a lot of older research missed. Herrera, for example, looked at only one piece. But when hotels combine all three—brand, loyalty, digital—results stick. That's where the magic happens. (Herrera, 2022)

CONCLUSION

This study makes it clear: digital transformation is a big reason why hotels in Kota Bandung fill their rooms. It doesn't just help on its own—it also strengthens the effects of brand reputation and loyalty programs. When a hotel has a solid brand, people trust it, and digital tools tend to work even better. Loyalty programs, naturally, get guests to come back, which always helps keep occupancy high. All the ideas in this study checked out, so blending tech, branding, and loyalty actually works. For what's next, it'd be smart to see how this plays out in other cities, or add another layer, like looking at customer experience or sustainability. Those twists could make the model even more valuable for hotels everywhere.

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