

**BUKTI KORESPONDENSI
ARTIKEL JURNAL NASIONAL
TERAKREDITASI KEMENRISTEKDIKTI SINTA 2**

Judul Artikel : EXPERIENCE ECONOMY AND DIGITAL MARKETING STRATEGIES IN ENHANCING HOTEL COMPETITIVENESS

Jurnal : EKUITAS Jurnal Ekonomi dan Keuangan, Vol. 9 No. 3 (2025):
September

Penulis : SRI MARINI, SUPERWIRATNI, ILHAM FAJRI, ITA KARNITA

NO.	Perihal	Tanggal
1.	Bukti konfirmasi submit artikel dan artikel yang disubmit	27 Juni 2025
2.	Bukti konfirmasi editorial revision-1	15 Juli 2025
3.	Bukti konfirmasi submit hasil editorial revision-1	16 Juli 2025
4.	Bukti konfirmasi reviewer's revision	26 September 2025
5.	Bukti konfirmasi submit hasil reviewer's revision	26 September 2025
6.	Bukti konfirmasi editorial revision-2	23 Oktober 2025
7.	Bukti konfirmasi submit hasil editorial revision-2	24 Oktober 2022
8.	Bukti konfirmasi Accept Submission	25 November 2025
9.	Bukti konfirmasi APC Payment	26 November 2025
10.	Bukti konfirmasi transfer APC Payment	26 November 2026
11.	Bukti konfirmasi copyediting/sending it to production	27 November 2026
12.	Bukti konfirmasi publikasi artikel	20 Januari 2026



sri marini <ilin.marin3@gmail.com>

[EKUITAS (Jurnal Ekonomi dan Keuangan)] Validate Your Account

1 message

Nur Handayani <ekuitas@stiesia.ac.id>
Reply-To: Ekuitas <ekuitas@stiesia.ac.id>
To: Sri Marini <ilin.marin3@gmail.com>

Fri, Jun 27, 2025 at 3:20 PM

Sri Marini

You have created an account with EKUITAS (Jurnal Ekonomi dan Keuangan), but before you can start using it, you need to validate your email account. To do this, simply follow the link below:

<https://ejournal.stiesia.ac.id/ekuitas/user/activateUser/srimarini25/92Qfav>

Thank you,
Nur Handayani

_____ EKUITAS : Jurnal

Ekonomi dan Keuangan <https://ejournal.stiesia.ac.id/ekuitas>



sri marini <ilin.marin3@gmail.com>

[EKUITAS (Jurnal Ekonomi dan Keuangan)] Submission Acknowledgement

1 message

Nur Handayani <ekuitas@stiesia.ac.id>
To: Sri Marini <ilin.marin3@gmail.com>

Fri, Jun 27, 2025 at 3:57 PM

Sri Marini:

Thank you for submitting the manuscript, "Experience Economy and Digital Marketing Strategies: Their Impact on Hotel Competitiveness through Customer Engagement" to EKUITAS (Jurnal Ekonomi dan Keuangan). With the online journal management system that we are using, you will be able to track its progress through the editorial process by logging in to the journal web site:

Submission URL: <https://ejournal.stiesia.ac.id/ekuitas/authorDashboard/submission/7336>
Username: srimarini25

If you have any questions, please contact me. Thank you for considering this journal as a venue for your work.

Nur Handayani

Ekonomi dan Keuangan <https://ejournal.stiesia.ac.id/ekuitas>

EKUITAS : Jurnal



sri marini <ilin.marin3@gmail.com>

[EKUITAS (Jurnal Ekonomi dan Keuangan)] New notification from EKUITAS (Jurnal Ekonomi dan Keuangan)

1 message

Okto Aditya Suryawirawan <ekuitas@stiesia.ac.id>
Reply-To: Nur Handayani <nurhandayani@stiesia.ac.id>
To: Sri Marini <ilin.marin3@gmail.com>

Tue, Jul 15, 2025 at 1:41 PM

You have a new notification from EKUITAS (Jurnal Ekonomi dan Keuangan):

You have been added to a discussion titled "Editorial Revision" regarding the submission "Experience Economy and Digital Marketing Strategies: Their Impact on Hotel Competitiveness through Customer Engagement".

Link: <https://ejournal.stiesia.ac.id/ekuitas/authorDashboard/submission/7336>

Nur Handayani

Ekonomi dan Keuangan <https://ejournal.stiesia.ac.id/ekuitas>

EKUITAS : Jurnal

Submission Revision Confirmation – EKUITAS Submission #7336

1 message

ilin marine <ilin.marin3@gmail.com>
To: ekuitas@stiesia.ac.id

Wed, Jul 16, 2025 at 1:55 PM

Dear Nur Handayani,

Thank you for the notification and the opportunity to revise our manuscript titled **"Experience Economy and Digital Marketing Strategies: Their Impact on Hotel Competitiveness through Customer Engagement"**.

We are pleased to inform you that all requested revisions have been completed in accordance with the editorial comments. The revised manuscript has been successfully uploaded to the **Pre-Review Discussions** section of the system.

As proof of submission, a screenshot of the upload has also been attached to this email.

Best regards,
Sri Marini - Akademi Pariwisata NHI Bandung



Screenshot 2025-07-16 135502.jpg
86K



sri marini <ilin.marin3@gmail.com>

[EKUITAS (Jurnal Ekonomi dan Keuangan)] New notification from EKUITAS (Jurnal Ekonomi dan Keuangan)

1 message

Okto Aditya Suryawirawan <ekuitas@stiesia.ac.id>
Reply-To: Nur Handayani <nurhandayani@stiesia.ac.id>
To: Sri Marini <ilin.marin3@gmail.com>

Wed, Aug 6, 2025 at 11:13 AM

You have a new notification from EKUITAS (Jurnal Ekonomi dan Keuangan):

There is new activity in the discussion titled "Editorial Revision" regarding the submission "Experience Economy and Digital Marketing Strategies: Their Impact on Hotel Competitiveness through Customer Engagement".

Link: <https://ejournal.stiesia.ac.id/ekuitas/authorDashboard/submission/7336>

Nur Handayani

Ekonomi dan Keuangan <https://ejournal.stiesia.ac.id/ekuitas>

EKUITAS : Jurnal



sri marini <ilin.marin3@gmail.com>

Response to Update on Article Review Process – EKUITAS Journal

1 message

ilin marine <ilin.marin3@gmail.com>

Fri, Aug 29, 2025 at 12:49 PM

To: ekuitas@stiesia.ac.id, nurhandayani@stiesia.ac.id

Dear Mr. Aditya,

Thank you very much for your kind update and clarification regarding the status of our article in the *EKUITAS* journal.

We fully understand the procedure and will patiently wait for the **next stage of the review process** as scheduled. We truly appreciate the efforts of the editorial team in facilitating the process and look forward to receiving further updates once our article has been assigned to the reviewers.

Best regards,

Sri Marini and TEAM

Akademi Pariwisata NHI Bandung



sri marini <ilin.marin3@gmail.com>

[EKUITAS (Jurnal Ekonomi dan Keuangan)] New notification from EKUITAS (Jurnal Ekonomi dan Keuangan)

1 message

Nur Handayani <ekuitas@stiesia.ac.id>
Reply-To: Nur Handayani <nurhandayani@stiesia.ac.id>
To: Sri Marini <ilin.marin3@gmail.com>

Fri, Sep 26, 2025 at 2:12 PM

You have a new notification from EKUITAS (Jurnal Ekonomi dan Keuangan):

You have been added to a discussion titled "Reviewer's Revision" regarding the submission "Experience Economy and Digital Marketing Strategies: Their Impact on Hotel Competitiveness through Customer Engagement".

Link: <https://ejournal.stiesia.ac.id/ekuitas/authorDashboard/submission/7336>

Nur Handayani

EKUITAS : Jurnal

Ekonomi dan Keuangan <https://ejournal.stiesia.ac.id/ekuitas>

Submission of Revised Article

1 message

ilin marine <ilin.marin3@gmail.com>
To: ekuitas@stiesia.ac.id

Fri, Sep 26, 2025 at 7:01 PM

Dear Editorial Team,

We would like to sincerely thank you for the constructive feedback provided. The article has been **revised thoroughly in accordance with the reviewer's comments**, including the addition of a discussion on the study's limitations and a clear direction for future research in the conclusion.

We also confirm that **all comments have been retained** in the document to ensure transparency during the review process, and the **revised texts are highlighted in yellow** for easier identification.

Furthermore, we would like to inform you that the revised file has been **successfully uploaded through the OJS system**, and the **screenshot of the submission confirmation is attached to this email** for your reference.

Kind regards,

Sri Marini and TEAM

Akademi Pariwisata NHI Bandung



Screenshot (654).png
325K

Confirmation of Revised Manuscript Submission – Article ID: 7336

2 messages

ilin marine <ilin.marin3@gmail.com>
To: nurhandayani@stiesia.ac.id, ekuitas@stiesia.ac.id

Tue, Oct 21, 2025 at 10:07 AM

Dear Editorial Team,

We would like to confirm that we have uploaded the revised version of our manuscript titled *“Experience Economy and Digital Marketing Strategies: Their Impact on Hotel Competitiveness through Customer Engagement”* (Article ID: 7336). The revisions have been made thoroughly according to the reviewer’s comments.

We kindly request confirmation on whether the revisions are satisfactory or if any further adjustments are needed. If the revisions are in accordance with the reviewer’s notes, we would appreciate information regarding the next stage of the editorial process.

Thank you for your attention and kind assistance.

Warm regards,
Sri Marini and Team
Akademi Pariwisata NHI Bandung
Email: srimarini@akparnhi.ac.id

**SS-Revised.jpg**
113K

Ekuitas Stiesia <ekuitas@stiesia.ac.id>
To: ilin marine <ilin.marin3@gmail.com>

Tue, Oct 21, 2025 at 10:57 AM

Dear Authors,

Please wait. The article is currently being processed to the next stages. We will contact the author via OJS if there is anything we need to convey regarding the article publication process.

Regards,
Editorial Team.
[Quoted text hidden]



sri marini <ilin.marin3@gmail.com>

[EKUITAS (Jurnal Ekonomi dan Keuangan)] New notification from EKUITAS (Jurnal Ekonomi dan Keuangan)

1 message

andayani andayani <ekuitas@stiesia.ac.id>
Reply-To: Nur Handayani <nurhandayani@stiesia.ac.id>
To: Sri Marini <ilin.marin3@gmail.com>

Thu, Oct 23, 2025 at 4:41 PM

You have a new notification from EKUITAS (Jurnal Ekonomi dan Keuangan):

You have been added to a discussion titled "Editorial Revision" regarding the submission "Experience Economy and Digital Marketing Strategies: Their Impact on Hotel Competitiveness through Customer Engagement".

Link: <https://ejournal.stiesia.ac.id/ekuitas/authorDashboard/submission/7336>

Nur Handayani

Ekonomi dan Keuangan <https://ejournal.stiesia.ac.id/ekuitas>

EKUITAS : Jurnal

Submission of Revised Manuscript – Following Editorial Comments

1 message

ilin marine <ilin.marin3@gmail.com>

Fri, Oct 24, 2025 at 10:52 AM

To: ekuitas@stiesia.ac.id, nurhandayani@stiesia.ac.id

Dear Editorial Team,

We sincerely thank you for the feedback and comments provided on our manuscript. We have carefully revised the paper according to all the suggestions, ensuring that none of the comments were deleted. The title has been adjusted to a maximum of 12 words, and the citation (**West Java Tourism Office, 2023**) has been updated to (**Disparbud Jabar, 2024**), including its entry in the reference list. The manuscript has also been refined to comply with the **20-page limit**, with the revised sections highlighted in **yellow** for your review.

The **revised file** has been successfully uploaded through the **OJS system**, and the **screenshot of the upload confirmation** is attached in this email for your reference.

Thank you for your continued support and guidance.

Kind regards,

Sri Marini and TEAM



Screenshot (671).png
335K



sri marini <ilin.marin3@gmail.com>

[EKUITAS (Jurnal Ekonomi dan Keuangan)] Editor Decision

1 message

andayani andayani <ekuitas@stiesia.ac.id>

Tue, Nov 25, 2025 at 4:24 PM

To: Sri Marini <ilin.marin3@gmail.com>, Superwiratni <superwiratni@akparnhi.ac.id>, Ilham Fajri <ilham@akparnhi.ac.id>, Ita Karnita <itakarnita@akparnhi.ac.id>

Sri Marini, Superwiratni, Ilham Fajri, Ita Karnita:

We have reached a decision regarding your submission to EKUITAS (Jurnal Ekonomi dan Keuangan), "EXPERIENCE ECONOMY AND DIGITAL MARKETING STRATEGIES IN ENHANCING HOTEL COMPETITIVENESS".

Our decision is to: Accept Submission

Ekonomi dan Keuangan <https://ejournal.stiesia.ac.id/ekuitas>

EKUITAS : Jurnal



sri marini <ilin.marin3@gmail.com>

[EKUITAS (Jurnal Ekonomi dan Keuangan)] New notification from EKUITAS (Jurnal Ekonomi dan Keuangan)

1 message

andayani andayani <ekuitas@stiesia.ac.id>
Reply-To: Nur Handayani <nurhandayani@stiesia.ac.id>
To: Sri Marini <ilin.marin3@gmail.com>

Wed, Nov 26, 2025 at 1:22 PM

You have a new notification from EKUITAS (Jurnal Ekonomi dan Keuangan):

You have been added to a discussion titled "APC Payment" regarding the submission "Experience Economy and Digital Marketing Strategies: Their Impact on Hotel Competitiveness through Customer Engagement".

Link: <https://ejournal.stiesia.ac.id/ekuitas/authorDashboard/submission/7336>

Nur Handayani

Ekonomi dan Keuangan <https://ejournal.stiesia.ac.id/ekuitas>

EKUITAS : Jurnal

APC Payment Confirmation and Inquiry Regarding Author List Adjustment

1 message

ilin marine <ilin.marin3@gmail.com>

Wed, Nov 26, 2025 at 7:07 PM

To: ekuitas@stiesia.ac.id, nurhandayani@stiesia.ac.id

Dear EKUITAS Admin,

Thank you for the information provided. We hereby inform you that the **Author Fee/APC payment has been completed** in accordance with the amount listed on the *EKUITAS – Journal of Economics and Finance* website, and has been transferred to the **account name and number of Perpendiknas (Bank Jatim)** as stated on the official journal webpage.

The **APC payment receipt under the name Sri Marini** is attached to this message as proof of payment.

In addition, we would like to inquire regarding the publication process, which is currently in the *copy editing* stage. We seek confirmation on whether it is **still possible to make an adjustment to the list of authors**, particularly regarding our request to **exclude Ilham Fajri** from the authorship list. This request is submitted due to **professional considerations and internal coordination within the author team**. However, should author modification **no longer be permissible at this stage**, we fully understand and are willing to proceed **with the original list of authors as previously submitted**.

Thank you for your attention and assistance.

Kind regards,

Sri Marini and Team



Bukti APC Payment Sri Marini.jpeg
66K



sri marini <ilin.marin3@gmail.com>

[EKUITAS (Jurnal Ekonomi dan Keuangan)] Editor Decision

1 message

ersyad daruqutni <ekuitas@stiesia.ac.id>

Thu, Nov 27, 2025 at 3:30 PM

To: Sri Marini <ilin.marin3@gmail.com>, Superwiratni <superwiratni@akparnhi.ac.id>, Ilham Fajri <ilham@akparnhi.ac.id>, Ita Karnita <itakarnita@akparnhi.ac.id>

Sri Marini, Superwiratni, Ilham Fajri, Ita Karnita:

The editing of your submission, "Experience Economy and Digital Marketing Strategies: Their Impact on Hotel Competitiveness through Customer Engagement," is complete. We are now sending it to production.

Submission URL: <https://ejournal.stiesia.ac.id/ekuitas/authorDashboard/submission/7336>

Ekonomi dan Keuangan <https://ejournal.stiesia.ac.id/ekuitas> EKUITAS : Jurnal



sri marini <ilin.marin3@gmail.com>

[EKUITAS (Jurnal Ekonomi dan Keuangan)] New notification from EKUITAS (Jurnal Ekonomi dan Keuangan)

1 message

ersyad daruqutni <ekuitas@stiesia.ac.id>
Reply-To: Nur Handayani <nurhandayani@stiesia.ac.id>
To: Sri Marini <ilin.marin3@gmail.com>

Tue, Jan 20, 2026 at 8:39 AM

You have a new notification from EKUITAS (Jurnal Ekonomi dan Keuangan):

A new version of a submission was created

Link: <https://ejournal.stiesia.ac.id/ekuitas/workflow/production/7336>

Nur Handayani

Ekonomi dan Keuangan <https://ejournal.stiesia.ac.id/ekuitas>

EKUITAS : Jurnal



ISSN 2502-020
p-ISSN 2502-020

Library

Submissions

Workflow Publication
Submission Review Copyediting
Production

Submission Files Q Search

▶ 15617-1 srimarini25, Experience Economy (Ekuitas).docx	June 27, 2025	Article Text
▶ 15618-1 srimarini25, Article plagiarism check result (15%).pdf	June 27, 2025	Other
▶ 15619-1 srimarini25, Article Ai check result (under 20%).pdf	June 27, 2025	Other
▶ 15620-1 srimarini25, Research Materials.rar	June 27, 2025	Research Materials

[Download All Files](#)

Pre-Review Discussions [Add discussion](#)

Name	From	Last Reply	Replies	Closed
▶ Comments for the Editor	srimarini25 2025-06-27 03:34 PM	-	0	<input type="checkbox"/>
Editorial Revision	oktoaditya 2025-07-15 01:38 PM	-	0	<input type="checkbox"/>

Platform &
workflow by
OJS / PKP



Participants

Okto Aditya Suryawirawan (oktoaditya)

Sri Marini (srimarini25)

Messages

Note

From

Dear Author,

oktoaditya
2025-07-15
01:38 PM

Please revise by referring to the comments that have been given in the Word document.

Do not add another discussion, please reply with your revision within this thread.

Revisions must be made before we can proceed the article to the next stage.

To facilitate the review process, please incorporate **distinctive color highlights** to indicate the changes made.

Just a reminder that revision requests **may increase** as the review process progresses, so please be prepared to adjust accordingly.

Please submit the revisions no later than **5 August 2025**

Best regards,
Aditya

 [oktoaditya, 7336-Article Text-15617-1-2-20250627.docx](#)

Add Message



Participants

Okto Aditya Suryawirawan (oktoaditya)

Sri Marini (srimarini25)

Messages

Note

From

Dear Author,

oktoaditya
2025-07-15
01:38 PM

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Add Message

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01:38 PM

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Best regards,
Aditya

 [oktoaditya, 7336-Article Text-15617-1-2-20250627.docx](#)

Message *



Dear Aditya,

Thank you for the guidance and review.

We have revised the manuscript according to all comments provided in the Word document. The **title** has been updated using **blue font**, and all **citation corrections** have been highlighted with a **yellow background** for clarity.

Additionally, we have provided responses to each comment directly within the

Attached Files

 Search

[Upload File](#)

	15844-1	srimarini25, 7336-Article Text-15829-1-18-20250715 (revised).docx	July 16, 2025	Article Text
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OK

Cancel

Dear Author,

oktoaditya

Please revise by referring to the comments that have been given in the Word document.

2025-07-15

01:38 PM

Do not add another discussion, please reply with your revision within this thread.

Revisions must be made before we can proceed the article to the next stage.

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Aditya


 [oktoaditya, 7336-Article Text-15617-1-2-20250627.docx](#)

Message *

Attached Files

 **Search**

Upload File

	15844-1	srimarini25, 7336-Article Text-15829-1-18-20250715 (revised).docx	July 16, 2025	Article Text
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messages

Note	From
<p>Dear Author,</p> <p>Please revise by referring to the comments that have been given in the Word document.</p> <p>Do not add another discussion, please reply with your revision within this thread.</p> <p>Revisions must be made before we can proceed the article to the next stage.</p> <p>To facilitate the review process, please incorporate distinctive color highlights to indicate the changes made.</p> <p>Just a reminder that revision requests may increase as the review process progresses, so please be prepared to adjust accordingly.</p> <p>Please submit the revisions no later than 5 August 2025</p> <p>Best regards, Aditya</p> <p>📎 oktoaditya, 7336-Article Text-15617-1-2-20250627.docx</p>	<p>oktoaditya 2025-07-15 01:38 PM</p>
<p>▶ Dear Aditya,</p> <p>Thank you for the guidance and review.</p> <p>We have revised the manuscript according to all comments provided in the Word document. The title has been updated using blue font, and all citation corrections have been highlighted with a yellow background for clarity. Additionally, we have provided responses to each comment directly within the document to ensure transparency in our revisions.</p> <p>The revised file has been included/uploaded in this message for your review.</p> <p>Best regards, Sri Marini - Akademi Pariwisata NHI Bandung</p> <p>📎 srimarini25, 7336-Article Text-15829-1-18-20250715 (revised).docx</p>	<p>srimarini25 2025-07-16 12:38 PM</p>

Add Message

messages

Note	From
<p>Dear Author,</p> <p>Please revise by referring to the comments that have been given in the Word document.</p> <p>Do not add another discussion, please reply with your revision within this thread.</p> <p>Revisions must be made before we can proceed the article to the next stage.</p> <p>To facilitate the review process, please incorporate distinctive color highlights to indicate the changes made.</p> <p>Just a reminder that revision requests may increase as the review process progresses, so please be prepared to adjust accordingly.</p> <p>Please submit the revisions no later than 5 August 2025</p> <p>Best regards, Aditya</p> <p>📎 oktoaditya, 7336-Article Text-15617-1-2-20250627.docx</p>	<p>oktoaditya 2025-07-15 01:38 PM</p>
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Add Message

Dear Author,

oktoaditya

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2025-07-15

01:38 PM

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Aditya

 [oktoaditya, 7336-Article Text-15617-1-2-20250627.docx](#)

▶ Dear Aditya,

srimarini25

Thank you for the guidance and review.

2025-07-16

12:38 PM

We have revised the manuscript according to all comments provided in the Word document. The **title** has been updated using **blue font**, and all **citation corrections** have been highlighted with a **yellow background** for clarity. Additionally, we have provided responses to each comment directly within the document to ensure transparency in our revisions.

The revised file has been included/uploaded in this message for your review.

Best regards,
Sri Marini - Akademi Pariwisata NHI Bandung

 [srimarini25, 7336-Article Text-15829-1-18-20250715 \(revised\).docx](#)

Dear Author,

oktoaditya

We extend our gratitude to you for your patience and cooperation throughout the publication process in the EKUITAS journal.

2025-08-06

11:13 AM

We wish to inform you that, as of this moment, your article has been placed in the queue for submission to the reviewers as part

Dear Author,

oktoaditya

Please revise by referring to the comments that have been given in the Word document.

2025-07-15

01:38 PM

Do not add another discussion, please reply with your revision within this thread.

Revisions must be made before we can proceed the article to the next stage.

To facilitate the review process, please incorporate **distinctive color highlights** to indicate the changes made.

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Please submit the revisions no later than **5 August 2025**

Best regards,
Aditya

 [oktoaditya, 7336-Article Text-15617-1-2-20250627.docx](#)

▶ Dear Aditya,

srimarini25

Thank you for the guidance and review.

2025-07-16

12:38 PM

We have revised the manuscript according to all comments provided in the Word document. The **title** has been updated using **blue font**, and all **citation corrections** have been highlighted with a **yellow background** for clarity. Additionally, we have provided responses to each comment directly within the document to ensure transparency in our revisions.

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Best regards,
Sri Marini - Akademi Pariwisata NHI Bandung

 [srimarini25, 7336-Article Text-15829-1-18-20250715 \(revised\).docx](#)

Dear Author,

oktoaditya

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2025-08-06

11:13 AM

We wish to inform you that, as of this moment, your article has been placed in the queue for submission to the reviewers as part



ISSN 2502-6133
p-ISSN 2502-6133

7336 / Marini et al. / Experience Economy and Digital Ma

Library

Submissions

Workflow

Publication

Submission

Review

Copyediting

Production

Round 1

Round 1 Status

Waiting for reviewers to be assigned.

Review Discussions

Add discussion

Name	From	Last Reply	Replies	Closed
------	------	------------	---------	--------

No Items

Platform & workflow by
OJS / PKP



Participants

Nur Handayani (handayani)

Okto Aditya Suryawirawan (oktoaditya)

Sri Marini (srimarini25)

Messages

Note

From

Dear Author,

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Experience Economy and Digital Marketing Strategies: Their Impact on Hotel Competitiveness through Customer Engagement

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ABSTRACT

Consumers are increasingly seeking memorable experiences, not just standard hotel services, driving intense competition in West Java's hospitality industry. Although several strategies have been implemented, a literature gap remains regarding the role of customer engagement as a mediating variable between strategy and hotel competitiveness. This study aims to analyze the influence of experience economy and digital marketing strategies on hotel competitiveness, both directly and through customer engagement. The research covers 320 three- to five-star hotels in West Java, with an estimated annual guest population of 57,600. A total of 400 respondents were selected using Slovin's formula with a 5% margin of error and multistage sampling. Data were analyzed using the SEM-PLS method. The results indicate that both strategies significantly enhance hotel competitiveness directly and indirectly through the partial mediating role of customer engagement. These findings emphasize the importance of experiential and digital approaches in strengthening customer emotional connection and gaining a competitive edge. This study contributes to the theoretical development of hospitality management and offers practical insights for hotel managers in West Java to boost their competitiveness by implementing experience-driven and digitally oriented strategies tailored to customer expectations.

Key words: Experience Economy, Digital Marketing, Customer Engagement, Hotel Competitiveness

ABSTRAK

Konsumen kini menginginkan pengalaman menginap yang berkesan, bukan sekadar layanan standar, sehingga memicu persaingan ketat di industri perhotelan Jawa Barat. Meskipun berbagai strategi telah diterapkan, masih terdapat kesenjangan literatur mengenai peran customer engagement sebagai variabel mediasi antara strategi dan daya saing hotel. Penelitian ini bertujuan menganalisis pengaruh strategi experience economy dan pemasaran digital terhadap daya saing hotel, baik secara langsung maupun melalui customer engagement. Populasi mencakup 320 hotel bintang tiga hingga lima di Jawa Barat, dengan estimasi total tamu tahunan 57.600 orang. Sebanyak 400 responden dipilih menggunakan rumus Slovin (margin of error 5%) dan teknik multistage sampling. Data dianalisis menggunakan metode SEM-PLS. Hasil penelitian menunjukkan bahwa kedua strategi tersebut secara signifikan meningkatkan daya saing hotel, baik secara langsung maupun tidak langsung melalui peran mediasi parsial customer engagement. Temuan ini menegaskan pentingnya pendekatan berbasis pengalaman dan digital dalam membangun keterlibatan pelanggan dan menciptakan keunggulan bersaing. Studi ini memberikan kontribusi teoritis bagi literatur manajemen perhotelan dan implikasi praktis bagi manajer hotel di Jawa Barat untuk memperkuat posisi kompetitif mereka melalui strategi yang berfokus pada pengalaman pelanggan dan transformasi digital.

Kata kunci: Experience Economy, Pemasaran Digital, Keterlibatan Pelanggan, Daya Saing Hotel

INTRODUCTION

The sector of tourism is one of the contributors to local and national economic growth; therefore, the hospitality industry in Indonesia, both locally and nationally, should be a large factor of the economy, especially in major tourist destinations like West Java. In the context of the growing dynamism of competitive forces in the hospitality industry, hotels are expected to offer quality service that comes with added value, distinguishing themselves from rivals. In this context, one approach is growing in importance—the application of the experience economy (a marketing strategy that takes the customer experience to another level, creating memories and feelings). Pine & Gilmore (2011) introduced this concept, explaining that consumers no longer buy products or services but experiences instead.

West Java, as one of the provinces with the most tourism contributions and visits in Indonesia, presents various attractive tourism sectors, either in nature, culture, or culinary. Tourists in Bandung, Bogor, Cirebon, and Pangandaran are the most popular tourist targets,

whether they are domestic or foreign tourists. The hospitality industry in West Java has grown in response to this unprecedentedly large number of tourist visits. Based on Statistics Indonesia (BPS) data, the number of star-rated hotels has increased dramatically in the province over the past five years, with the most significant increase in 3-star, 4-star, and 5-star hotels. This phenomenon is clearly demonstrated in Table 1, where there is an increase in the number of star-rated hotels from 269 in 2019 to 315 in 2023, with a marked increase from 3-star to 5-star rated hotels. Nevertheless, the average room occupancy rate (OR) is still held below the optimal limit, at the 41–55% range, illustrating that hotel competitiveness in the region awaits improvement, especially from the viewpoint of marketing and customer experience. This concern is similarly apparent in the OR data in Table 1, which demonstrates a dramatic drop in 2020 due to the pandemic and an incomplete rebound by 2023. The scenario further compels the need for innovative marketing approaches focusing on experience creation and the use of digital technology.

Table 1
Development of Star-Rated Hotels and Room Occupancy Rates (TPK) in West Java (2019–2023)

Year	1-Star	2-Star	3-Star	4-Star	5-Star	Total Hotels	Average Room Occupancy Rate (%)
2019	47	61	110	38	13	269	55.3
2020	48	62	113	41	13	277	30.2
2021	49	64	118	44	14	289	41.7
2022	50	66	125	47	15	303	49.8
2023	52	68	130	49	16	315	53.4

Source: Statistics Indonesia (BPS) West Java Province, West Java Hotel Statistics 2023

Digitalization has emerged as one of the determinant factors transforming the face of hotel marketing with the advent of technology and the development of social media platforms. Digital marketing methods—via social media, online reservation sites, visual content, and digital customer reviews—have already become vital channels to establish communication with prospects and improve hotel brand visibility. Digital marketing has been shown to be an efficient way to build market reach and enhance customers' loyalty (Chaffey & Smith, 2022; Solomon et al., 2020). But when

the experience promised by a hotel doesn't match what the guest expected from interacting with digital media, then that gap between promotion and the reality of what a guest actually experiences can turn around and bite hoteliers.

Customer engagement in this context acts as an important mediating variable that links implemented marketing strategies and customers' perceptions of hotel competitiveness. Customer engagement is not just the reflection of customers' interest in hotel services but also shows their level of loyalty, advocacy, and active participation in

shaping the overall brand image. For example, Brodie et al. (2011) and Hollebeek et al. (2014) highlight the significant impact of customer engagement as a mediator in improving performance for service-oriented firms. However, there are no strong studies that look at the real-world situations in emerging tourist spots with millions of hotel rooms, like those in Indonesia, to connect these ideas in a complete way between the experience economy, digital marketing, customer engagement, and hotel competitiveness.

Most existing research has looked at either how well digital marketing works (Leung et al. (2024); Xiang & Gretzel, 2010) or how experiential strategies (Neuhofer et al. (2015) work on their own, without exploring how these experiential strategies can work together with digital marketing strategies to enhance customer engagement. For instance, emphasized the role of social media in forming customer perception of hotels, and Pine & Gilmore (2011) and Walls et al. (2011) highlighted the significance of experiences as a value differentiator in hospitality services. Additionally, the literature regarding the combination of strategies for innovation in hotel management remains scant, with few studies identifying hotel competitiveness as the affected variable (Harrington et al., 2012; Sigala, 2019). Consequently, this paper reveals a theoretical and practically relevant niche that must be filled to comprehend the new drivers of modern-day marketing in a fast-changing hospitality industry, especially in tourism markets that are increasingly geomorphic and oriented towards experiences.

Therefore, this study seeks to examine the effect of the experience economy and digital marketing strategies on hotel competitiveness with customer engagement as a mediating variable. The findings of this study have not only enriched the existing literature of service marketing and tourism but also have practical implications for hospitality industry practitioners in developing more holistic, affective, and

digital marketing strategies. This study has scientific merit because (1) it provides a comprehensive conceptual model integrating experiential and digital marketing dimensions and (2) it contributes to the body of knowledge about customer engagement as a mediating role in the effectiveness of marketing strategies for enhancing hotel competitiveness.

LITERATURE REVIEW

Experience Economy Strategy and Hotel Competitiveness

A more relevant strategy in the current era of tourism has been the experience economy strategy. (Pine & Gilmore, 2011) have explained that firms that are able to create memorable experiences along four dimensions – entertainment, education, esthetics, and escapism – will have an enduring competitive advantage. Especially in an oversaturated and competitive market, unique, immersive experiences are considerable value-adds for guests within the hospitality space. Customer utilization of experience-based services has been found to build loyalty to a hotel and strengthen its brand image (Oh et al., 2007; Walls et al., 2011).

Previous studies highlight the advantages that hotels that implement aspects of the experience economy into their operation and services experience over those with a more functional focus (Ali et al., 2016; Kolar & Zabkar, 2010). In the ever-evolving landscape of the global tourism industry, hotels have shifted their paradigm from accommodation provision to creating lasting experiences that yield emotional capital for customers. Therefore, we propose the following hypothesis in this study, which is grounded in this review:

H₁: The experience economy strategy has a positive and significant effect on hotel competitiveness.

Digital Marketing Strategy and Hotel Competitiveness

With the rapid development of information technology and the change in

consumer behavior, the digital marketing strategy becomes an essential part of enhancing the hotel's competitiveness. Social media, search engines, websites, and e-mail marketing—part of the sphere of digital marketing—give hotel online consumers direct and measurable access to hotels, enabling stronger brand positioning, direct booking growth, and long-term relationships with guests (Nurtirtawaty et al., 2021; Kapoor & Kapoor, 2021; Singh et al., 2024). Optimizing digital platforms, such as responsive websites and online booking systems, increases conversion rates and customer loyalty López-Gamero et al. (2023), and social media offers personal interactions that enrich the customer experience (Arief et al., 2024). Moreover, Sigala (2018) further highlighted how customer data management through digital strategies could not only improve the quality of the decision-making process but also help bolster competitiveness.

Moreover, it has been found in recent studies that digital strategies can be considered as advanced instruments for the production of information within the frame of the company's product life cycle that add a new dimension to the offering of promotion. According to Armillotta et al. (2024), hotels that actively make efforts to adopt digital channels through these platforms tend to experience a better rate of occupancy as well as long-term repeat business. The hospitality industry finds digital marketing as one of the key elements to create sustainable competitive advantage in the ever-changing world of global rivalry. In this review, the hypothesis is proposed:

H₂: Digital marketing strategy has a positive and significant effect on hotel competitiveness.

Experience Economy Strategy and Customer Engagement

This meant they focused more on retention and offered their users deep and memorable experiences that trained them to retain their emotional engagement and loyalty under the umbrella of the Experience

Economy strategy. As Pine & Gilmore (2011) note, consumer experiences can involve things like customized services, a distinct environment, and emotional connections that result in memorable moments. According to Yan et al. (2024), real-world experiences could also be realized to drive customer engagement, in which customers were having closer relationships with brands and being repetitive in their utilization.

This strategy is particularly pertinent in a hospitality context, as hotels that win at creating memorable experiences tend to be more effective at engaging repeat guests and reinforcing long-term ties (Agapito & Sigala, 2024). In addition to providing accommodation facilities, hotels create experiences that add value for customers who view their services. According to research by J. Kumar et al. (2024) the deeper the experience, the greater the impact on customers attitudes (what they will say, feel, or do, which in turn links back to increased satisfaction or engagement—what is perceived or the actual experience). Additionally, instances of positive customer experiences typically result in good recommendations and brand loyalty, both of which influence the hotel's popularity and ultra-competitiveness. Thus, the following hypothesis is formulated:

H₃: The Experience Economy strategy has a positive and significant effect on customer engagement.

Digital Marketing Strategy and Customer Engagement

Digital marketing strategy consists of utilizing technology and digital platforms to foster better relationships with customers, access new markets, and improve customer interaction and engagement. Digital marketing channels, including social media, search engines, and email marketing, enable companies to engage with consumers more directly than ever before and measure the efficacy of these communications (Fahimah & Ningsih, 2022). Research by Leung et al. (2024) shows that hoteliers who actively

employ techniques associated with digital marketing can make proactive use of these touchpoints to establish more personalized and responsive customer relationships, which contributes to increased levels of grassroots engagement. Moreover, according to Felix & Rembulan (2023), digital marketing is characterized by the ability to personalize promotions according to customer preferences, which helps enhance customer engagement and loyalty towards the brand.

Digital marketing strategies can enhance customer relations in the hospitality sector by empowering more intensive two-way communication, assisting in the speed of response to customer needs, and improving brand image. Based on a study by Umami & Darma (2021), hotels using digital platforms, including social media and interactive websites, are able to develop more connected experiences and personalize their services, resulting in greater customer engagement. On this basis, we propose the following hypothesis:

H₄: Digital marketing strategy has a positive and significant effect on customer engagement.

Customer Engagement and Hotel Competitiveness

Customer engagement is a key contributor to hotel competitiveness; greater customer engagement can lead to greater emotional attachment to the hotel and greater customer loyalty. Khalifa et al. (2022) found that high customer engagement can cause customers to interact more intensely with the brand, leading to perceptions of higher service quality and more satisfying experiences. Iglesias et al. conducted this research. This relationship also suggests that intensive engagement with customers results in stickier customers, hence leading to more loyalty, which in turn can help a hotel bolster its competitive positioning in a market that is increasingly saturated (Almeida & Campos, 2022). Furthermore, Khoi & Le (2022) highlight the significance of constructive consumer interaction as it aids in not only

maintaining customer databases but also providing more repeat visits and consumer recommendations to the hotel.

In the context of the hospitality industry, customer engagement can be viewed as enhancing hotel competitiveness through better brand reputation and more memorable customer experiences. According to a study by Hong et al. (2023), hotels that are successfully able to build emotional engagements with customers generally find higher satisfaction levels and are more resistant in a competitive marketplace. Research, such as that from Bouchriha et al. (2024), suggests that customer engagement (an interaction modality of the customer-hotel relationship), in the form of direct customer engagement through social media or loyalty programs, strengthens the customer-hotel relationship, which can be leveraged to improve the competitiveness of the hotel. Based on these results, we postulate the following hypothesis:

H₅: Customer engagement has a positive and significant effect on hotel competitiveness.

Mediating Effect of Customer Engagement

In general, customer engagement is considered a significant mediating variable for marketing strategies and customer experience effects toward brand competitive advantage, especially in the hospitality industry context. Customer engagement, as Manosuthi et al. (2021), forms a critical part of establishing enduring relationships with consumers, facilitated by favorable views of the marketing approach and brand experience. According to Ghonim et al. (2024), an experience economy strategy offers an emotional experience for customers, allowing for an increase in the company's engagement with its consumers, ultimately achieving a greater level of customer loyalty and competitiveness for the company. Haryanto & Alshoushan (2025) further support this when they state that memorable experiences contribute to emotional engagement, leading to stronger loyalty and repeat purchase decisions.

Conversely, the indirect impact of digital marketing strategies on competitiveness through customer engagement as a mediator has also been explored. Leung et al. (2024) also mention that digital strategies help hotels engage with customers in a more intensive two-way communication way with personalized content, which creates higher engagement. According to a study conducted by Japutra et al. (2025), active digital interactions create a meaningful and immersive experience with the brand that enriches the emotional bond. According to Naparín (2025), the key link between digital marketing effectiveness and brand competitive success is customer engagement. Taking these findings into account, the following hypotheses are proposed:

H₆: Customer engagement mediates the effect of the experience economy strategy on hotel competitiveness.

H₇: Customer engagement mediates the effect of digital marketing strategy on hotel competitiveness.

Considering the literature reviewed, the conceptual framework of this research is proposed, organizing the variables being analyzed in a systematic and comprehensive way. This theoretical framework shows how important theories and previous studies connect to explain how experience economy strategy and digital marketing strategy lead to customer engagement, which helps hotels compete better. Moreover, customer engagement mediates the customer-oriented strategies adopted by retail firms to improve their competitiveness, which is also added to the framework. This approach allows the study to both test the direct linkages between variables and to explore the potential mediators that may further strengthen or clarify the pathways of influence. A model is a framework that gives a theory for underlying hypothesis tests as well as guidance in tables of data analysis. Figure 1 below presents the conceptual framework.

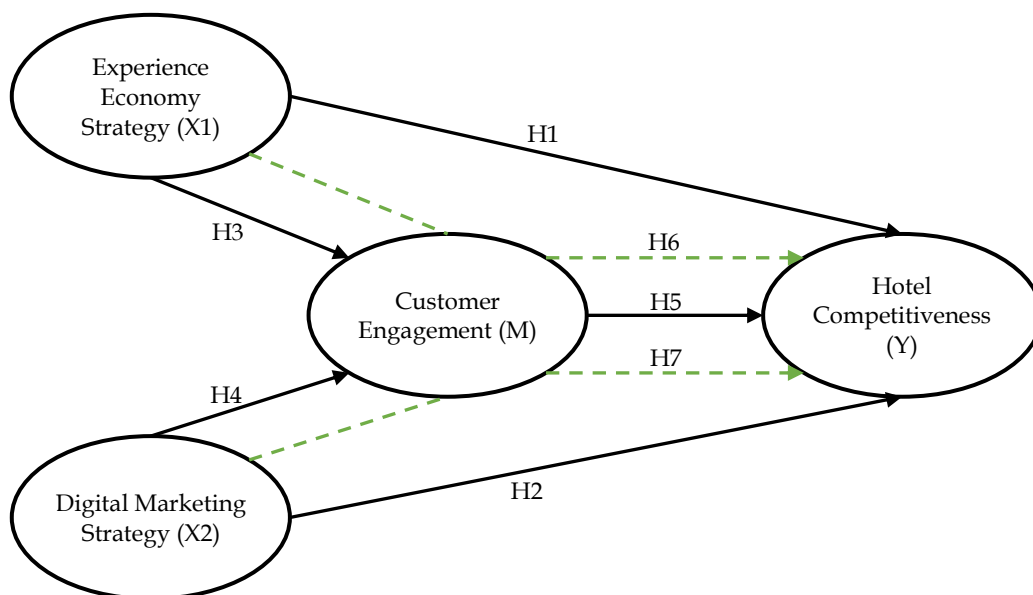


Figure 1
Conceptual Framework

RESEARCH METHOD

This study aims to quantitatively explore the effect of the experience economy along with the digital marketing strategies

on hotel competitiveness through customer engagement by employing SEM-PLS. The research locus is 3- to 5-star tourism hotels in West Java. This approach aligns with the

studies by Hair et al. (2021) and Sarstedt et al. (2022), which recommend using SEM-PLS to analyze complicated cause-and-effect relationships between hidden factors in marketing and consumer behavior.

By adopting guests who have stayed at 3- to 5-star hotels in West Java in the past year as the unit of analysis for this study, respondents were selected who (1) made at least one stay (business or leisure) in either a hotel or resort and (2) encountered the hotel's digital marketing strategies over various platforms (social media, websites, personalized e-mails). We chose this unit of analysis because hotel guests play a central role in evaluating the firsthand perspective of service strategy and marketing (Lemon & Verhoef, 2016).

The unit of observation is a 3- to 5-star hotel in West Java that actively applies the principles of the experience economy and digital marketing. The standards for selection were (1) implementing unique concepts such as themed rooms or immersive local culture programs dedicated entirely to guests Pine & Gilmore (2011) and (2) using digital marketing platforms dynamically, such as Instagram, Tik Tok, booking, and mobile apps Chaffey & Smith (2022). Focusing on the units of observation when designing the research objects is also critical for empirically representing the studied phenomenon.

The study population consists of 320 three- to five-star hotels located in the West Java region, based on the West Java Tourism Office (2023). Estimating that each hotel hosts an average of 15 guests per month,

there will be an estimated annual population of 57,600 hotel guests. Due to a relatively large population, this study utilizes Slovin's formula with a 5% margin of error to find a sample size; the sample size acquired is representative of 400 respondents (Sugiyono, 2021).

A multistage sampling approach is employed in this study. The first stage involves the purposive selection of 40 hotels across major cities in West Java (e.g., Bandung, Bogor, and Garut), ensuring geographical diversity and representation of key tourism hubs. In the second stage, online questionnaires are distributed to 10 guests per selected hotel, sampled from the hotels' loyalty program databases using a convenience sampling technique. This two-phase design not only enhances logistical feasibility but also ensures adequate representation across all hotel segments (Sekaran & Bougie, 2016).

This study uses the SEM-PLS method for a few reasons: (1) it can handle complex models with hidden factors, (2) it works well with data that isn't normally distributed, and (3) it's suitable for different sample sizes (Hair et al., 2021). The research variables comprise experience economy (type and personalization of themed room), digital marketing (social media participation rate and chatbot responsiveness), customer engagement (user-generated content and repeat booking intention), and hotel competitiveness (occupancy rate and ADR) (V. Kumar & Reinartz, 2016; Bilgihan, 2016). The distribution of respondents can be seen in Table 2 below:

Table 2
Distribution of Respondents

Category	Sub-category	Frequency (n)	Percentage (%)
Hotel Classification	3-star	160	40
	4-star	120	30
	5-star	120	30
City/Destination	Bandung	150	37.5
	Bogor	130	32.5
	Garut	120	30
Sampling Technique Used	Purposive Sampling (Hotel)	40 hotels	-

Convenience Sampling (Guest)	10	-
	guests/hotel	
Total Number of Respondents -	400	100

Source: Research Data

Data collection is done through an online questionnaire using a 5-point Likert scale as well as secondary data from digital marketing metrics and hotel performance reports. The data will be examined by checking if the measures are related ($AVE > 0.5$), if they are reliable (composite reliability > 0.7), and by looking at mediation effects using 500 smaller samples (Hair et al., 2021). The generalizability of this study is limited and refers only to 3- to 5-star hotels in West Java and potential recall bias from respondents (Podsakoff et al., 2003).

RESULTS AND DISCUSSION

Descriptive Analysis

This study's respondents' characteristics, demographics, and other pertinent features—including, for instance, gender, age, educational level, and hotel guest frequency—were developed. It is important to explain what kind of sample was used to describe respondents in order to provide a comprehensive presentation of respondents' profiles, as well as things that can affect the results and interpretation of the data obtained. This ability also helps identify the type of respondent, providing insights into consumer preferences and behaviors related to experiences in West Java. Table 3 below shows the results of the analysis of the respondents' characteristics.

Table 3
Demographic Characteristics of Respondents

Characteristic	Category	Frequency	Percentage (%)
Gender	Male	220	55
	Female	180	45
Age	18-24 years	120	30
	25-34 years	150	37.5
	35-44 years	80	20
	45 years and above	50	12.5
Education Level	High School/Vocational	40	10
	Bachelor's Degree	280	70
	Postgraduate Degree	80	20
Stay Frequency	1-3 times per year	160	40
	4-6 times per year	120	30
	More than 6 times	120	30

Source: Research Data

The sample is 400 respondents, with a slightly better quota for males (55%) than females (45%). A large majority (37.5%) of the respondents lie within the age group of 25-34 years, and 30 percent are 18-24 years, reflecting a young user base. On the educational front, 70 percent hold a bachelor's degree and 20 percent have postgraduate qualifications, representing a highly educated sample. As for frequency of

stay in hotels, 40% stay 1-3 times per year, while the rest of the respondents are divided between 4-6 times (30%) and more than 6 times a year (30%). These details reflect the balanced representation of frequent and occasional guests, in accordance with the study's aim to determine customer engagement in hospitality.

Measurement Model

The measurement model assessment in the SEM-PLS method tries to confirm that the latent constructs are measured by their specific indicators in a reliable and correct manner. The procedure entails conducting an analysis of convergent validity via Average Variance Extracted (AVE), which should be greater than 0.5 as further discussed in this study Hair et al. (2021) with reference to composite reliability (CR) and Cronbach’s Alpha, for which a minimum value of 0.7 is recommended (Fornell, C., & Larcker, 2016). Furthermore, discriminant

validity is tested to ensure that the empirically different constructs lead to distinguishable constructs using the Fornell-Larcker criterion and the Heterotrait-Monotrait Ratio (HTMT), with the recommendation that the HTMT value must remain lower than 0.90 (Henseler et al., 2015). At this stage, these tests are vital for building a solid, trustworthy measurement base for the structural model later on. The measurement model evaluation results are shown in case management in Figure 2 below.

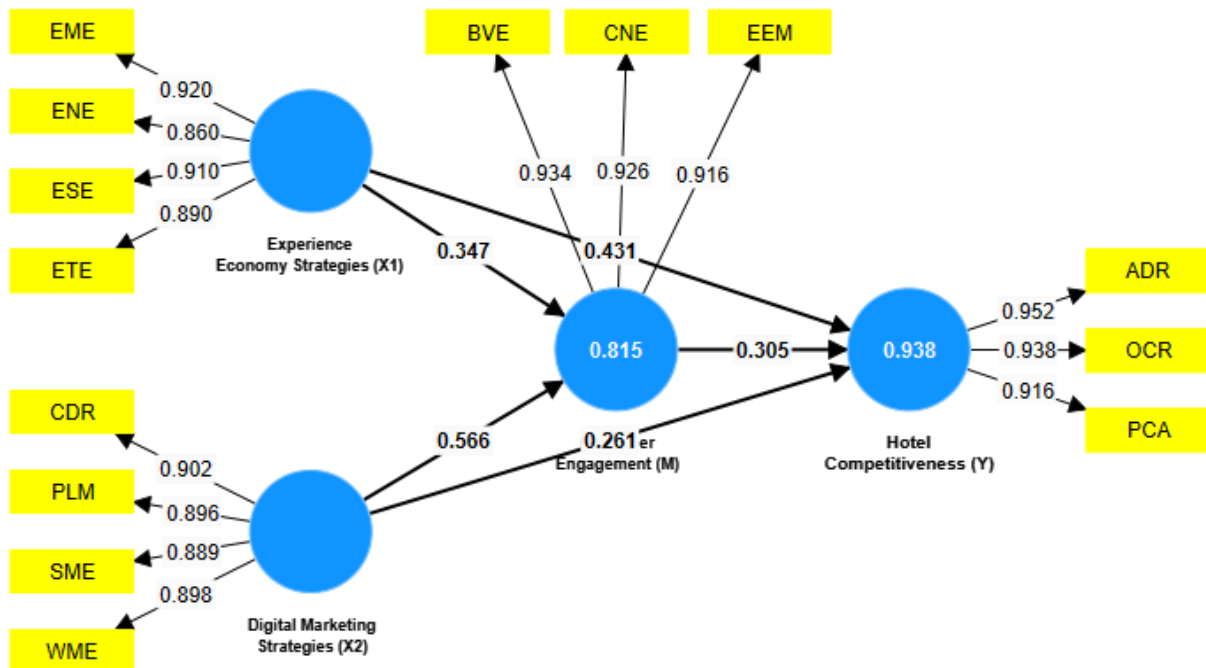


Figure 2
Measurement Model

Source: Data Processing with SmartPLS 4.0, 2025

Convergent Validity

Convergent validity is a part of construct validity that looks at how well different measures that should be related actually are related and how accurately these measures reflect the hidden variable they are meant to assess. We test convergent validity using three criteria: outer loading, Average Variance Extracted (AVE), and Composite

Reliability (CR). Convergent validity is considered adequate when the outer loading is ≥ 0.7 , the AVE is ≥ 0.5 , and the CR is ≥ 0.7 . These imply that the latent variable has explained a high proportion of variance in its indicators (Hair et al., 2021; Fornell, C., & Larcker, 2016). Table 4: The results of the convergent validity validation test.

Table 4

Construct Reliability and Validity

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)
Experience Economy Strategies (X1)	0.917	0.920	0.942
Digital Marketing Strategies (X2)	0.919	0.920	0.942
Customer Engagement (M)	0.916	0.916	0.947
Hotel Competitiveness (Y)	0.928	0.929	0.955

Source: Data Processing with SmartPLS 4.0, 2025

Figure 2 and Table 4 show that all the ideas in this study meet the required standards for validity and reliability when using the SEM-PLS method. The outer loading values of all indicators for each idea are above 0.70, meaning they strongly represent their related underlying concept. All of the indicators' outer loading values for each concept are greater than 0.70, which means they accurately reflect the associated latent construct. The outer loading values of all indicators for each construct, which are greater than 0.70, suggest they represent their respective latent construct considerably. Cronbach's Alpha and Composite Reliability for the four constructs—experience economy strategies (X1), digital marketing strategies (X2), customer engagement (M), and hotel competitiveness (Y)—are all above 0.90, indicating that the data is very consistent (Hair et al., 2021). In addition, the Composite Reliability (rho_c) values also present excellent results that confirm the reliability of the constructs of this model. Thus, this measurement model can be considered valid

and reliable for the analysis of the following structural model.

Discriminant Validity

Discriminant validity: As one of the important assessments of a measurement model, this part is used to determine whether each construct was distinct in the model or whether it measured different constructs. Discriminant validity in SEM-PLS defines the degree to which a construct can be distinctly differentiated from other observed constructs (Hair et al., 2021). Discriminant validity is usually checked using the Fornell-Larcker criterion, which says that the square root of the Average Variance Extracted (AVE) for one construct should be higher than its correlations with other constructs. The outcome of this test indicates that the AVE value of each construct in the study is greater than its correlations with the other constructs; thus, it is concluded that discriminant validity has been established. Table 5 below shows the results of the discriminant validity test.

Table 5
Discriminant Validity

	Customer Engagement (M)	Digital Marketing Strategies (X2)	Experience Economy Strategies (X1)	Hotel Competitiveness (Y)
Customer Engagement (M)	0.925			
Digital Marketing Strategies (X2)	0.897	0.896		
Experience Economy Strategies (X1)	0.887	0.954	0.895	
Hotel Competitiveness (Y)	0.922	0.946	0.951	0.935

Source: Data Processing with SmartPLS 4.0, 2025

Table 5 shows that the test for discriminant validity indicates the square root of AVE for each construct, listed along the diagonal, is greater than the correlation between the constructs in the other diagonal. For instance, the AVE of the Customer Engagement construct is 0.925, which is higher than its correlation with Digital Marketing Strategies (0.897), Experience Economy strategies (0.887), and Hotel Competitiveness (0.922). For example, the AVE of the Customer Engagement construct is 0.925, which is higher than its correlation with Digital Marketing Strategies (0.897), Experience Economy strategies (0.887), and Hotel Competitiveness (0.922). For instance, the AVE of the Customer Engagement construct is 0.925, which was higher than its correlation coefficients with Digital Marketing Strategies (0.897), strategies of Experience Economy (0.887), and Hotel Competitiveness (0.922). The other five constructs, like hotel competitiveness, also show a similar pattern, with an AVE of 0.935, higher than its correlation with any other constructs. These results suggest that it is possible to empirically separate each of the constructs in the proposed model from one another, fulfilling the Fornell-Larcker criterion for discriminant validity.

Structural Model

Once the measurement model is adequate in terms of its validity and reliability, we proceed to test the structural

model to investigate the relationships between the latent constructs in the study. The SEM-PLS (Structural Equation Modelling–Partial Least Squares) testing looks at different factors, such as how well the model matches the data (R^2), the strength of the relationships (path coefficients), and key statistics (t-statistics, p-values, effect size (f^2), and predictive relevance (Q^2)). It is based on the model's variables' predictive power and significance. SEM-PLS is often chosen in management and business research because it can work well with complicated models whose data does not follow a normal distribution and when there are small sample sizes compared to the number of model parameters (Hair et al., 2021; Henseler et al., 2015).

Coefficient of Determination (R^2)

The goodness of fit is an essential indicator for assessing the structural model; it indicates the variance of an endogenous variable explained by the exogenous variables of the model (R^2). R^2 values go from 0 to 1, with larger being better for prediction. The interpretation of R^2 with respect to this study follows the specified guideline by Hair et al. (2021), which stated R^2 values at 0.67 strong, 0.33 moderate, and 0.19 weak. Thus, the R^2 value of an endogenous construct indicates how well the exogenous constructs explain its formation. Table 6 is a summary of the coefficient of determination (R^2) test results.

Table 6
Coefficient of Determination (R^2)

	R-square	R-square adjusted
Customer Engagement (M)	0.815	0.814
Hotel Competitiveness (Y)	0.938	0.938

Source: Data Processing with SmartPLS 4.0, 2025

According to Table 6, the Coefficient of Determination (R^2) shows that experience economy strategies and digital marketing strategies together account for 81.5% of the changes in customer engagement ($R^2 = 0.815$). In comparison, the R^2 value for hotel

competitiveness is 0.938, meaning that 93.8% of the changes in hotel competitiveness can be explained by the combined effects of experience economy strategies, digital marketing strategies, and customer engagement. In contrast, the R^2 value for the

endogenous variable hotel competitiveness is 0.938, indicating that 93.8% of the variance of hotel competitiveness can be explained with the combined effect of experience economy strategies, digital marketing strategies and customer engagement. Such values are considered strong Hair et al. (2021), implying that the structural model in this study displays an impressive level of predictive power concerning the connection between variable elements.

Path Coefficient

Path coefficient analysis is used in structural equation modeling with partial least squares (SEM-PLS) to study how strongly and in what direction hidden

variables in the model are related to each other. The values of these path coefficients indicate how much an exogenous variable affects an endogenous variable directly or indirectly through a mediating variable. A high coefficient [higher than one] breakpoint provides strong evidence for a relationship between the constructs. We conduct the significance testing through bootstrapping with a sufficiently large number of subsamples, say 500 or above, to ensure stability of the estimates. If the value is above 1.96 (significance level 0.05), then we say that the relationship between variables is statistically significant (Hair et al., 2021). Table 7 provides the full path coefficient results.

Table 7
Path Coefficient

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Experience Economy Strategies (X1) -> Hotel Competitiveness (Y)	0.431	0.418	0.081	5.309	0.000
Digital Marketing Strategies (X2) -> Hotel Competitiveness (Y)	0.261	0.274	0.082	3.185	0.001
Experience Economy Strategies (X1) -> Customer Engagement (M)	0.347	0.332	0.105	3.305	0.001
Digital Marketing Strategies (X2) -> Customer Engagement (M)	0.566	0.581	0.099	5.703	0.000
Customer Engagement (M) -> Hotel Competitiveness (Y)	0.305	0.306	0.048	6.398	0.000

Source: Data Processing with SmartPLS 4.0, 2025

For the structural model, all relationships between variables are statistically significant with p-values less than 0.05, as shown in the path coefficient results in Table 7. X1: Experience economy strategies (X1): The first independent variable has a positive and significant effect on hotel competitiveness (Y) with a coefficient value of 0.431 and a t-statistic of 5.309. The second factor affecting hotel competitiveness (Y) is digital marketing strategies (X2), which carries a coefficient of 0.261 (t-statistic = 3.185). Furthermore, the coefficients of 0.347 (t = 3.305) for both X1 and X2 have a positive impact on customer

engagement (M), 0.566 (t = 5.703). On the other hand, customer engagement (M) is a top mediator of hotel competitiveness with a coefficient of 0.305 and a t-statistic of 6.398. These findings verify that through the synergistic effect of customer experience and digital strategies, all paths in the model positively contribute to the improvement of hotel competitiveness.

Predictive Relevance (Q²)

The blindfolding method in SEM-PLS gives a score called predictive relevance (Q²) that checks how well the model predicts its dependent variables (Hair et al., 2021). A Q²

value above zero indicates that the model is good at predicting both the main outcome variables and the mediators. A Q^2 value greater than zero denotes the satisfactory predictive relevance of the model with regard to both the main endogenous variables and the mediators. The study utilizes Q^2 as an assessment of the predictive relevance of endogenous constructs (customer engagement, hotel

competitiveness) with respect to exogenous constructs (experience economy strategies, digital marketing strategies) to accumulate the evidence based on this study. A high Q^2 value indicates that the model does not only fit but is also capable of correctly predicting, thus enforcing the external validity of the model. In the following table (Table 8), the results of predictive relevance (Q^2) are shown.

Table 8
Predictive Relevance (Q^2)

	SSO	SSE	$Q^2 (=1-SSE/SSO)$
Experience Economy Strategies (X1)	1600.000	558.593	0.651
Digital Marketing Strategies (X2)	1600.000	553.207	0.654
Customer Engagement (M)	1200.000	399.743	0.667
Hotel Competitiveness (Y)	1200.000	359.578	0.700

Source: Data Processing with SmartPLS 4.0, 2025

The blindfolding method (shown in Table 8) shows that all the constructs have Q^2 values over 0.6, which means they are considered to have excellent predictive relevance (Hair et al., 2021). Specifically, the Q^2 values are Experience Economy Strategies (X1) = 0.651, Digital Marketing Strategies (X2) = 0.654, Customer Engagement (M) = 0.667, and Hotel Competitiveness (Y) = 0.700. In particular, the Q^2 value of Experience Economy Strategies (X1) = 0.651, Digital Marketing Strategies (X2) = 0.654, Customer Engagement (M) = 0.667, and Hotel Competitiveness (Y) = 0.700. These values further support that the model has a high predictive ability on both endogenous variables and mediators. As a result, this model does outline interrelations among variables and has a robust ability to reliably forecast respondent conduct.

Testing Mediation Effects

The SEM-PLS method, which checks for mediation effects, looks at how the

mediation variable helps connect the independent variable to the dependent variable. We execute the SEM-PLS procedure by examining the total effects and specific indirect effects (Hair et al., 2021). The first analysis is done via total effects, where we explore the impact of the independent variable on the dependent variable, both directly and indirectly through the mediator. The second level of testing is done through assessing the particular indirect effects or indirect effect of the exogenous variable on the endogenous variable via the mediator. When the specific indirect pathways are significant and the associated direct path becomes insignificant, we conclude full mediation. If either is significant but not the other, it indicates partial mediation (Fairchild & MacKinnon, 2009). Such an outcome enriches the mediation mechanism of the causal pathway between variables in the research model. Tables 9 and 10 below show the results of the mediation effects test.

Table 9

Total Effects					
	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Experience Economy Strategies (X1) -> Hotel Competitiveness (Y)	0.537	0.520	0.101	5.343	0.000
Digital Marketing Strategies (X2) -> Hotel Competitiveness (Y)	0.434	0.450	0.098	4.421	0.000
Experience Economy Strategies (X1) -> Customer Engagement (M)	0.347	0.332	0.105	3.305	0.001
Digital Marketing Strategies (X2) -> Customer Engagement (M)	0.566	0.581	0.099	5.703	0.000
Customer Engagement (M) -> Hotel Competitiveness (Y)	0.305	0.306	0.048	6.398	0.000

Source: Data Processing with SmartPLS 4.0, 2025

In Total Effects Table 9, we see that the relationship between variables is significant at a 95% confidence level ($p < 0.05$). This means that the total effects of the Experience Economy Strategy (X1) on Hotel Competitiveness (Y) of 0.537 ($t = 5.343$; $p = 0.000$) and the Digital Marketing Strategy (X2) on Hotel Competitiveness (Y) of 0.434 ($t = 4.421$; $p = 0.000$) are significant. Moreover, Customer Engagement (M) has a meaningful impact on Hotel Competitiveness (Y) ($B = 0.460$; $t = 4.373$; $p = 0.000$), and both X1 and

X2 also had a substantial effect on Customer Engagement (M) ($B = 0.347$; $t = 3.305$; $p = 0.001$ and $B = 0.566$; $t = 5.703$; $p = 0.000$, respectively). Moreover, the customer engagement (M) variable also has a significant influence on hotel competitiveness (Y) equal to 0.305 ($t = 6.398$; $p = 0.000$). This means that customer engagement might play a role in how strategies X1 and X2 affect hotel competitiveness (Y), and this will be confirmed by testing certain indirect effects.

Table 10
Specific Indirect Effects

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Experience Economy Strategies (X1) -> Customer Engagement (M) -> Hotel Competitiveness (Y)	0.106	0.102	0.038	2.769	0.006
Digital Marketing Strategies (X2) -> Customer Engagement (M) -> Hotel Competitiveness (Y)	0.173	0.177	0.038	4.546	0.000

Source: Data Processing with SmartPLS 4.0, 2025

This conclusion is supported by the Specific Indirect Effects results in Table 10, which show that Customer Engagement (M) significantly influences how Experience Economy Strategies (X1) affect Hotel Competitiveness (Y) with a coefficient of 0.106 ($t=2.769$; $p=0.006$) and also influences how Digital Marketing Strategies (X2) affect

Hotel Competitiveness (Y) with a coefficient of 0.173 ($t=4.546$; $p=0.000$). Since the direct effects from X1 to Y and from X2 to Y are also important (see Table 5: 0.431 and 0.261; $p < 0.05$), we can say that the mediation role of these variables is partial. Since the direct paths from the variables X1 to Y and from the variables X2 to Y are also significant (see

Table 5: 0.431 and 0.261; $p < 0.05$), the mediation role that the variables play can be classified as partial mediation.

DISCUSSION

The influence of Experience Economy Strategies on Hotel Competitiveness

The findings of this research reveal that the experience economy variables have a direct and significant effect on the competitiveness of the hotel, especially for the rapidly developing hospitality sector of West Java. In tourism-intensive areas like Bandung, Bogor, and Cirebon, fierce competition means hotels can no longer rely on the basics alone. Tourists increasingly desire to engage more deeply and remember more thoroughly their stays. Experience-centric attributes, including personalized services, theme-based environments, emotional engagement, and unique activities, can amplify the competitive edge of hotels. Direct quote—Pine & Gilmore (2011) state that through entertainment, education, esthetics, and escapism, memorable experiences are created, which strengthen the emotional bond and increase the likelihood of repeat visits.

The efficacy of such strategies is borne out by empirical evidence. According to Walls et al. (2011), experiential value enhances customer satisfaction and loyalty, while Ali et al. (2016) found that unique and personalized experiences enhance differentiation and retain customers. As indicated in a study in Indonesia, adventure-based tourism Kolar & Zabkar (2010) is also increasingly sought after by travelers who wish to feel an emotional connection and be engaged in their travels. Thus, the experience economy strategies respond to shifting consumer expectations and drive loyalty, brand identity, and sustainable hotel performance. So it puts West Java hotels no longer only as a place to stay but as destination builders that offer a lasting experience.

The influence of Digital Marketing Strategies on Hotel Competitiveness

Rapid growth in digital tourism has led to an integrated consumer behavior shift and an increased expectation of service quality, which are both critical success factors in the effective implementation of digital marketing and can be used, especially in West Java's hospitality sector. One of the key approaches to growth online has been attributed to digital marketing, which, when used effectively, allows hotels to provide certain and measurable means to reach wider, more chosen markets Nurtirtawaty et al. (2021). Places such as Bandung, associated with shopping and culinary tourism, serve as fertile ground for these vectors to prosper. Thus, social media, readily available and interactive websites, online reviews, and data-guided publicity campaigns can improve brand recognition and attract local and international tourists (Leung et al., 2024; Kapoor & Kapoor, 2021).

Moreover, digital marketing strategies enable hotels to target communication, accelerate the booking process, and facilitate real-time interactions with guests, leading to improved satisfaction and loyalty (Singh et al., 2024). Research has proven that hotels with strategies including but not limited to the usage of automated booking systems, personalized email marketing, and responsive customer service through digital platforms achieve higher conversion rates and enhanced customer retention (Leung et al., 2024; Arief et al., 2024). In the context of West Java's dynamic hospitality sector, hotels with detailed strategies can set themselves apart and quickly react to market needs, promoting their long-term viability in a highly competitive marketplace.

The influence of Experience Economy Strategies on Customer Engagement

Principles of the experience economy adopted by popular tourist destinations in West Java, such as Lembang, Pangandaran, and Cirebon, have marked new trends in the hospitality industry that have made customer engagement increasingly creative and interactive. These areas possess unique

experiences in the heart of nature, cultures, and historical properties, which makes them perfect for great stays that are to be remembered. Pine & Gilmore (2011) argued that the economic value of service industries is increasingly found in their ability to deliver experiences that are entertaining, educational, escapist, and aesthetic. In this vein, hotels whose guests experience deeply personalized and emotionally bonded experiences tend to have higher levels of customer satisfaction and loyalty (Yan et al., 2024; Agapito & Sigala, 2024).

The experience economy is a key differentiator in the crowded market, as many tourists are shifting from standard experiences to more personalized and memorable interactions during their travels. Prior studies suggest that emotional engagement—an understanding-producing process by which thematic atmospheres, culture, and substitutes are introduced, then adjusted through customized service—can evoke strong behavioral intentions over time, such as motivational chances to revisit and large prevailing word-of-mouth benefits (J. Kumar et al., 2024). Dare I say that for hotels in West Java that want to build competitiveness and a strong relationship with guests, incorporating experiential components in their service design is not only strategic but also a necessity.

The influence of Digital Marketing Strategies on Customer Engagement

The need for effective digital marketing strategies as catalysts for customer engagement in the hospitality industry is gaining traction, especially in dynamic areas such as West Java. With rapidly evolving internet usage and the rise of social media changing the behavior of today's tourists, hotels that rely on alluring digital content, interactive web pages, and user-friendly booking engines would be able to forge an emotional relationship and facilitate real-time interaction with their customers. According to various studies, the use of digital marketing tools like social media campaigns, influencers, personalized email

marketing, etc. improves customer involvement and recall value of a brand considerably (Leung et al., 2024; Fahimah & Ningsih, 2022). As in the case of some well-known tourism cities, such as Bandung, Bogor, and Garut, digital engagement assists hotels in connecting with potential consumers in domestic and international markets and facilitating repeat visits through regular and interactive interaction (Felix & Rembulan, 2023).

Moreover, the capacity for digital marketing to create emotional connections is a key factor in building loyalty in a competitive accommodation market. Real-time digital interaction is experienced at the individual level and has also been highlighted to foster customer experience by allowing immediate service, feedback, and personalization (Umami & Darma, 2021). Even so, the body of literature investigating the impact of RIS on consumer experience remains relatively limited. Digital platforms can help hotels investigate data analytics to analyze customer preferences and adapt their strategies to maintain relevance in the marketplace (Leung et al., 2024). Thus, in the face of increasingly fierce competition, the implementation of digital marketing as a core strategy to establish strong, interactive, and emotional characters with potential customers is beneficial and a must for the sustainability and competitiveness of hotels in West Java.

The influence of Customer Engagement on Hotel Competitiveness

This surging customer participation level has become one of the factors of hotel competitiveness, where West Java, with its tourist-supporting cities of Bandung and Bogor, has the highest and continuous customer traffic. Customer engagement—measured through engagement in the loyalty program, online reviews, repeat bookings, and social media engagement—drastically influences the image of a hotel brand and the value that consumers attribute to it (Khalifa et al., 2022; Almeida & Campos, 2022). Therefore, we brand go-getters, also known

as 'promoters,' as enthusiastic customers who actively contribute to organic growth by introducing a hotel to the digital space. Khoi & Le (2022), their feedback also provides valuable insights to support service customization and is used to increase guest satisfaction.

In competitive hospitality markets, hotels that achieve sustainable high levels of customer engagement are more nimble at acting on market demand and are better suited to build customer stickiness. According to Hong et al. (2023), strong engagement leads to loyalty and contributes to the relatively high switching cost, which ensures that competitors cannot lure customers away at will. In addition, engaged customers frequently script value with service providers, which positively adds to innovations in guest experience and service excellence. Such behavior leads to increased guest retention and establishes an enduring competitive advantage through personalized, emotionally evocative, and memorable service engagements. Thus, nurturing and managing customer engagement is imperative, not a choice, for hotel competitiveness.

The influence of Experience Economy Strategies on Hotel Competitiveness through Customer Engagement

The result of this study can be explained by the fact that an experience economy strategy has great potential to improve hotel competitiveness in West Java through the mediation of customer engagement. This strategy allows hotels to present an emotional connection, rewarding guests with more than a place to stay – personalized glimpses into the local culture, surrounding aesthetic environments, and engaging and entertaining interaction between a hotel and guests. Pine & Gilmore (2011) argue that experiences are the protagonists of value in today's service economy (a metaphorical value proposition); for consumers, emotional resonance and memory-based engagement are central. In tourism destinations that have plenty of natural and cultural heritage, like

those in West Java, the integration of meaningful experience itself becomes a strategy to win guest loyalty and keep them coming back again.

Hence, customer engagement is a major connecting link between memorable experiences and sustainable competitive advantage. Happy customers also tend to be more proactive in communicating positive word of mouth, engaging in co-creating service, and providing feedback for continuous service improvement (Manosuthi et al., 2021). Within the digital realm, it means publishing and rewarding online reviews and recommendations that naturally enhance a hotel's visibility and reputation. In fact, high levels of engagement promote a sense of emotional connection, which has been shown to impact customer retention and brand loyalty (Ghonim et al., 2024). As customers engage with the brand, elevating the guest experience reinforces emotional ties and places customer engagement as a strategic bridge towards converting experiences into measurable competitive advantages.

The influence of Digital Marketing Strategies on Hotel Competitiveness through Customer Engagement

In West Java, hotels should be able to transform through improving customer engagement as digital marketing becomes more personalized and controlled for each customer, increasing competition. Travelers, both local and global, extensively utilize the swift growth of social media and digital platforms, which present unique channels for direct engagement and experience customization. The hotels that holistically integrate interactive content, data-driven digital promotions, and responsive communication across digital channels are perceived to build more significant emotional connections with guests (Haryanto & Alshoushan, 2025; Leung et al., 2024). These digital, front-of-the-line touchpoints ultimately add value to the holistic service as well as enable the timely touchpoint engagement and relevant

feedback loop that can shape guest satisfaction and loyalty.

This active participation acts like brand advocacy, promoting it organically. Customers who are emotionally connected with and feel valued by a company are more likely to become brand ambassadors by disseminating positive experiences through online reviews, social media mentions, and recommendations to peers, which is a vital type of earned media for hospitality businesses (Japutra et al., 2025). Such interactions are intangible strategic assets that reinforce the hotel's brand equity and competitive positioning in a room market in a crowded province like West Java. With an emphasis on two-way communication and relationship building, digital marketing strategies are associated with higher conversion rates and continued customer loyalty to the brand (Naparín, 2025). So, digital engagement—when done well—becomes not just a marketing tool but also a critical lever for developing sustainable competitive advantages.

MANAGERIAL IMPLICATION

The results of this study provide practical managerial implications that can be directly applied by hotel managers to enhance competitiveness through experience-based and digital marketing strategies. First, hotels need to design services that go beyond functional value by offering emotional and memorable experiences. This can be achieved through personalized services, uniquely themed rooms, and activities that highlight local culture. Immersive and emotionally engaging experiences have been proven to increase customer loyalty and encourage repeat visits.

Second, digital marketing should be utilized not only as a promotional tool but as a means to build long-term relationships. Hotels are encouraged to optimize social media, instant messaging platforms, and email marketing to establish intensive, personalized two-way communication with guests. Quick responses, tailored content,

and real-time recommendations significantly enhance customer engagement and trust.

Third, the strategic use of customer data is essential in delivering relevant services and promotions. CRM (Customer Relationship Management) systems enable hotels to understand guest preferences and create targeted marketing campaigns, such as special offers based on past visits or personalized birthday greetings.

Fourth, loyalty programs should be designed to encourage emotional and social engagement, not just transactional frequency. Rewarding guests who actively provide reviews, share their experiences on social media, or participate in hotel-hosted activities can strengthen customer relationships and organically increase brand exposure.

Fifth, hotel management should establish cross-functional teams that integrate marketing, guest services, and operations departments, unified under a common goal of delivering superior guest experiences. Training frontline staff to understand and respond to guests' emotional needs is also a key factor in creating high-value service.

Lastly, digital content and promotional offers should be localized by incorporating local wisdom, seasonal themes, or regional tourism trends. This not only enhances relevance but also deepens the emotional connection between guests and the hotel as well as the destination. By implementing these measures, hotels can build sustainable competitive advantages through a strategic combination of digital innovation and experience value creation.

CONCLUSION AND SUGGESTION

Conclusion

This research empirically examines the role of customer engagement in mediating the influence of experience economy strategies and digital marketing strategies on increasing hotel competitiveness in West Java. This study bridges insights from tourism and hospitality management with concepts from organizational relationship

marketing (ORM) to identify effective ways of improving competitive advantage in the regional hotel industry.

The results indicate that hotels in West Java applying experience economy principles—such as personalized services, thematic environments, and emotional involvement—are more likely to achieve competitive differentiation. In a saturated market, these hotels meet the demand of tourists seeking memorable and authentic experiences, positioning themselves as market leaders. Emotional bonding is key in creating such experiences, which significantly impact customer retention and brand advocacy.

Digital marketing strategies, particularly those involving social media, instant messaging, and personalized content, play a crucial role in enhancing customer engagement. While digital marketing may not directly affect competitiveness, it reinforces guest interaction, enabling hotels to build long-term relationships. Personalized campaigns and two-way communication also improve brand trust, online visibility, and brand perception.

Customer engagement is proven to be a significant mediating variable. Emotionally rich and interactive stays dramatically increase the likelihood of loyalty, positive reviews, and word-of-mouth recommendations. Engagement, therefore, is not only an outcome but a vital tool for strengthening a hotel's competitive positioning in a dynamic market.

Suggestion

Based on these findings, hotel management in West Java should prioritize the design of experience-based services that reflect the region's unique culture and natural heritage. Rather than focusing solely on visibility and promotion, marketing strategies should aim to create interactive, personalized, and emotionally resonant guest experiences.

Future hotel strategies must focus on two key areas: (1) creating lasting guest experiences that build emotional

connections, and (2) leveraging digital platforms to amplify and sustain those connections. The combination of immersive experience and digital engagement will be essential for hotels to remain competitive and achieve long-term success in the ever-evolving tourism landscape.

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Editorial Review

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ENHANCING HOTEL COMPETITIVENESS THROUGH EXPERIENCE ECONOMY AND DIGITAL MARKETING STRATEGIES: THE MEDIATING EFFECT OF CUSTOMER ENGAGEMENT

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ABSTRAK

Konsumen kini menginginkan pengalaman menginap yang berkesan, bukan sekadar layanan standar, sehingga memicu persaingan ketat di industri perhotelan Jawa Barat. Meskipun berbagai strategi telah diterapkan, masih terdapat kesenjangan literatur mengenai peran customer engagement sebagai variabel mediasi antara strategi dan daya saing hotel. Penelitian ini bertujuan menganalisis pengaruh strategi experience economy dan pemasaran digital terhadap daya saing hotel, baik secara langsung maupun melalui customer engagement. Populasi mencakup 320 hotel bintang tiga hingga lima di Jawa Barat, dengan estimasi total tamu tahunan 57.600 orang. Sebanyak 400 responden dipilih menggunakan rumus Slovin (margin of error 5%) dan teknik multistage sampling. Data dianalisis menggunakan metode SEM-PLS. Hasil penelitian menunjukkan bahwa kedua strategi tersebut secara signifikan meningkatkan daya saing hotel, baik secara langsung maupun tidak langsung melalui peran mediasi parsial customer engagement. Temuan ini menegaskan pentingnya pendekatan berbasis pengalaman dan digital dalam membangun keterlibatan pelanggan dan menciptakan keunggulan bersaing. Studi ini memberikan kontribusi teoritis bagi literatur manajemen perhotelan dan implikasi praktis bagi manajer hotel di Jawa Barat untuk memperkuat posisi kompetitif mereka melalui strategi yang berfokus pada pengalaman pelanggan dan transformasi digital.

Kata kunci: Experience Economy, Pemasaran Digital, Keterlibatan Pelanggan, Daya Saing Hotel

ABSTRACT

Consumers are increasingly seeking memorable experiences, not just standard hotel services, driving intense competition in West Java's hospitality industry. Although several strategies have been implemented, a literature gap remains regarding the role of customer engagement as a mediating variable between strategy and hotel competitiveness. This study aims to analyze the influence of experience economy and digital marketing strategies on hotel competitiveness, both directly and through customer engagement. The research covers 320 three- to five-star hotels in West Java, with an estimated annual guest population of 57,600. A total of 400 respondents were selected using Slovin's formula with a 5% margin of error and multistage sampling. Data were analyzed using the SEM-PLS method. The results indicate that both strategies significantly enhance hotel competitiveness directly and indirectly through the partial mediating role of customer engagement. These findings emphasize the importance of experiential and digital approaches in strengthening customer emotional connection and gaining a competitive edge. This study contributes to the theoretical development of hospitality management and offers practical insights for hotel managers in West Java to boost their competitiveness by implementing experience-driven and digitally oriented strategies tailored to customer expectations.

Key words: Experience Economy, Digital Marketing, Customer Engagement, Hotel Competitiveness

INTRODUCTION

The sector of tourism is one of the contributors to local and national economic growth; therefore, the hospitality industry in Indonesia, both locally and nationally, should be a large factor of the economy, especially in major tourist destinations like West Java. In the context of the growing dynamism of competitive forces in the hospitality industry, hotels are expected to offer quality service that comes with added value, distinguishing themselves from rivals. In this context, one approach is growing in importance—the application of the experience economy (a marketing strategy that takes the customer experience to another level, creating memories and feelings). Pine & Gilmore (1998) introduced this concept, explaining that consumers no longer buy products or services but experiences instead.

West Java, as one of the provinces with the most tourism contributions and visits in Indonesia, presents various attractive tourism sectors, either in nature, culture, or culinary. Tourists in Bandung, Bogor, Cirebon, and Pangandaran are the most popular tourist targets, whether they are

domestic or foreign tourists. The hospitality industry in West Java has grown in response to this unprecedentedly large number of tourist visits. Based on Statistics Indonesia (BPS) data, the number of star-rated hotels has increased dramatically in the province over the past five years, with the most significant increase in 3-star, 4-star, and 5-star hotels. This phenomenon is clearly demonstrated in Table 1, where there is an increase in the number of star-rated hotels from 269 in 2019 to 315 in 2023, with a marked increase from 3-star to 5-star rated hotels. Nevertheless, the average room occupancy rate (OR) is still held below the optimal limit, at the 41-55% range, illustrating that hotel competitiveness in the region awaits improvement, especially from the viewpoint of marketing and customer experience. This concern is similarly apparent in the OR data in Table 1, which demonstrates a dramatic drop in 2020 due to the pandemic and an incomplete rebound by 2023. The scenario further compels the need for innovative marketing approaches focusing on experience creation and the use of digital technology.

Table 1
Development of Star-Rated Hotels and Room Occupancy Rates (TPK) in West Java (2019–2023)

Year	1-Star	2-Star	3-Star	4-Star	5-Star	Total Hotels	Average Room Occupancy Rate (%)
2019	47	61	110	38	13	269	55.3
2020	48	62	113	41	13	277	30.2
2021	49	64	118	44	14	289	41.7
2022	50	66	125	47	15	303	49.8
2023	52	68	130	49	16	315	53.4

Source: Statistics Indonesia (BPS) West Java Province, West Java Hotel Statistics 2023

Digitalization has emerged as one of the determinant factors transforming the face of hotel marketing with the advent of technology and the development of social media platforms. Digital marketing methods—via social media, online reservation sites, visual content, and digital customer reviews—have already become vital channels to establish communication with prospects and improve hotel brand

visibility. Digital marketing has been shown to be an efficient way to build market reach and enhance customers' loyalty (Chaffey & Smith, 2022; Solomon et al., 2020). But when the experience promised by a hotel doesn't match what the guest expected from interacting with digital media, then that gap between promotion and the reality of what a guest actually experiences can turn around and bite hoteliers.

Customer engagement in this context acts as an important mediating variable that links implemented marketing strategies and customers' perceptions of hotel competitiveness. Customer engagement is not just the reflection of customers' interest in hotel services but also shows their level of loyalty, advocacy, and active participation in shaping the overall brand image. For example, Hollebeek & Macky (2019) and Jayasingh (2019) highlight the significant impact of customer engagement as a mediator in improving performance for service-oriented firms. However, there are no strong studies that look at the real-world situations in emerging tourist spots with millions of hotel rooms, like those in Indonesia, to connect these ideas in a complete way between the experience economy, digital marketing, customer engagement, and hotel competitiveness.

Most existing research has looked at either how well digital marketing works Leung et al. (2024); Pop et al. (2022) or how experiential strategies Summers et al. (2019) work on their own, without exploring how these experiential strategies can work together with digital marketing strategies to enhance customer engagement. For instance, emphasized the role of social media in forming customer perception of hotels, and Pine & Gilmore (1998) and Alnawas & Hemsley-Brown (2019) highlighted the significance of experiences as a value differentiator in hospitality services. Additionally, the literature regarding the combination of strategies for innovation in hotel management remains scant, with few studies identifying hotel competitiveness as the affected variable (Hoang et al., 2024; Sigala, 2019). Consequently, this paper reveals a theoretical and practically relevant niche that must be filled to comprehend the new drivers of modern-day marketing in a fast-changing hospitality industry, especially in tourism markets that are increasingly geomorphic and oriented towards experiences.

Therefore, this study seeks to examine the effect of the experience economy and digital marketing strategies on hotel competitiveness with customer engagement as a mediating variable. The findings of this study have not only enriched the existing literature of service marketing and tourism but also have practical implications for hospitality industry practitioners in developing more holistic, affective, and digital marketing strategies. This study has scientific merit because (1) it provides a comprehensive conceptual model integrating experiential and digital marketing dimensions and (2) it contributes to the body of knowledge about customer engagement as a mediating role in the effectiveness of marketing strategies for enhancing hotel competitiveness.

LITERATURE REVIEW

Experience Economy Strategy and Hotel Competitiveness

A more relevant strategy in the current era of tourism has been the experience economy strategy. Pine & Gilmore (1998) have explained that firms that are able to create memorable experiences along four dimensions—entertainment, education, esthetics, and escapism—will have an enduring competitive advantage. Especially in an oversaturated and competitive market, unique, immersive experiences are considerable value-adds for guests within the hospitality space. Customer utilization of experience-based services has been found to build loyalty to a hotel and strengthen its brand image (Hwang & Lee, 2019; Alnawas & Hemsley-Brown, 2019).

Previous studies highlight the advantages that hotels that implement aspects of the experience economy into their operation and services experience over those with a more functional focus (Amagir et al., 2020; Mgxekwa-Qumba & Kruger, 2024). In the ever-evolving landscape of the global tourism industry, hotels have shifted their paradigm from accommodation provision to creating lasting experiences that yield

emotional capital for customers. Therefore, we propose the following hypothesis in this study, which is grounded in this review:

H₁: The experience economy strategy has a positive and significant effect on hotel competitiveness.

Digital Marketing Strategy and Hotel Competitiveness

With the rapid development of information technology and the change in consumer behavior, the digital marketing strategy becomes an essential part of enhancing the hotel's competitiveness. Social media, search engines, websites, and e-mail marketing – part of the sphere of digital marketing – give hotel online consumers direct and measurable access to hotels, enabling stronger brand positioning, direct booking growth, and long-term relationships with guests (Nurtirtawaty et al., 2021; Kapoor & Kapoor, 2021; Singh et al., 2024). Optimizing digital platforms, such as responsive websites and online booking systems, increases conversion rates and customer loyalty López-Gamero et al. (2023), and social media offers personal interactions that enrich the customer experience (Arief et al., 2024). Moreover, Sigala (2019) further highlighted how customer data management through digital strategies could not only improve the quality of the decision-making process but also help bolster competitiveness.

Moreover, it has been found in recent studies that digital strategies can be considered as advanced instruments for the production of information within the frame of the company's product life cycle that add a new dimension to the offering of promotion. According to Armillotta et al. (2024), hotels that actively make efforts to adopt digital channels through these platforms tend to experience a better rate of occupancy as well as long-term repeat business. The hospitality industry finds digital marketing as one of the key elements to create sustainable competitive advantage

in the ever-changing world of global rivalry. In this review, the hypothesis is proposed:

H₂: Digital marketing strategy has a positive and significant effect on hotel competitiveness.

Experience Economy Strategy and Customer Engagement

This meant they focused more on retention and offered their users deep and memorable experiences that trained them to retain their emotional engagement and loyalty under the umbrella of the Experience Economy strategy. As Pine & Gilmore (1998) note, consumer experiences can involve things like customized services, a distinct environment, and emotional connections that result in memorable moments. According to Yan et al. (2024), real-world experiences could also be realized to drive customer engagement, in which customers were having closer relationships with brands and being repetitive in their utilization.

This strategy is particularly pertinent in a hospitality context, as hotels that win at creating memorable experiences tend to be more effective at engaging repeat guests and reinforcing long-term ties (Agapito & Sigala, 2024). In addition to providing accommodation facilities, hotels create experiences that add value for customers who view their services. According to research by Kumar et al. (2024) the deeper the experience, the greater the impact on customers attitudes (what they will say, feel, or do, which in turn links back to increased satisfaction or engagement – what is perceived or the actual experience). Additionally, instances of positive customer experiences typically result in good recommendations and brand loyalty, both of which influence the hotel's popularity and ultra-competitiveness. Thus, the following hypothesis is formulated:

H₃: The Experience Economy strategy has a positive and significant effect on customer engagement.

Digital Marketing Strategy and Customer Engagement

Digital marketing strategy consists of utilizing technology and digital platforms to foster better relationships with customers, access new markets, and improve customer interaction and engagement. Digital marketing channels, including social media, search engines, and email marketing, enable companies to engage with consumers more directly than ever before and measure the efficacy of these communications (Fahimah & Ningsih, 2022). Research by Leung et al. (2024) shows that hoteliers who actively employ techniques associated with digital marketing can make proactive use of these touchpoints to establish more personalized and responsive customer relationships, which contributes to increased levels of grassroots engagement. Moreover, according to Felix & Rembulan (2023), digital marketing is characterized by the ability to personalize promotions according to customer preferences, which helps enhance customer engagement and loyalty towards the brand.

Digital marketing strategies can enhance customer relations in the hospitality sector by empowering more intensive two-way communication, assisting in the speed of response to customer needs, and improving brand image. Based on a study by Umami & Darma (2021), hotels using digital platforms, including social media and interactive websites, are able to develop more connected experiences and personalize their services, resulting in greater customer engagement. On this basis, we propose the following hypothesis:

H₄: Digital marketing strategy has a positive and significant effect on customer engagement.

Customer Engagement and Hotel Competitiveness

Customer engagement is a key contributor to hotel competitiveness; greater customer engagement can lead to greater emotional attachment to the hotel and greater customer loyalty. Khalifa et al. (2022)

found that high customer engagement can cause customers to interact more intensely with the brand, leading to perceptions of higher service quality and more satisfying experiences. Iglesias et al. conducted this research. This relationship also suggests that intensive engagement with customers results in stickier customers, hence leading to more loyalty, which in turn can help a hotel bolster its competitive positioning in a market that is increasingly saturated (Almeida & Campos, 2022). Furthermore, Khoi & Le (2022) highlight the significance of constructive consumer interaction as it aids in not only maintaining customer databases but also providing more repeat visits and consumer recommendations to the hotel.

In the context of the hospitality industry, customer engagement can be viewed as enhancing hotel competitiveness through better brand reputation and more memorable customer experiences. According to a study by Hong et al. (2023), hotels that are successfully able to build emotional engagements with customers generally find higher satisfaction levels and are more resistant in a competitive marketplace. Research, such as that from Bouchriha et al. (2024), suggests that customer engagement (an interaction modality of the customer-hotel relationship), in the form of direct customer engagement through social media or loyalty programs, strengthens the customer-hotel relationship, which can be leveraged to improve the competitiveness of the hotel. Based on these results, we postulate the following hypothesis:

H₅: Customer engagement has a positive and significant effect on hotel competitiveness.

Mediating Effect of Customer Engagement

In general, customer engagement is considered a significant mediating variable for marketing strategies and customer experience effects toward brand competitive advantage, especially in the hospitality industry context. Customer engagement, as Manosuthi et al. (2021), forms a critical part of establishing enduring relationships with

consumers, facilitated by favorable views of the marketing approach and brand experience. According to Ghonim et al. (2024), an experience economy strategy offers an emotional experience for customers, allowing for an increase in the company's engagement with its consumers, ultimately achieving a greater level of customer loyalty and competitiveness for the company. Haryanto & Alshoushan (2025) further support this when they state that memorable experiences contribute to emotional engagement, leading to stronger loyalty and repeat purchase decisions.

Conversely, the indirect impact of digital marketing strategies on competitiveness through customer engagement as a mediator has also been explored. Leung et al. (2024) also mention that digital strategies help hotels engage with customers in a more intensive two-way communication way with personalized content, which creates higher engagement. According to a study conducted by Japutra et al. (2025), active digital interactions create a meaningful and immersive experience with the brand that enriches the emotional bond. According to Naparin (2025), the key link between digital marketing effectiveness and brand competitive success is customer engagement. Taking these findings into

account, the following hypotheses are proposed:

H₆: Customer engagement mediates the effect of the experience economy strategy on hotel competitiveness.

H₇: Customer engagement mediates the effect of digital marketing strategy on hotel competitiveness.

Considering the literature reviewed, the conceptual framework of this research is proposed, organizing the variables being analyzed in a systematic and comprehensive way. This theoretical framework shows how important theories and previous studies connect to explain how experience economy strategy and digital marketing strategy lead to customer engagement, which helps hotels compete better. Moreover, customer engagement mediates the customer-oriented strategies adopted by retail firms to improve their competitiveness, which is also added to the framework. This approach allows the study to both test the direct linkages between variables and to explore the potential mediators that may further strengthen or clarify the pathways of influence. A model is a framework that gives a theory for underlying hypothesis tests as well as guidance in tables of data analysis. Figure 1 below presents the conceptual framework.

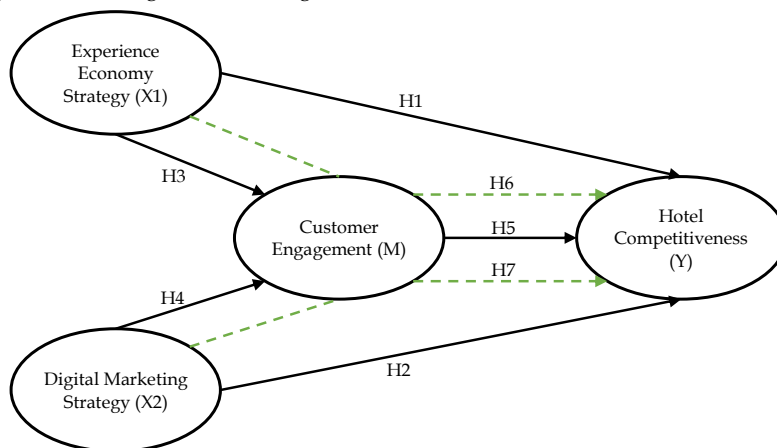


Figure 1
Conceptual Framework

RESEARCH METHOD

This study aims to quantitatively explore the effect of the experience economy along with the digital marketing strategies on hotel competitiveness through customer engagement by employing SEM-PLS. The research locus is 3- to 5-star tourism hotels in West Java. This approach aligns with the studies by Hair et al. (2021) and Sarstedt et al. (2022), which recommend using SEM-PLS to analyze complicated cause-and-effect relationships between hidden factors in marketing and consumer behavior.

By adopting guests who have stayed at 3- to 5-star hotels in West Java in the past year as the unit of analysis for this study, respondents were selected who (1) made at least one stay (business or leisure) in either a hotel or resort and (2) encountered the hotel's digital marketing strategies over various platforms (social media, websites, personalized e-mails). We chose this unit of analysis because hotel guests play a central role in evaluating the firsthand perspective of service strategy and marketing (Grewal & Roggeveen, 2020).

The unit of observation is a 3- to 5-star hotel in West Java that actively applies the principles of the experience economy and digital marketing. The standards for selection were (1) implementing unique concepts such as themed rooms or immersive local culture programs dedicated entirely to guests Pine & Gilmore (1998) and (2) using digital marketing platforms dynamically, such as Instagram, TikTok, booking, and mobile apps Chaffey & Smith (2022). Focusing on the units of observation when designing the research objects is also critical for empirically representing the studied phenomenon.

The study population consists of 320 three- to five-star hotels located in the West

Java region, based on the West Java Tourism Office (2023). Estimating that each hotel hosts an average of 15 guests per month, there will be an estimated annual population of 57,600 hotel guests. Due to a relatively large population, this study utilizes Slovin's formula with a 5% margin of error to find a sample size; the sample size acquired is representative of 400 respondents (Sugiyono, 2021).

A multistage sampling approach is employed in this study. The first stage involves the purposive selection of 40 hotels across major cities in West Java (e.g., Bandung, Bogor, and Garut), ensuring geographical diversity and representation of key tourism hubs. In the second stage, online questionnaires are distributed to 10 guests per selected hotel, sampled from the hotels' loyalty program databases using a convenience sampling technique. This two-phase design not only enhances logistical feasibility but also ensures adequate representation across all hotel segments (Hair & Brunsveld, 2019).

This study uses the SEM-PLS method for a few reasons: (1) it can handle complex models with hidden factors, (2) it works well with data that isn't normally distributed, and (3) it's suitable for different sample sizes (Hair et al., 2021). The research variables comprise experience economy (type and personalization of themed room), digital marketing (social media participation rate and chatbot responsiveness), customer engagement (user-generated content and repeat booking intention), and hotel competitiveness (occupancy rate and ADR) (Crick et al., 2020; Arizal et al., 2024). The distribution of respondents can be seen in Table 2 below:

Table 2
Distribution of Respondents

Category	Sub-category	Frequency (n)	Percentage (%)
Hotel Classification	3-star	160	40
	4-star	120	30
	5-star	120	30
City/Destination	Bandung	150	37.5
	Bogor	130	32.5
	Garut	120	30
Sampling Technique Used	Purposive Sampling (Hotel)	40 hotels	-
	Convenience Sampling (Guest)	10 guests/hotel	-
Total Number of Respondents -		400	100

Source: Research Data

Data collection is done through an online questionnaire using a 5-point Likert scale as well as secondary data from digital marketing metrics and hotel performance reports. The data will be examined by checking if the measures are related ($AVE > 0.5$), if they are reliable (composite reliability > 0.7), and by looking at mediation effects using 500 smaller samples (Hair et al., 2021). The generalizability of this study is limited and refers only to 3- to 5-star hotels in West Java and potential recall bias from respondents (Podsakoff et al., 2024).

RESULTS AND DISCUSSION

Descriptive Analysis

This study's respondents' characteristics, demographics, and other pertinent features—including, for instance, gender, age, educational level, and hotel guest frequency—were developed. It is important to explain what kind of sample was used to describe respondents in order to provide a comprehensive presentation of respondents' profiles, as well as things that can affect the results and interpretation of the data obtained. This ability also helps identify the type of respondent, providing insights into consumer preferences and behaviors related to experiences in West Java. Table 3 below shows the results of the analysis of the respondents' characteristics.

Table 3
Demographic Characteristics of Respondents

Characteristic	Category	Frequency	Percentage (%)
Gender	Male	220	55
	Female	180	45
Age	18-24 years	120	30
	25-34 years	150	37.5
	35-44 years	80	20
	45 years and above	50	12.5
Education Level	High School/Vocational	40	10
	Bachelor's Degree	280	70
	Postgraduate Degree	80	20
Stay Frequency	1-3 times per year	160	40
	4-6 times per year	120	30
	More than 6 times	120	30

Source: Research Data

The sample is 400 respondents, with a slightly better quota for males (55%) than females (45%). A large majority (37.5%) of the respondents lie within the age group of 25–34 years, and 30 percent are 18–24 years, reflecting a young user base. On the educational front, 70 percent hold a bachelor’s degree and 20 percent have postgraduate qualifications, representing a highly educated sample. As for frequency of stay in hotels, 40% stay 1–3 times per year, while the rest of the respondents are divided between 4–6 times (30%) and more than 6 times a year (30%). These details reflect the balanced representation of frequent and occasional guests, in accordance with the study’s aim to determine customer engagement in hospitality.

Measurement Model

The measurement model assessment in the SEM-PLS method tries to confirm that the latent constructs are measured by their

specific indicators in a reliable and correct manner. The procedure entails conducting an analysis of convergent validity via Average Variance Extracted (AVE), which should be greater than 0.5 as further discussed in this study Hair et al. (2021) with reference to composite reliability (CR) and Cronbach’s Alpha, for which a minimum value of 0.7 is recommended (Keith, 2019). Furthermore, discriminant validity is tested to ensure that the empirically different constructs lead to distinguishable constructs using the Fornell-Larcker criterion and the Heterotrait-Monotrait Ratio (HTMT), with the recommendation that the HTMT value must remain lower than 0.90 (Rönkkö & Cho, 2022). At this stage, these tests are vital for building a solid, trustworthy measurement base for the structural model later on. The measurement model evaluation results are shown in case management in Figure 2 below.

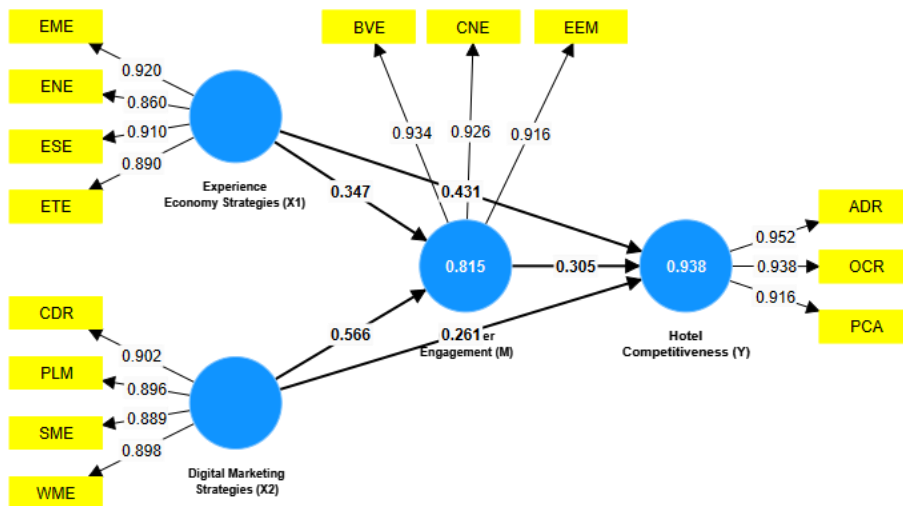


Figure 2
Measurement Model

Source: Data Processing with SmartPLS 4.0, 2025

Convergent Validity

Convergent validity is a part of construct validity that looks at how well different measures that should be related actually are related and how accurately these measures reflect the hidden variable they are meant to assess. We test convergent validity using three criteria: outer loading, Average Variance Extracted (AVE), and Composite

Reliability (CR). Convergent validity is considered adequate when the outer loading is ≥ 0.7 , the AVE is ≥ 0.5 , and the CR is ≥ 0.7 . These imply that the latent variable has explained a high proportion of variance in its indicators (Hair et al., 2021; Keith, 2019). Table 4: The results of the convergent validity validation test.

Table 4
Construct Reliability and Validity

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)
Experience Economy Strategies (X1)	0.917	0.920	0.942
Digital Marketing Strategies (X2)	0.919	0.920	0.942
Customer Engagement (M)	0.916	0.916	0.947
Hotel Competitiveness (Y)	0.928	0.929	0.955

Source: Data Processing with SmartPLS 4.0, 2025

Figure 2 and Table 4 show that all the ideas in this study meet the required standards for validity and reliability when using the SEM-PLS method. The outer loading values of all indicators for each idea are above 0.70, meaning they strongly represent their related underlying concept. All of the indicators' outer loading values for each concept are greater than 0.70, which means they accurately reflect the associated latent construct. The outer loading values of all indicators for each construct, which are greater than 0.70, suggest they represent their respective latent construct considerably. Cronbach's Alpha and Composite Reliability for the four constructs—experience economy strategies (X1), digital marketing strategies (X2), customer engagement (M), and hotel competitiveness (Y)—are all above 0.90, indicating that the data is very consistent (Hair et al., 2021). In addition, the Composite Reliability (rho_c) values also present excellent results that confirm the reliability of the constructs of this model. Thus, this measurement model can be considered valid

and reliable for the analysis of the following structural model.

Discriminant Validity

Discriminant validity: As one of the important assessments of a measurement model, this part is used to determine whether each construct was distinct in the model or whether it measured different constructs. Discriminant validity in SEM-PLS defines the degree to which a construct can be distinctly differentiated from other observed constructs (Hair et al., 2021). Discriminant validity is usually checked using the Fornell-Larcker criterion, which says that the square root of the Average Variance Extracted (AVE) for one construct should be higher than its correlations with other constructs. The outcome of this test indicates that the AVE value of each construct in the study is greater than its correlations with the other constructs; thus, it is concluded that discriminant validity has been established. Table 5 below shows the results of the discriminant validity test.

Table 5
Discriminant Validity

	Customer Engagement (M)	Digital Marketing Strategies (X2)	Experience Economy Strategies (X1)	Hotel Competitiveness (Y)
Customer Engagement (M)	0.925			
Digital Marketing Strategies (X2)	0.897	0.896		
Experience Economy Strategies (X1)	0.887	0.954	0.895	
Hotel Competitiveness (Y)	0.922	0.946	0.951	0.935

Source: Data Processing with SmartPLS 4.0, 2025

Table 5 shows that the test for discriminant validity indicates the square root of AVE for each construct, listed along the diagonal, is greater than the correlation between the constructs in the other diagonal. For instance, the AVE of the Customer Engagement construct is 0.925, which is higher than its correlation with Digital Marketing Strategies (0.897), Experience Economy strategies (0.887), and Hotel Competitiveness (0.922). For example, the AVE of the Customer Engagement construct is 0.925, which is higher than its correlation with Digital Marketing Strategies (0.897), Experience Economy strategies (0.887), and Hotel Competitiveness (0.922). For instance, the AVE of the Customer Engagement construct is 0.925, which was higher than its correlation coefficients with Digital Marketing Strategies (0.897), strategies of Experience Economy (0.887), and Hotel Competitiveness (0.922). The other five constructs, like hotel competitiveness, also show a similar pattern, with an AVE of 0.935, higher than its correlation with any other constructs. These results suggest that it is possible to empirically separate each of the constructs in the proposed model from one another, fulfilling the Fornell-Larcker criterion for discriminant validity.

Structural Model

Once the measurement model is adequate in terms of its validity and reliability, we proceed to test the structural model to

investigate the relationships between the latent constructs in the study. The SEM-PLS (Structural Equation Modelling – Partial Least Squares) testing looks at different factors, such as how well the model matches the data (R^2), the strength of the relationships (path coefficients), and key statistics (t-statistics, p-values, effect size (f^2), and predictive relevance (Q^2)). It is based on the model's variables' predictive power and significance. SEM-PLS is often chosen in management and business research because it can work well with complicated models whose data does not follow a normal distribution and when there are small sample sizes compared to the number of model parameters (Hair et al., 2021; Rönkkö & Cho, 2022).

Coefficient of Determination (R^2)

The goodness of fit is an essential indicator for assessing the structural model; it indicates the variance of an endogenous variable explained by the exogenous variables of the model (R^2). R^2 values go from 0 to 1, with larger being better for prediction. The interpretation of R^2 with respect to this study follows the specified guideline by Hair et al. (2021), which stated R^2 values at 0.67 strong, 0.33 moderate, and 0.19 weak. Thus, the R^2 value of an endogenous construct indicates how well the exogenous constructs explain its formation. Table 6 is a summary of the coefficient of determination (R^2) test results.

Table 6
Coefficient of Determination (R²)

	R-square	R-square adjusted
Customer Engagement (M)	0.815	0.814
Hotel Competitiveness (Y)	0.938	0.938

Source: Data Processing with SmartPLS 4.0, 2025

According to Table 6, the Coefficient of Determination (R²) shows that experience economy strategies and digital marketing strategies together account for 81.5% of the changes in customer engagement (R² = 0.815). In comparison, the R² value for hotel competitiveness is 0.938, meaning that 93.8% of the changes in hotel competitiveness can be explained by the combined effects of experience economy strategies, digital marketing strategies, and customer engagement. In contrast, the R² value for the endogenous variable hotel competitiveness is 0.938, indicating that 93.8% of the variance of hotel competitiveness can be explained with the combined effect of experience economy strategies, digital marketing strategies and customer engagement. Such values are considered strong Hair et al. (2021), implying that the structural model in this study displays an impressive level of predictive power concerning the connection between variable elements.

Path Coefficient

Path coefficient analysis is used in structural equation modeling with partial least squares (SEM-PLS) to study how strongly and in what direction hidden variables in the model are related to each other. The values of these path coefficients indicate how much an exogenous variable affects an endogenous variable directly or indirectly through a mediating variable. A high coefficient [higher than one] breakpoint provides strong evidence for a relationship between the constructs. We conduct the significance testing through bootstrapping with a sufficiently large number of subsamples, say 500 or above, to ensure stability of the estimates. If the value is above 1.96 (significance level 0.05), then we say that the relationship between variables is statistically significant (Hair et al., 2021). Table 7 provides the full path coefficient results.

Table 7
Path Coefficient

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Experience Economy Strategies (X1) -> Hotel Competitiveness (Y)	0.431	0.418	0.081	5.309	0.000
Digital Marketing Strategies (X2) -> Hotel Competitiveness (Y)	0.261	0.274	0.082	3.185	0.001
Experience Economy Strategies (X1) -> Customer Engagement (M)	0.347	0.332	0.105	3.305	0.001
Digital Marketing Strategies (X2) -> Customer Engagement (M)	0.566	0.581	0.099	5.703	0.000
Customer Engagement (M) -> Hotel Competitiveness (Y)	0.305	0.306	0.048	6.398	0.000

Source: Data Processing with SmartPLS 4.0, 2025

For the structural model, all relationships between variables are statistically significant with p-values less than 0.05, as shown in the path coefficient

results in Table 7. X1: Experience economy strategies (X1): The first independent variable has a positive and significant effect on hotel competitiveness (Y) with a coefficient value of 0.431 and a t-statistic of 5.309. The second factor affecting hotel competitiveness (Y) is digital marketing strategies (X2), which carries a coefficient of 0.261 (t-statistic = 3.185). Furthermore, the coefficients of 0.347 (t = 3.305) for both X1 and X2 have a positive impact on customer engagement (M), 0.566 (t = 5.703). On the other hand, customer engagement (M) is a top mediator of hotel competitiveness with a coefficient of 0.305 and a t-statistic of 6.398. These findings verify that through the synergistic effect of customer experience and digital strategies, all paths in the model positively contribute to the improvement of hotel competitiveness.

Predictive Relevance (Q²)

The blindfolding method in SEM-PLS gives a score called predictive relevance (Q²)

that checks how well the model predicts its dependent variables (Hair et al., 2021). A Q² value above zero indicates that the model is good at predicting both the main outcome variables and the mediators. A Q² value greater than zero denotes the satisfactory predictive relevance of the model with regard to both the main endogenous variables and the mediators. The study utilizes Q² as an assessment of the predictive relevance of endogenous constructs (customer engagement, hotel competitiveness) with respect to exogenous constructs (experience economy strategies, digital marketing strategies) to accumulate the evidence based on this study. A high Q² value indicates that the model does not only fit but is also capable of correctly predicting, thus enforcing the external validity of the model. In the following table (Table 8), the results of predictive relevance (Q²) are shown.

Table 8
Predictive Relevance (Q²)

	SSO	SSE	Q ² (=1-SSE/SSO)
Experience Economy Strategies (X1)	1600.000	558.593	0.651
Digital Marketing Strategies (X2)	1600.000	553.207	0.654
Customer Engagement (M)	1200.000	399.743	0.667
Hotel Competitiveness (Y)	1200.000	359.578	0.700

Source: Data Processing with SmartPLS 4.0, 2025

The blindfolding method (shown in Table 8) shows that all the constructs have Q² values over 0.6, which means they are considered to have excellent predictive relevance (Hair et al., 2021). Specifically, the Q² values are Experience Economy Strategies (X1) = 0.651, Digital Marketing Strategies (X2) = 0.654, Customer Engagement (M) = 0.667, and Hotel Competitiveness (Y) = 0.700. In particular, the Q² value of Experience Economy Strategies (X1) = 0.651, Digital Marketing Strategies (X2) = 0.654, Customer Engagement (M) = 0.667, and Hotel Competitiveness (Y) = 0.700. These values further support that the model has a high predictive ability on both endogenous

variables and mediators. As a result, this model does outline interrelations among variables and has a robust ability to reliably forecast respondent conduct.

Testing Mediation Effects

The SEM-PLS method, which checks for mediation effects, looks at how the mediation variable helps connect the independent variable to the dependent variable. We execute the SEM-PLS procedure by examining the total effects and specific indirect effects (Hair et al., 2021). The first analysis is done via total effects, where we explore the impact of the independent

variable on the dependent variable, both directly and indirectly through the mediator. The second level of testing is done through assessing the particular indirect effects or indirect effect of the exogenous variable on the endogenous variable via the mediator. When the specific indirect pathways are significant and the associated direct path

becomes insignificant, we conclude full mediation. If either is significant but not the other, it indicates partial mediation (Hayes & Rockwood, 2020). Such an outcome enriches the mediation mechanism of the causal pathway between variables in the research model. Tables 9 and 10 below show the results of the mediation effects test.

Table 9
Total Effects

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Experience Economy Strategies (X1) -> Hotel Competitiveness (Y)	0.537	0.520	0.101	5.343	0.000
Digital Marketing Strategies (X2) -> Hotel Competitiveness (Y)	0.434	0.450	0.098	4.421	0.000
Experience Economy Strategies (X1) -> Customer Engagement (M)	0.347	0.332	0.105	3.305	0.001
Digital Marketing Strategies (X2) -> Customer Engagement (M)	0.566	0.581	0.099	5.703	0.000
Customer Engagement (M) -> Hotel Competitiveness (Y)	0.305	0.306	0.048	6.398	0.000

Source: Data Processing with SmartPLS 4.0, 2025

In Total Effects Table 9, we see that the relationship between variables is significant at a 95% confidence level ($p < 0.05$). This means that the total effects of the Experience Economy Strategy (X1) on Hotel Competitiveness (Y) of 0.537 ($t = 5.343$; $p = 0.000$) and the Digital Marketing Strategy (X2) on Hotel Competitiveness (Y) of 0.434 ($t = 4.421$; $p = 0.000$) are significant. Moreover, Customer Engagement (M) has a meaningful impact on Hotel Competitiveness (Y) ($B = 0.460$; $t = 4.373$; $p = 0.000$), and both X1 and

X2 also had a substantial effect on Customer Engagement (M) ($B = 0.347$; $t = 3.305$; $p = 0.001$ and $B = 0.566$; $t = 5.703$; $p = 0.000$, respectively). Moreover, the customer engagement (M) variable also has a significant influence on hotel competitiveness (Y) equal to 0.305 ($t = 6.398$; $p = 0.000$). This means that customer engagement might play a role in how strategies X1 and X2 affect hotel competitiveness (Y), and this will be confirmed by testing certain indirect effects.

Table 10
Specific Indirect Effects

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Experience Economy Strategies (X1) -> Customer Engagement (M) -> Hotel Competitiveness (Y)	0.106	0.102	0.038	2.769	0.006
Digital Marketing Strategies (X2) -> Customer Engagement (M) -> Hotel Competitiveness (Y)	0.173	0.177	0.038	4.546	0.000

Source: Data Processing with SmartPLS 4.0, 2025

This conclusion is supported by the Specific Indirect Effects results in Table 10, which show that Customer Engagement (M) significantly influences how Experience Economy Strategies (X1) affect Hotel Competitiveness (Y) with a coefficient of 0.106 ($t=2.769$; $p=0.006$) and also influences how Digital Marketing Strategies (X2) affect Hotel Competitiveness (Y) with a coefficient of 0.173 ($t=4.546$; $p=0.000$). Since the direct effects from X1 to Y and from X2 to Y are also important (see Table 5: 0.431 and 0.261; $p < 0.05$), we can say that the mediation role of these variables is partial. Since the direct paths from the variables X1 to Y and from the variables X2 to Y are also significant (see Table 5: 0.431 and 0.261; $p < 0.05$), the mediation role that the variables play can be classified as partial mediation.

DISCUSSION

The influence of Experience Economy Strategies on Hotel Competitiveness

The findings of this research reveal that the experience economy variables have a direct and significant effect on the competitiveness of the hotel, especially for the rapidly developing hospitality sector of West Java. In tourism-intensive areas like Bandung, Bogor, and Cirebon, fierce competition means hotels can no longer rely on the basics alone. Tourists increasingly desire to engage more deeply and remember more thoroughly their stays. Experience-centric attributes, including personalized services, theme-based environments, emotional engagement, and unique activities, can amplify the competitive edge of hotels. Direct quote—Pine & Gilmore (1998) state that through entertainment, education, esthetics, and escapism, memorable experiences are created, which strengthen the emotional bond and increase the likelihood of repeat visits.

The efficacy of such strategies is borne out by empirical evidence. According to Alnawas & Hemsley-Brown (2019), experiential value enhances customer satisfaction and loyalty, while Amagir et al. (2020) found that unique and personalized

experiences enhance differentiation and retain customers. As indicated in a study in Indonesia, adventure-based tourism Mgxekwa-Qumba & Kruger (2024) is also increasingly sought after by travelers who wish to feel an emotional connection and be engaged in their travels. Thus, the experience economy strategies respond to shifting consumer expectations and drive loyalty, brand identity, and sustainable hotel performance. So it puts West Java hotels no longer only as a place to stay but as destination builders that offer a lasting experience.

The influence of Digital Marketing Strategies on Hotel Competitiveness

Rapid growth in digital tourism has led to an integrated consumer behavior shift and an increased expectation of service quality, which are both critical success factors in the effective implementation of digital marketing and can be used, especially in West Java's hospitality sector. One of the key approaches to growth online has been attributed to digital marketing, which, when used effectively, allows hotels to provide certain and measurable means to reach wider, more chosen markets Nurtirtawaty et al. (2021). Places such as Bandung, associated with shopping and culinary tourism, serve as fertile ground for these vectors to prosper. Thus, social media, readily available and interactive websites, online reviews, and data-guided publicity campaigns can improve brand recognition and attract local and international tourists (Leung et al., 2024; Kapoor & Kapoor, 2021).

Moreover, digital marketing strategies enable hotels to target communication, accelerate the booking process, and facilitate real-time interactions with guests, leading to improved satisfaction and loyalty (Singh et al., 2024). Research has proven that hotels with strategies including but not limited to the usage of automated booking systems, personalized email marketing, and responsive customer service through digital platforms achieve higher conversion rates and enhanced customer retention (Leung et

al., 2024; Arief et al., 2024). In the context of West Java's dynamic hospitality sector, hotels with detailed strategies can set themselves apart and quickly react to market needs, promoting their long-term viability in a highly competitive marketplace.

The influence of Experience Economy Strategies on Customer Engagement

Principles of the experience economy adopted by popular tourist destinations in West Java, such as Lembang, Pangandaran, and Cirebon, have marked new trends in the hospitality industry that have made customer engagement increasingly creative and interactive. These areas possess unique experiences in the heart of nature, cultures, and historical properties, which makes them perfect for great stays that are to be remembered. Pine & Gilmore (1998) argued that the economic value of service industries is increasingly found in their ability to deliver experiences that are entertaining, educational, escapist, and aesthetic. In this vein, hotels whose guests experience deeply personalized and emotionally bonded experiences tend to have higher levels of customer satisfaction and loyalty (Yan et al., 2024; Agapito & Sigala, 2024).

The experience economy is a key differentiator in the crowded market, as many tourists are shifting from standard experiences to more personalized and memorable interactions during their travels. Prior studies suggest that emotional engagement—an understanding-producing process by which thematic atmospheres, culture, and substitutes are introduced, then adjusted through customized service—can evoke strong behavioral intentions over time, such as motivational chances to revisit and large prevailing word-of-mouth benefits (Kumar et al., 2024). Dare I say that for hotels in West Java that want to build competitiveness and a strong relationship with guests, incorporating experiential components in their service design is not only strategic but also a necessity.

The influence of Digital Marketing Strategies on Customer Engagement

The need for effective digital marketing strategies as catalysts for customer engagement in the hospitality industry is gaining traction, especially in dynamic areas such as West Java. With rapidly evolving internet usage and the rise of social media changing the behavior of today's tourists, hotels that rely on alluring digital content, interactive web pages, and user-friendly booking engines would be able to forge an emotional relationship and facilitate real-time interaction with their customers. According to various studies, the use of digital marketing tools like social media campaigns, influencers, personalized email marketing, etc. improves customer involvement and recall value of a brand considerably (Leung et al., 2024; Fahimah & Ningsih, 2022). As in the case of some well-known tourism cities, such as Bandung, Bogor, and Garut, digital engagement assists hotels in connecting with potential consumers in domestic and international markets and facilitating repeat visits through regular and interactive interaction (Felix & Rembulan, 2023).

Moreover, the capacity for digital marketing to create emotional connections is a key factor in building loyalty in a competitive accommodation market. Real-time digital interaction is experienced at the individual level and has also been highlighted to foster customer experience by allowing immediate service, feedback, and personalization (Umami & Darma, 2021). Even so, the body of literature investigating the impact of RIS on consumer experience remains relatively limited. Digital platforms can help hotels investigate data analytics to analyze customer preferences and adapt their strategies to maintain relevance in the marketplace (Leung et al., 2024). Thus, in the face of increasingly fierce competition, the implementation of digital marketing as a core strategy to establish strong, interactive, and emotional characters with potential customers is beneficial and a

must for the sustainability and competitiveness of hotels in West Java.

The influence of Customer Engagement on Hotel Competitiveness

This surging customer participation level has become one of the factors of hotel competitiveness, where West Java, with its tourist-supporting cities of Bandung and Bogor, has the highest and continuous customer traffic. Customer engagement—measured through engagement in the loyalty program, online reviews, repeat bookings, and social media engagement—drastically influences the image of a hotel brand and the value that consumers attribute to it (Khalifa et al., 2022; Almeida & Campos, 2022). Therefore, we brand go-getters, also known as 'promoters,' as enthusiastic customers who actively contribute to organic growth by introducing a hotel to the digital space. Khoi & Le (2022), their feedback also provides valuable insights to support service customization and is used to increase guest satisfaction.

In competitive hospitality markets, hotels that achieve sustainable high levels of customer engagement are more nimble at acting on market demand and are better suited to build customer stickiness. According to Hong et al. (2023), strong engagement leads to loyalty and contributes to the relatively high switching cost, which ensures that competitors cannot lure customers away at will. In addition, engaged customers frequently script value with service providers, which positively adds to innovations in guest experience and service excellence. Such behavior leads to increased guest retention and establishes an enduring competitive advantage through personalized, emotionally evocative, and memorable service engagements. Thus, nurturing and managing customer engagement is imperative, not a choice, for hotel competitiveness.

The influence of Experience Economy Strategies on Hotel Competitiveness through Customer Engagement

The result of this study can be explained by the fact that an experience economy strategy has great potential to improve hotel competitiveness in West Java through the mediation of customer engagement. This strategy allows hotels to present an emotional connection, rewarding guests with more than a place to stay—personalized glimpses into the local culture, surrounding aesthetic environments, and engaging and entertaining interaction between a hotel and guests. Pine & Gilmore (1998) argue that experiences are the protagonists of value in today's service economy (a metaphorical value proposition); for consumers, emotional resonance and memory-based engagement are central. In tourism destinations that have plenty of natural and cultural heritage, like those in West Java, the integration of meaningful experience itself becomes a strategy to win guest loyalty and keep them coming back again.

Hence, customer engagement is a major connecting link between memorable experiences and sustainable competitive advantage. Happy customers also tend to be more proactive in communicating positive word of mouth, engaging in co-creating service, and providing feedback for continuous service improvement (Manosuthi et al., 2021). Within the digital realm, it means publishing and rewarding online reviews and recommendations that naturally enhance a hotel's visibility and reputation. In fact, high levels of engagement promote a sense of emotional connection, which has been shown to impact customer retention and brand loyalty (Ghonim et al., 2024). As customers engage with the brand, elevating the guest experience reinforces emotional ties and places customer engagement as a strategic bridge towards converting experiences into measurable competitive advantages.

The influence of Digital Marketing Strategies on Hotel Competitiveness through Customer Engagement

In West Java, hotels should be able to transform through improving customer

engagement as digital marketing becomes more personalized and controlled for each customer, increasing competition. Travelers, both local and global, extensively utilize the swift growth of social media and digital platforms, which present unique channels for direct engagement and experience customization. The hotels that holistically integrate interactive content, data-driven digital promotions, and responsive communication across digital channels are perceived to build more significant emotional connections with guests (Haryanto & Alshoushan, 2025; Leung et al., 2024). These digital, front-of-the-line touchpoints ultimately add value to the holistic service as well as enable the timely touchpoint engagement and relevant feedback loop that can shape guest satisfaction and loyalty.

This active participation acts like brand advocacy, promoting it organically. Customers who are emotionally connected with and feel valued by a company are more likely to become brand ambassadors by disseminating positive experiences through online reviews, social media mentions, and recommendations to peers, which is a vital type of earned media for hospitality businesses (Japutra et al., 2025). Such interactions are intangible strategic assets that reinforce the hotel's brand equity and competitive positioning in a room market in a crowded province like West Java. With an emphasis on two-way communication and relationship building, digital marketing strategies are associated with higher conversion rates and continued customer loyalty to the brand (Naparín, 2025). So, digital engagement—when done well—becomes not just a marketing tool but also a critical lever for developing sustainable competitive advantages.

MANAGERIAL IMPLICATION

The results of this study provide practical managerial implications that can be directly applied by hotel managers to enhance competitiveness through experience-based and digital marketing

strategies. First, hotels need to design services that go beyond functional value by offering emotional and memorable experiences. This can be achieved through personalized services, uniquely themed rooms, and activities that highlight local culture. Immersive and emotionally engaging experiences have been proven to increase customer loyalty and encourage repeat visits.

Second, digital marketing should be utilized not only as a promotional tool but as a means to build long-term relationships. Hotels are encouraged to optimize social media, instant messaging platforms, and email marketing to establish intensive, personalized two-way communication with guests. Quick responses, tailored content, and real-time recommendations significantly enhance customer engagement and trust.

Third, the strategic use of customer data is essential in delivering relevant services and promotions. CRM (Customer Relationship Management) systems enable hotels to understand guest preferences and create targeted marketing campaigns, such as special offers based on past visits or personalized birthday greetings.

Fourth, loyalty programs should be designed to encourage emotional and social engagement, not just transactional frequency. Rewarding guests who actively provide reviews, share their experiences on social media, or participate in hotel-hosted activities can strengthen customer relationships and organically increase brand exposure.

Fifth, hotel management should establish cross-functional teams that integrate marketing, guest services, and operations departments, unified under a common goal of delivering superior guest experiences. Training frontline staff to understand and respond to guests' emotional needs is also a key factor in creating high-value service.

Lastly, digital content and promotional offers should be localized by incorporating local wisdom, seasonal themes, or regional tourism trends. This not only enhances

relevance but also deepens the emotional connection between guests and the hotel as well as the destination. By implementing these measures, hotels can build sustainable competitive advantages through a strategic combination of digital innovation and experience value creation.

CONCLUSION AND SUGGESTION

Conclusion

This research empirically examines the role of customer engagement in mediating the influence of experience economy strategies and digital marketing strategies on increasing hotel competitiveness in West Java. This study bridges insights from tourism and hospitality management with concepts from organizational relationship marketing (ORM) to identify effective ways of improving competitive advantage in the regional hotel industry.

The results indicate that hotels in West Java applying experience economy principles—such as personalized services, thematic environments, and emotional involvement—are more likely to achieve competitive differentiation. In a saturated market, these hotels meet the demand of tourists seeking memorable and authentic experiences, positioning themselves as market leaders. Emotional bonding is key in creating such experiences, which significantly impact customer retention and brand advocacy.

Digital marketing strategies, particularly those involving social media, instant messaging, and personalized content, play a crucial role in enhancing customer engagement. While digital marketing may not directly affect competitiveness, it reinforces guest interaction, enabling hotels to build long-term relationships. Personalized campaigns and two-way communication also improve brand trust, online visibility, and brand perception.

Customer engagement is proven to be a significant mediating variable. Emotionally rich and interactive stays dramatically increase the likelihood of loyalty, positive reviews, and word-of-mouth

recommendations. Engagement, therefore, is not only an outcome but a vital tool for strengthening a hotel's competitive positioning in a dynamic market.

Suggestion

Based on these findings, hotel management in West Java should prioritize the design of experience-based services that reflect the region's unique culture and natural heritage. Rather than focusing solely on visibility and promotion, marketing strategies should aim to create interactive, personalized, and emotionally resonant guest experiences.

Future hotel strategies must focus on two key areas: (1) creating lasting guest experiences that build emotional connections, and (2) leveraging digital platforms to amplify and sustain those connections. The combination of immersive experience and digital engagement will be essential for hotels to remain competitive and achieve long-term success in the ever-evolving tourism landscape.

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Enhancing Hotel Competitiveness through Experience Economy and Digital Marketing Strategies: The Mediating Effect of Customer Engagement

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ABSTRACT

Consumers are increasingly seeking memorable experiences, not just standard hotel services, driving intense competition in West Java's hospitality industry. Although several strategies have been implemented, a literature gap remains regarding the role of customer engagement as a mediating variable between strategy and hotel competitiveness. This study aims to analyze the influence of experience economy and digital marketing strategies on hotel competitiveness, both directly and through customer engagement. The research covers 320 three- to five-star hotels in West Java, with an estimated annual guest population of 57,600. A total of 400 respondents were selected using Slovin's formula with a 5% margin of error and multistage sampling. Data were analyzed using the SEM-PLS method. The results indicate that both strategies significantly enhance hotel competitiveness directly and indirectly through the partial mediating role of customer engagement. These findings emphasize the importance of experiential and digital approaches in strengthening customer emotional connection and gaining a competitive edge. This study contributes to the theoretical development of hospitality management and offers practical insights for hotel managers in West Java to boost their competitiveness by implementing experience-driven and digitally oriented strategies tailored to customer expectations.

Key words: Experience Economy, Digital Marketing, Customer Engagement, Hotel Competitiveness

ABSTRAK

Konsumen kini menginginkan pengalaman menginap yang berkesan, bukan sekadar layanan standar, sehingga memicu persaingan ketat di industri perhotelan Jawa Barat. Meskipun berbagai strategi telah diterapkan, masih terdapat kesenjangan literatur mengenai peran customer engagement sebagai variabel mediasi antara strategi dan daya saing hotel. Penelitian ini bertujuan menganalisis pengaruh strategi experience economy dan pemasaran digital terhadap daya saing hotel, baik secara langsung maupun melalui customer engagement. Populasi mencakup 320 hotel bintang tiga hingga lima di Jawa Barat, dengan estimasi total tamu tahunan 57.600 orang. Sebanyak 400 responden dipilih menggunakan rumus Slovin (margin of error 5%) dan teknik multistage sampling. Data dianalisis menggunakan metode SEM-PLS. Hasil penelitian menunjukkan bahwa kedua strategi tersebut secara signifikan meningkatkan daya saing hotel, baik secara langsung maupun tidak langsung melalui peran mediasi parsial customer engagement. Temuan ini menegaskan pentingnya pendekatan berbasis pengalaman dan digital dalam membangun keterlibatan pelanggan dan menciptakan keunggulan bersaing. Studi ini memberikan kontribusi teoritis bagi literatur manajemen perhotelan dan implikasi praktis bagi manajer hotel di Jawa Barat untuk memperkuat posisi kompetitif mereka melalui strategi yang berfokus pada pengalaman pelanggan dan transformasi digital.

Kata kunci: Experience Economy, Pemasaran Digital, Keterlibatan Pelanggan, Daya Saing Hotel

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INTRODUCTION

The sector of tourism is one of the contributors to local and national economic growth; therefore, the hospitality industry in Indonesia, both locally and nationally, should be a large factor of the economy, especially in major tourist destinations like West Java. In the context of the growing dynamism of competitive forces in the hospitality industry, hotels are expected to offer quality service that comes with added value, distinguishing themselves from rivals. In this context, one approach is growing in importance—the application of the experience economy (a marketing strategy that takes the customer experience to another level, creating memories and feelings). Pine & Gilmore (1998) introduced this concept, explaining that consumers no longer buy products or services but experiences instead.

West Java, as one of the provinces with the most tourism contributions and visits in Indonesia, presents various attractive tourism sectors, either in nature, culture, or culinary. Tourists in Bandung, Bogor, Cirebon, and Pangandaran are the most popular tourist targets, whether they are

domestic or foreign tourists. The hospitality industry in West Java has grown in response to this unprecedentedly large number of tourist visits. Based on Statistics Indonesia (BPS) data, the number of star-rated hotels has increased dramatically in the province over the past five years, with the most significant increase in 3-star, 4-star, and 5-star hotels. This phenomenon is clearly demonstrated in Table 1, where there is an increase in the number of star-rated hotels from 269 in 2019 to 315 in 2023, with a marked increase from 3-star to 5-star rated hotels. Nevertheless, the average room occupancy rate (OR) is still held below the optimal limit, at the 41-55% range, illustrating that hotel competitiveness in the region awaits improvement, especially from the viewpoint of marketing and customer experience. This concern is similarly apparent in the OR data in Table 1, which demonstrates a dramatic drop in 2020 due to the pandemic and an incomplete rebound by 2023. The scenario further compels the need for innovative marketing approaches focusing on experience creation and the use of digital technology.

Table 1
Development of Star-Rated Hotels and Room Occupancy Rates (TPK) in West Java (2019–2023)

Year	1-Star	2-Star	3-Star	4-Star	5-Star	Total Hotels	Average Room Occupancy Rate (%)
2019	47	61	110	38	13	269	55.3
2020	48	62	113	41	13	277	30.2
2021	49	64	118	44	14	289	41.7
2022	50	66	125	47	15	303	49.8
2023	52	68	130	49	16	315	53.4

Source: Statistics Indonesia (BPS) West Java Province, West Java Hotel Statistics 2023

Digitalization has emerged as one of the determinant factors transforming the face of hotel marketing with the advent of technology and the development of social media platforms. Digital marketing methods—via social media, online reservation sites, visual content, and digital customer reviews—have already become vital channels to establish communication with prospects and improve hotel brand

visibility. Digital marketing has been shown to be an efficient way to build market reach and enhance customers' loyalty (Chaffey & Smith, 2022; Solomon et al., 2020). But when the experience promised by a hotel doesn't match what the guest expected from interacting with digital media, then that gap between promotion and the reality of what a guest actually experiences can turn around and bite hoteliers.

Customer engagement in this context acts as an important mediating variable that links implemented marketing strategies and customers' perceptions of hotel competitiveness. Customer engagement is not just the reflection of customers' interest in hotel services but also shows their level of loyalty, advocacy, and active participation in shaping the overall brand image. For example, Hollebeek & Macky (2019) and Jayasingh (2019) highlight the significant impact of customer engagement as a mediator in improving performance for service-oriented firms. However, there are no strong studies that look at the real-world situations in emerging tourist spots with millions of hotel rooms, like those in Indonesia, to connect these ideas in a complete way between the experience economy, digital marketing, customer engagement, and hotel competitiveness.

Most existing research has looked at either how well digital marketing works Leung et al. (2024); Pop et al. (2022) or how experiential strategies Summers et al. (2019) work on their own, without exploring how these experiential strategies can work together with digital marketing strategies to enhance customer engagement. For instance, emphasized the role of social media in forming customer perception of hotels, and Pine & Gilmore (1998) and Alnawas & Hemsley-Brown (2019) highlighted the significance of experiences as a value differentiator in hospitality services. Additionally, the literature regarding the combination of strategies for innovation in hotel management remains scant, with few studies identifying hotel competitiveness as the affected variable (Hoang et al., 2024; Sigala, 2019). Consequently, this paper reveals a theoretical and practically relevant niche that must be filled to comprehend the new drivers of modern-day marketing in a fast-changing hospitality industry, especially in tourism markets that are increasingly geomorphic and oriented towards experiences.

Therefore, this study seeks to examine the effect of the experience economy and digital marketing strategies on hotel competitiveness with customer engagement as a mediating variable. The findings of this study have not only enriched the existing literature of service marketing and tourism but also have practical implications for hospitality industry practitioners in developing more holistic, affective, and digital marketing strategies. This study has scientific merit because (1) it provides a comprehensive conceptual model integrating experiential and digital marketing dimensions and (2) it contributes to the body of knowledge about customer engagement as a mediating role in the effectiveness of marketing strategies for enhancing hotel competitiveness.

LITERATURE REVIEW

Experience Economy Strategy and Hotel Competitiveness

A more relevant strategy in the current era of tourism has been the experience economy strategy. Pine & Gilmore (1998) have explained that firms that are able to create memorable experiences along four dimensions—entertainment, education, esthetics, and escapism—will have an enduring competitive advantage. Especially in an oversaturated and competitive market, unique, immersive experiences are considerable value-adds for guests within the hospitality space. Customer utilization of experience-based services has been found to build loyalty to a hotel and strengthen its brand image (Hwang & Lee, 2019; Alnawas & Hemsley-Brown, 2019).

Previous studies highlight the advantages that hotels that implement aspects of the experience economy into their operation and services experience over those with a more functional focus (Amagir et al., 2020; Mgxekwa-Qumba & Kruger, 2024). In the ever-evolving landscape of the global tourism industry, hotels have shifted their paradigm from accommodation provision to creating lasting experiences that yield

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emotional capital for customers. Therefore, we propose the following hypothesis in this study, which is grounded in this review:

H₁: The experience economy strategy has a positive and significant effect on hotel competitiveness.

Digital Marketing Strategy and Hotel Competitiveness

With the rapid development of information technology and the change in consumer behavior, the digital marketing strategy becomes an essential part of enhancing the hotel's competitiveness. Social media, search engines, websites, and e-mail marketing – part of the sphere of digital marketing – give hotel online consumers direct and measurable access to hotels, enabling stronger brand positioning, direct booking growth, and long-term relationships with guests (Nurtirtawaty et al., 2021; Kapoor & Kapoor, 2021; Singh et al., 2024). Optimizing digital platforms, such as responsive websites and online booking systems, increases conversion rates and customer loyalty López-Gamero et al. (2023), and social media offers personal interactions that enrich the customer experience (Arief et al., 2024). Moreover, Sigala (2019) further highlighted how customer data management through digital strategies could not only improve the quality of the decision-making process but also help bolster competitiveness.

Moreover, it has been found in recent studies that digital strategies can be considered as advanced instruments for the production of information within the frame of the company's product life cycle that add a new dimension to the offering of promotion. According to Armillotta et al. (2024), hotels that actively make efforts to adopt digital channels through these platforms tend to experience a better rate of occupancy as well as long-term repeat business. The hospitality industry finds digital marketing as one of the key elements to create sustainable competitive advantage

in the ever-changing world of global rivalry. In this review, the hypothesis is proposed:

H₂: Digital marketing strategy has a positive and significant effect on hotel competitiveness.

Experience Economy Strategy and Customer Engagement

This meant they focused more on retention and offered their users deep and memorable experiences that trained them to retain their emotional engagement and loyalty under the umbrella of the Experience Economy strategy. As Pine & Gilmore (1998) note, consumer experiences can involve things like customized services, a distinct environment, and emotional connections that result in memorable moments. According to Yan et al. (2024), real-world experiences could also be realized to drive customer engagement, in which customers were having closer relationships with brands and being repetitive in their utilization.

This strategy is particularly pertinent in a hospitality context, as hotels that win at creating memorable experiences tend to be more effective at engaging repeat guests and reinforcing long-term ties (Agapito & Sigala, 2024). In addition to providing accommodation facilities, hotels create experiences that add value for customers who view their services. According to research by Kumar et al. (2024) the deeper the experience, the greater the impact on customers attitudes (what they will say, feel, or do, which in turn links back to increased satisfaction or engagement – what is perceived or the actual experience). Additionally, instances of positive customer experiences typically result in good recommendations and brand loyalty, both of which influence the hotel's popularity and ultra-competitiveness. Thus, the following hypothesis is formulated:

H₃: The Experience Economy strategy has a positive and significant effect on customer engagement.

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Digital Marketing Strategy and Customer Engagement

Digital marketing strategy consists of utilizing technology and digital platforms to foster better relationships with customers, access new markets, and improve customer interaction and engagement. Digital marketing channels, including social media, search engines, and email marketing, enable companies to engage with consumers more directly than ever before and measure the efficacy of these communications (Fahimah & Ningsih, 2022). Research by Leung et al. (2024) shows that hoteliers who actively employ techniques associated with digital marketing can make proactive use of these touchpoints to establish more personalized and responsive customer relationships, which contributes to increased levels of grassroots engagement. Moreover, according to Felix & Rembulan (2023), digital marketing is characterized by the ability to personalize promotions according to customer preferences, which helps enhance customer engagement and loyalty towards the brand.

Digital marketing strategies can enhance customer relations in the hospitality sector by empowering more intensive two-way communication, assisting in the speed of response to customer needs, and improving brand image. Based on a study by Umami & Darma (2021), hotels using digital platforms, including social media and interactive websites, are able to develop more connected experiences and personalize their services, resulting in greater customer engagement. On this basis, we propose the following hypothesis:

H₄: Digital marketing strategy has a positive and significant effect on customer engagement.

Customer Engagement and Hotel Competitiveness

Customer engagement is a key contributor to hotel competitiveness; greater customer engagement can lead to greater emotional attachment to the hotel and greater customer loyalty. Khalifa et al. (2022)

found that high customer engagement can cause customers to interact more intensely with the brand, leading to perceptions of higher service quality and more satisfying experiences. Iglesias et al. conducted this research. This relationship also suggests that intensive engagement with customers results in stickier customers, hence leading to more loyalty, which in turn can help a hotel bolster its competitive positioning in a market that is increasingly saturated (Almeida & Campos, 2022). Furthermore, Khoi & Le (2022) highlight the significance of constructive consumer interaction as it aids in not only maintaining customer databases but also providing more repeat visits and consumer recommendations to the hotel.

In the context of the hospitality industry, customer engagement can be viewed as enhancing hotel competitiveness through better brand reputation and more memorable customer experiences. According to a study by Hong et al. (2023), hotels that are successfully able to build emotional engagements with customers generally find higher satisfaction levels and are more resistant in a competitive marketplace. Research, such as that from Bouchriha et al. (2024), suggests that customer engagement (an interaction modality of the customer-hotel relationship), in the form of direct customer engagement through social media or loyalty programs, strengthens the customer-hotel relationship, which can be leveraged to improve the competitiveness of the hotel. Based on these results, we postulate the following hypothesis:

H₅: Customer engagement has a positive and significant effect on hotel competitiveness.

Mediating Effect of Customer Engagement

In general, customer engagement is considered a significant mediating variable for marketing strategies and customer experience effects toward brand competitive advantage, especially in the hospitality industry context. Customer engagement, as Manosuthi et al. (2021), forms a critical part of establishing enduring relationships with

consumers, facilitated by favorable views of the marketing approach and brand experience. According to Ghonim et al. (2024), an experience economy strategy offers an emotional experience for customers, allowing for an increase in the company's engagement with its consumers, ultimately achieving a greater level of customer loyalty and competitiveness for the company. Haryanto & Alshoushan (2025) further support this when they state that memorable experiences contribute to emotional engagement, leading to stronger loyalty and repeat purchase decisions.

Conversely, the indirect impact of digital marketing strategies on competitiveness through customer engagement as a mediator has also been explored. Leung et al. (2024) also mention that digital strategies help hotels engage with customers in a more intensive two-way communication way with personalized content, which creates higher engagement. According to a study conducted by Japutra et al. (2025), active digital interactions create a meaningful and immersive experience with the brand that enriches the emotional bond. According to Naparin (2025), the key link between digital marketing effectiveness and brand competitive success is customer engagement. Taking these findings into

account, the following hypotheses are proposed:

H₆: Customer engagement mediates the effect of the experience economy strategy on hotel competitiveness.

H₇: Customer engagement mediates the effect of digital marketing strategy on hotel competitiveness.

Considering the literature reviewed, the conceptual framework of this research is proposed, organizing the variables being analyzed in a systematic and comprehensive way. This theoretical framework shows how important theories and previous studies connect to explain how experience economy strategy and digital marketing strategy lead to customer engagement, which helps hotels compete better. Moreover, customer engagement mediates the customer-oriented strategies adopted by retail firms to improve their competitiveness, which is also added to the framework. This approach allows the study to both test the direct linkages between variables and to explore the potential mediators that may further strengthen or clarify the pathways of influence. A model is a framework that gives a theory for underlying hypothesis tests as well as guidance in tables of data analysis. Figure 1 below presents the conceptual framework.

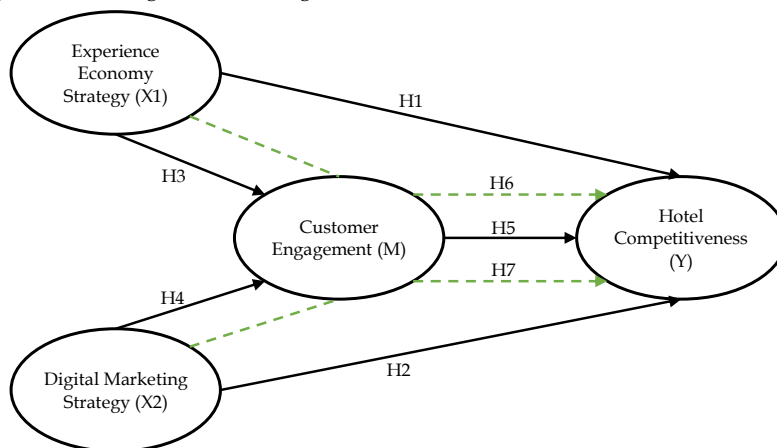


Figure 1
Conceptual Framework

RESEARCH METHOD

This study aims to quantitatively explore the effect of the experience economy along with the digital marketing strategies on hotel competitiveness through customer engagement by employing SEM-PLS. The research locus is 3- to 5-star tourism hotels in West Java. This approach aligns with the studies by Hair et al. (2021) and Sarstedt et al. (2022), which recommend using SEM-PLS to analyze complicated cause-and-effect relationships between hidden factors in marketing and consumer behavior.

By adopting guests who have stayed at 3- to 5-star hotels in West Java in the past year as the unit of analysis for this study, respondents were selected who (1) made at least one stay (business or leisure) in either a hotel or resort and (2) encountered the hotel's digital marketing strategies over various platforms (social media, websites, personalized e-mails). We chose this unit of analysis because hotel guests play a central role in evaluating the firsthand perspective of service strategy and marketing (Grewal & Roggeveen, 2020).

The unit of observation is a 3- to 5-star hotel in West Java that actively applies the principles of the experience economy and digital marketing. The standards for selection were (1) implementing unique concepts such as themed rooms or immersive local culture programs dedicated entirely to guests (Pine & Gilmore (1998) and (2) using digital marketing platforms dynamically, such as Instagram, TikTok, booking, and mobile apps (Chaffey & Smith (2022)). Focusing on the units of observation when designing the research objects is also critical for empirically representing the studied phenomenon.

The study population consists of 320 three- to five-star hotels located in the West

Java region, based on the West Java Tourism Office (2023). Estimating that each hotel hosts an average of 15 guests per month, there will be an estimated annual population of 57,600 hotel guests. Due to a relatively large population, this study utilizes Slovin's formula with a 5% margin of error to find a sample size; the sample size acquired is representative of 400 respondents (Sugiyono, 2021).

A multistage sampling approach is employed in this study. The first stage involves the purposive selection of 40 hotels across major cities in West Java (e.g., Bandung, Bogor, and Garut), ensuring geographical diversity and representation of key tourism hubs. In the second stage, online questionnaires are distributed to 10 guests per selected hotel, sampled from the hotels' loyalty program databases using a convenience sampling technique. This two-phase design not only enhances logistical feasibility but also ensures adequate representation across all hotel segments (Hair & Brunsveld, 2019).

This study uses the SEM-PLS method for a few reasons: (1) it can handle complex models with hidden factors, (2) it works well with data that isn't normally distributed, and (3) it's suitable for different sample sizes (Hair et al., 2021). The research variables comprise experience economy (type and personalization of themed room), digital marketing (social media participation rate and chatbot responsiveness), customer engagement (user-generated content and repeat booking intention), and hotel competitiveness (occupancy rate and ADR) (Crick et al., 2020; Arizal et al., 2024). The distribution of respondents can be seen in Table 2 below:

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Table 2
Distribution of Respondents

Category	Sub-category	Frequency (n)	Percentage (%)
Hotel Classification	3-star	160	40
	4-star	120	30
	5-star	120	30
City/Destination	Bandung	150	37.5
	Bogor	130	32.5
	Garut	120	30
Sampling Technique Used	Purposive Sampling (Hotel)	40 hotels	-
	Convenience Sampling (Guest)	10 guests/hotel	-
Total Number of Respondents -		400	100

Source: Research Data

Data collection is done through an online questionnaire using a 5-point Likert scale as well as secondary data from digital marketing metrics and hotel performance reports. The data will be examined by checking if the measures are related ($AVE > 0.5$), if they are reliable (composite reliability > 0.7), and by looking at mediation effects using 500 smaller samples (Hair et al., 2021). The generalizability of this study is limited and refers only to 3- to 5-star hotels in West Java and potential recall bias from respondents (Podsakoff et al., 2024).

RESULTS AND DISCUSSION
Descriptive Analysis

This study's respondents' characteristics, demographics, and other pertinent features—including, for instance, gender, age, educational level, and hotel guest frequency—were developed. It is important to explain what kind of sample was used to describe respondents in order to provide a comprehensive presentation of respondents' profiles, as well as things that can affect the results and interpretation of the data obtained. This ability also helps identify the type of respondent, providing insights into consumer preferences and behaviors related to experiences in West Java. Table 3 below shows the results of the analysis of the respondents' characteristics.

Table 3
Demographic Characteristics of Respondents

Characteristic	Category	Frequency	Percentage (%)
Gender	Male	220	55
	Female	180	45
Age	18-24 years	120	30
	25-34 years	150	37.5
	35-44 years	80	20
	45 years and above	50	12.5
Education Level	High School/Vocational	40	10
	Bachelor's Degree	280	70
	Postgraduate Degree	80	20
Stay Frequency	1-3 times per year	160	40
	4-6 times per year	120	30
	More than 6 times	120	30

Source: Research Data

The sample is 400 respondents, with a slightly better quota for males (55%) than females (45%). A large majority (37.5%) of the respondents lie within the age group of 25–34 years, and 30 percent are 18–24 years, reflecting a young user base. On the educational front, 70 percent hold a bachelor’s degree and 20 percent have postgraduate qualifications, representing a highly educated sample. As for frequency of stay in hotels, 40% stay 1–3 times per year, while the rest of the respondents are divided between 4–6 times (30%) and more than 6 times a year (30%). These details reflect the balanced representation of frequent and occasional guests, in accordance with the study’s aim to determine customer engagement in hospitality.

Measurement Model

The measurement model assessment in the SEM-PLS method tries to confirm that the latent constructs are measured by their

specific indicators in a reliable and correct manner. The procedure entails conducting an analysis of convergent validity via Average Variance Extracted (AVE), which should be greater than 0.5 as further discussed in this study Hair et al. (2021) with reference to composite reliability (CR) and Cronbach’s Alpha, for which a minimum value of 0.7 is recommended (Keith, 2019). Furthermore, discriminant validity is tested to ensure that the empirically different constructs lead to distinguishable constructs using the Fornell-Larcker criterion and the Heterotrait-Monotrait Ratio (HTMT), with the recommendation that the HTMT value must remain lower than 0.90 (Rönkkö & Cho, 2022). At this stage, these tests are vital for building a solid, trustworthy measurement base for the structural model later on. The measurement model evaluation results are shown in case management in Figure 2 below.

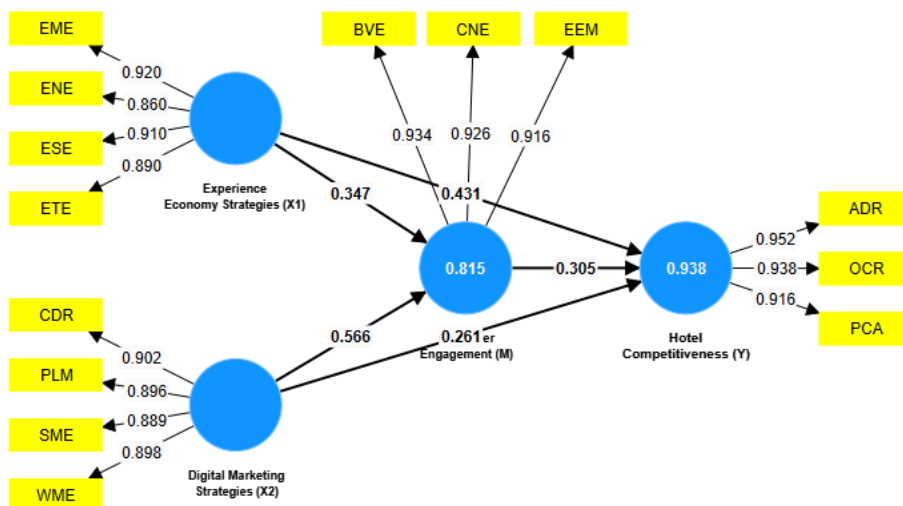


Figure 2
Measurement Model

Source: Data Processing with SmartPLS 4.0, 2025

Convergent Validity

Convergent validity is a part of construct validity that looks at how well different measures that should be related actually are related and how accurately these measures reflect the hidden variable they are meant to assess. We test convergent validity using three criteria: outer loading, Average Variance Extracted (AVE), and Composite

Reliability (CR). Convergent validity is considered adequate when the outer loading is ≥ 0.7 , the AVE is ≥ 0.5 , and the CR is ≥ 0.7 . These imply that the latent variable has explained a high proportion of variance in its indicators (Hair et al., 2021; Keith, 2019). Table 4: The results of the convergent validity validation test.

Table 4
Construct Reliability and Validity

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)
Experience Economy Strategies (X1)	0.917	0.920	0.942
Digital Marketing Strategies (X2)	0.919	0.920	0.942
Customer Engagement (M)	0.916	0.916	0.947
Hotel Competitiveness (Y)	0.928	0.929	0.955

Source: Data Processing with SmartPLS 4.0, 2025

Figure 2 and Table 4 show that all the ideas in this study meet the required standards for validity and reliability when using the SEM-PLS method. The outer loading values of all indicators for each idea are above 0.70, meaning they strongly represent their related underlying concept. All of the indicators' outer loading values for each concept are greater than 0.70, which means they accurately reflect the associated latent construct. The outer loading values of all indicators for each construct, which are greater than 0.70, suggest they represent their respective latent construct considerably. Cronbach's Alpha and Composite Reliability for the four constructs—experience economy strategies (X1), digital marketing strategies (X2), customer engagement (M), and hotel competitiveness (Y)—are all above 0.90, indicating that the data is very consistent (Hair et al., 2021). In addition, the Composite Reliability (rho_c) values also present excellent results that confirm the reliability of the constructs of this model. Thus, this measurement model can be considered valid

and reliable for the analysis of the following structural model.

Discriminant Validity

Discriminant validity: As one of the important assessments of a measurement model, this part is used to determine whether each construct was distinct in the model or whether it measured different constructs. Discriminant validity in SEM-PLS defines the degree to which a construct can be distinctly differentiated from other observed constructs (Hair et al., 2021). Discriminant validity is usually checked using the Fornell-Larcker criterion, which says that the square root of the Average Variance Extracted (AVE) for one construct should be higher than its correlations with other constructs. The outcome of this test indicates that the AVE value of each construct in the study is greater than its correlations with the other constructs; thus, it is concluded that discriminant validity has been established. Table 5 below shows the results of the discriminant validity test.

Table 5
Discriminant Validity

	Customer Engagement (M)	Digital Marketing Strategies (X2)	Experience Economy Strategies (X1)	Hotel Competitiveness (Y)
Customer Engagement (M)	0.925			
Digital Marketing Strategies (X2)	0.897	0.896		
Experience Economy Strategies (X1)	0.887	0.954	0.895	
Hotel Competitiveness (Y)	0.922	0.946	0.951	0.935

Source: Data Processing with SmartPLS 4.0, 2025

Table 5 shows that the test for discriminant validity indicates the square root of AVE for each construct, listed along the diagonal, is greater than the correlation between the constructs in the other diagonal. For instance, the AVE of the Customer Engagement construct is 0.925, which is higher than its correlation with Digital Marketing Strategies (0.897), Experience Economy strategies (0.887), and Hotel Competitiveness (0.922). For example, the AVE of the Customer Engagement construct is 0.925, which is higher than its correlation with Digital Marketing Strategies (0.897), Experience Economy strategies (0.887), and Hotel Competitiveness (0.922). For instance, the AVE of the Customer Engagement construct is 0.925, which was higher than its correlation coefficients with Digital Marketing Strategies (0.897), strategies of Experience Economy (0.887), and Hotel Competitiveness (0.922). The other five constructs, like hotel competitiveness, also show a similar pattern, with an AVE of 0.935, higher than its correlation with any other constructs. These results suggest that it is possible to empirically separate each of the constructs in the proposed model from one another, fulfilling the Fornell-Larcker criterion for discriminant validity.

Structural Model

Once the measurement model is adequate in terms of its validity and reliability, we proceed to test the structural model to

investigate the relationships between the latent constructs in the study. The SEM-PLS (Structural Equation Modelling – Partial Least Squares) testing looks at different factors, such as how well the model matches the data (R^2), the strength of the relationships (path coefficients), and key statistics (t-statistics, p-values, effect size (f^2), and predictive relevance (Q^2)). It is based on the model's variables' predictive power and significance. SEM-PLS is often chosen in management and business research because it can work well with complicated models whose data does not follow a normal distribution and when there are small sample sizes compared to the number of model parameters (Hair et al., 2021; Rönkkö & Cho, 2022).

Coefficient of Determination (R^2)

The goodness of fit is an essential indicator for assessing the structural model; it indicates the variance of an endogenous variable explained by the exogenous variables of the model (R^2). R^2 values go from 0 to 1, with larger being better for prediction. The interpretation of R^2 with respect to this study follows the specified guideline by Hair et al. (2021), which stated R^2 values at 0.67 strong, 0.33 moderate, and 0.19 weak. Thus, the R^2 value of an endogenous construct indicates how well the exogenous constructs explain its formation. Table 6 is a summary of the coefficient of determination (R^2) test results.

Table 6
Coefficient of Determination (R²)

	R-square	R-square adjusted
Customer Engagement (M)	0.815	0.814
Hotel Competitiveness (Y)	0.938	0.938

Source: Data Processing with SmartPLS 4.0, 2025

According to Table 6, the Coefficient of Determination (R²) shows that experience economy strategies and digital marketing strategies together account for 81.5% of the changes in customer engagement (R² = 0.815). In comparison, the R² value for hotel competitiveness is 0.938, meaning that 93.8% of the changes in hotel competitiveness can be explained by the combined effects of experience economy strategies, digital marketing strategies, and customer engagement. In contrast, the R² value for the endogenous variable hotel competitiveness is 0.938, indicating that 93.8% of the variance of hotel competitiveness can be explained with the combined effect of experience economy strategies, digital marketing strategies and customer engagement. Such values are considered strong Hair et al. (2021), implying that the structural model in this study displays an impressive level of predictive power concerning the connection between variable elements.

Path Coefficient

Path coefficient analysis is used in structural equation modeling with partial least squares (SEM-PLS) to study how strongly and in what direction hidden variables in the model are related to each other. The values of these path coefficients indicate how much an exogenous variable affects an endogenous variable directly or indirectly through a mediating variable. A high coefficient [higher than one] breakpoint provides strong evidence for a relationship between the constructs. We conduct the significance testing through bootstrapping with a sufficiently large number of subsamples, say 500 or above, to ensure stability of the estimates. If the value is above 1.96 (significance level 0.05), then we say that the relationship between variables is statistically significant (Hair et al., 2021). Table 7 provides the full path coefficient results.

Table 7
Path Coefficient

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Experience Economy Strategies (X1) -> Hotel Competitiveness (Y)	0.431	0.418	0.081	5.309	0.000
Digital Marketing Strategies (X2) -> Hotel Competitiveness (Y)	0.261	0.274	0.082	3.185	0.001
Experience Economy Strategies (X1) -> Customer Engagement (M)	0.347	0.332	0.105	3.305	0.001
Digital Marketing Strategies (X2) -> Customer Engagement (M)	0.566	0.581	0.099	5.703	0.000
Customer Engagement (M) -> Hotel Competitiveness (Y)	0.305	0.306	0.048	6.398	0.000

Source: Data Processing with SmartPLS 4.0, 2025

For the structural model, all relationships between variables are statistically significant with p-values less than 0.05, as shown in the path coefficient

results in Table 7. X1: Experience economy strategies (X1): The first independent variable has a positive and significant effect on hotel competitiveness (Y) with a coefficient value of 0.431 and a t-statistic of 5.309. The second factor affecting hotel competitiveness (Y) is digital marketing strategies (X2), which carries a coefficient of 0.261 (t-statistic = 3.185). Furthermore, the coefficients of 0.347 (t = 3.305) for both X1 and X2 have a positive impact on customer engagement (M), 0.566 (t = 5.703). On the other hand, customer engagement (M) is a top mediator of hotel competitiveness with a coefficient of 0.305 and a t-statistic of 6.398. These findings verify that through the synergistic effect of customer experience and digital strategies, all paths in the model positively contribute to the improvement of hotel competitiveness.

Predictive Relevance (Q2)

The blindfolding method in SEM-PLS gives a score called predictive relevance (Q²)

that checks how well the model predicts its dependent variables (Hair et al., 2021). A Q² value above zero indicates that the model is good at predicting both the main outcome variables and the mediators. A Q² value greater than zero denotes the satisfactory predictive relevance of the model with regard to both the main endogenous variables and the mediators. The study utilizes Q² as an assessment of the predictive relevance of endogenous constructs (customer engagement, hotel competitiveness) with respect to exogenous constructs (experience economy strategies, digital marketing strategies) to accumulate the evidence based on this study. A high Q² value indicates that the model does not only fit but is also capable of correctly predicting, thus enforcing the external validity of the model. In the following table (Table 8), the results of predictive relevance (Q²) are shown.

Table 8
Predictive Relevance (Q2)

	SSO	SSE	Q ² (=1-SSE/SSO)
Experience Economy Strategies (X1)	1600.000	558.593	0.651
Digital Marketing Strategies (X2)	1600.000	553.207	0.654
Customer Engagement (M)	1200.000	399.743	0.667
Hotel Competitiveness (Y)	1200.000	359.578	0.700

Source: Data Processing with SmartPLS 4.0, 2025

The blindfolding method (shown in Table 8) shows that all the constructs have Q² values over 0.6, which means they are considered to have excellent predictive relevance (Hair et al., 2021). Specifically, the Q² values are Experience Economy Strategies (X1) = 0.651, Digital Marketing Strategies (X2) = 0.654, Customer Engagement (M) = 0.667, and Hotel Competitiveness (Y) = 0.700. In particular, the Q² value of Experience Economy Strategies (X1) = 0.651, Digital Marketing Strategies (X2) = 0.654, Customer Engagement (M) = 0.667, and Hotel Competitiveness (Y) = 0.700. These values further support that the model has a high predictive ability on both endogenous

variables and mediators. As a result, this model does outline interrelations among variables and has a robust ability to reliably forecast respondent conduct.

Testing Mediation Effects

The SEM-PLS method, which checks for mediation effects, looks at how the mediation variable helps connect the independent variable to the dependent variable. We execute the SEM-PLS procedure by examining the total effects and specific indirect effects (Hair et al., 2021). The first analysis is done via total effects, where we explore the impact of the independent

variable on the dependent variable, both directly and indirectly through the mediator. The second level of testing is done through assessing the particular indirect effects or indirect effect of the exogenous variable on the endogenous variable via the mediator. When the specific indirect pathways are significant and the associated direct path

becomes insignificant, we conclude full mediation. If either is significant but not the other, it indicates partial mediation (Hayes & Rockwood, 2020). Such an outcome enriches the mediation mechanism of the causal pathway between variables in the research model. Tables 9 and 10 below show the results of the mediation effects test.

Table 9
Total Effects

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Experience Economy Strategies (X1) -> Hotel Competitiveness (Y)	0.537	0.520	0.101	5.343	0.000
Digital Marketing Strategies (X2) -> Hotel Competitiveness (Y)	0.434	0.450	0.098	4.421	0.000
Experience Economy Strategies (X1) -> Customer Engagement (M)	0.347	0.332	0.105	3.305	0.001
Digital Marketing Strategies (X2) -> Customer Engagement (M)	0.566	0.581	0.099	5.703	0.000
Customer Engagement (M) -> Hotel Competitiveness (Y)	0.305	0.306	0.048	6.398	0.000

Source: Data Processing with SmartPLS 4.0, 2025

In Total Effects Table 9, we see that the relationship between variables is significant at a 95% confidence level ($p < 0.05$). This means that the total effects of the Experience Economy Strategy (X1) on Hotel Competitiveness (Y) of 0.537 ($t = 5.343$; $p = 0.000$) and the Digital Marketing Strategy (X2) on Hotel Competitiveness (Y) of 0.434 ($t = 4.421$; $p = 0.000$) are significant. Moreover, Customer Engagement (M) has a meaningful impact on Hotel Competitiveness (Y) ($B = 0.460$; $t = 4.373$; $p = 0.000$), and both X1 and

X2 also had a substantial effect on Customer Engagement (M) ($B = 0.347$; $t = 3.305$; $p = 0.001$ and $B = 0.566$; $t = 5.703$; $p = 0.000$, respectively). Moreover, the customer engagement (M) variable also has a significant influence on hotel competitiveness (Y) equal to 0.305 ($t = 6.398$; $p = 0.000$). This means that customer engagement might play a role in how strategies X1 and X2 affect hotel competitiveness (Y), and this will be confirmed by testing certain indirect effects.

Table 10
Specific Indirect Effects

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Experience Economy Strategies (X1) -> Customer Engagement (M) -> Hotel Competitiveness (Y)	0.106	0.102	0.038	2.769	0.006
Digital Marketing Strategies (X2) -> Customer Engagement (M) -> Hotel Competitiveness (Y)	0.173	0.177	0.038	4.546	0.000

Source: Data Processing with SmartPLS 4.0, 2025

This conclusion is supported by the Specific Indirect Effects results in Table 10, which show that Customer Engagement (M) significantly influences how Experience Economy Strategies (X1) affect Hotel Competitiveness (Y) with a coefficient of 0.106 ($t=2.769$; $p=0.006$) and also influences how Digital Marketing Strategies (X2) affect Hotel Competitiveness (Y) with a coefficient of 0.173 ($t=4.546$; $p=0.000$). Since the direct effects from X1 to Y and from X2 to Y are also important (see Table 5: 0.431 and 0.261; $p < 0.05$), we can say that the mediation role of these variables is partial. Since the direct paths from the variables X1 to Y and from the variables X2 to Y are also significant (see Table 5: 0.431 and 0.261; $p < 0.05$), the mediation role that the variables play can be classified as partial mediation.

DISCUSSION

The influence of Experience Economy Strategies on Hotel Competitiveness

The findings of this research reveal that the experience economy variables have a direct and significant effect on the competitiveness of the hotel, especially for the rapidly developing hospitality sector of West Java. In tourism-intensive areas like Bandung, Bogor, and Cirebon, fierce competition means hotels can no longer rely on the basics alone. Tourists increasingly desire to engage more deeply and remember more thoroughly their stays. Experience-centric attributes, including personalized services, theme-based environments, emotional engagement, and unique activities, can amplify the competitive edge of hotels. Direct quote—Pine & Gilmore (1998) state that through entertainment, education, esthetics, and escapism, memorable experiences are created, which strengthen the emotional bond and increase the likelihood of repeat visits.

The efficacy of such strategies is borne out by empirical evidence. According to Alnawas & Hemsley-Brown (2019), experiential value enhances customer satisfaction and loyalty, while Amagir et al. (2020) found that unique and personalized

experiences enhance differentiation and retain customers. As indicated in a study in Indonesia, adventure-based tourism Mgxekwa-Qumba & Kruger (2024) is also increasingly sought after by travelers who wish to feel an emotional connection and be engaged in their travels. Thus, the experience economy strategies respond to shifting consumer expectations and drive loyalty, brand identity, and sustainable hotel performance. So it puts West Java hotels no longer only as a place to stay but as destination builders that offer a lasting experience.

The influence of Digital Marketing Strategies on Hotel Competitiveness

Rapid growth in digital tourism has led to an integrated consumer behavior shift and an increased expectation of service quality, which are both critical success factors in the effective implementation of digital marketing and can be used, especially in West Java's hospitality sector. One of the key approaches to growth online has been attributed to digital marketing, which, when used effectively, allows hotels to provide certain and measurable means to reach wider, more chosen markets Nurtirtawaty et al. (2021). Places such as Bandung, associated with shopping and culinary tourism, serve as fertile ground for these vectors to prosper. Thus, social media, readily available and interactive websites, online reviews, and data-guided publicity campaigns can improve brand recognition and attract local and international tourists (Leung et al., 2024; Kapoor & Kapoor, 2021).

Moreover, digital marketing strategies enable hotels to target communication, accelerate the booking process, and facilitate real-time interactions with guests, leading to improved satisfaction and loyalty (Singh et al., 2024). Research has proven that hotels with strategies including but not limited to the usage of automated booking systems, personalized email marketing, and responsive customer service through digital platforms achieve higher conversion rates and enhanced customer retention (Leung et

al., 2024; Arief et al., 2024). In the context of West Java's dynamic hospitality sector, hotels with detailed strategies can set themselves apart and quickly react to market needs, promoting their long-term viability in a highly competitive marketplace.

The influence of Experience Economy Strategies on Customer Engagement

Principles of the experience economy adopted by popular tourist destinations in West Java, such as Lembang, Pangandaran, and Cirebon, have marked new trends in the hospitality industry that have made customer engagement increasingly creative and interactive. These areas possess unique experiences in the heart of nature, cultures, and historical properties, which makes them perfect for great stays that are to be remembered. [Pine & Gilmore \(1998\)](#) argued that the economic value of service industries is increasingly found in their ability to deliver experiences that are entertaining, educational, escapist, and aesthetic. In this vein, hotels whose guests experience deeply personalized and emotionally bonded experiences tend to have higher levels of customer satisfaction and loyalty (Yan et al., 2024; Agapito & Sigala, 2024).

The experience economy is a key differentiator in the crowded market, as many tourists are shifting from standard experiences to more personalized and memorable interactions during their travels. Prior studies suggest that emotional engagement—an understanding-producing process by which thematic atmospheres, culture, and substitutes are introduced, then adjusted through customized service—can evoke strong behavioral intentions over time, such as motivational chances to revisit and large prevailing word-of-mouth benefits ([Kumar et al., 2024](#)). Dare I say that for hotels in West Java that want to build competitiveness and a strong relationship with guests, incorporating experiential components in their service design is not only strategic but also a necessity.

The influence of Digital Marketing Strategies on Customer Engagement

The need for effective digital marketing strategies as catalysts for customer engagement in the hospitality industry is gaining traction, especially in dynamic areas such as West Java. With rapidly evolving internet usage and the rise of social media changing the behavior of today's tourists, hotels that rely on alluring digital content, interactive web pages, and user-friendly booking engines would be able to forge an emotional relationship and facilitate real-time interaction with their customers. According to various studies, the use of digital marketing tools like social media campaigns, influencers, personalized email marketing, etc. improves customer involvement and recall value of a brand considerably (Leung et al., 2024; Fahimah & Ningsih, 2022). As in the case of some well-known tourism cities, such as Bandung, Bogor, and Garut, digital engagement assists hotels in connecting with potential consumers in domestic and international markets and facilitating repeat visits through regular and interactive interaction (Felix & Rembulan, 2023).

Moreover, the capacity for digital marketing to create emotional connections is a key factor in building loyalty in a competitive accommodation market. Real-time digital interaction is experienced at the individual level and has also been highlighted to foster customer experience by allowing immediate service, feedback, and personalization (Umami & Darma, 2021). Even so, the body of literature investigating the impact of RIS on consumer experience remains relatively limited. Digital platforms can help hotels investigate data analytics to analyze customer preferences and adapt their strategies to maintain relevance in the marketplace (Leung et al., 2024). Thus, in the face of increasingly fierce competition, the implementation of digital marketing as a core strategy to establish strong, interactive, and emotional characters with potential customers is beneficial and a

must for the sustainability and competitiveness of hotels in West Java.

The influence of Customer Engagement on Hotel Competitiveness

This surging customer participation level has become one of the factors of hotel competitiveness, where West Java, with its tourist-supporting cities of Bandung and Bogor, has the highest and continuous customer traffic. Customer engagement—measured through engagement in the loyalty program, online reviews, repeat bookings, and social media engagement—drastically influences the image of a hotel brand and the value that consumers attribute to it (Khalifa et al., 2022; Almeida & Campos, 2022). Therefore, we brand go-getters, also known as 'promoters,' as enthusiastic customers who actively contribute to organic growth by introducing a hotel to the digital space. Khoi & Le (2022), their feedback also provides valuable insights to support service customization and is used to increase guest satisfaction.

In competitive hospitality markets, hotels that achieve sustainable high levels of customer engagement are more nimble at acting on market demand and are better suited to build customer stickiness. According to Hong et al. (2023), strong engagement leads to loyalty and contributes to the relatively high switching cost, which ensures that competitors cannot lure customers away at will. In addition, engaged customers frequently script value with service providers, which positively adds to innovations in guest experience and service excellence. Such behavior leads to increased guest retention and establishes an enduring competitive advantage through personalized, emotionally evocative, and memorable service engagements. Thus, nurturing and managing customer engagement is imperative, not a choice, for hotel competitiveness.

The influence of Experience Economy Strategies on Hotel Competitiveness through Customer Engagement

The result of this study can be explained by the fact that an experience economy strategy has great potential to improve hotel competitiveness in West Java through the mediation of customer engagement. This strategy allows hotels to present an emotional connection, rewarding guests with more than a place to stay—personalized glimpses into the local culture, surrounding aesthetic environments, and engaging and entertaining interaction between a hotel and guests. Pine & Gilmore (1998) argue that experiences are the protagonists of value in today's service economy (a metaphorical value proposition); for consumers, emotional resonance and memory-based engagement are central. In tourism destinations that have plenty of natural and cultural heritage, like those in West Java, the integration of meaningful experience itself becomes a strategy to win guest loyalty and keep them coming back again.

Hence, customer engagement is a major connecting link between memorable experiences and sustainable competitive advantage. Happy customers also tend to be more proactive in communicating positive word of mouth, engaging in co-creating service, and providing feedback for continuous service improvement (Manosuthi et al., 2021). Within the digital realm, it means publishing and rewarding online reviews and recommendations that naturally enhance a hotel's visibility and reputation. In fact, high levels of engagement promote a sense of emotional connection, which has been shown to impact customer retention and brand loyalty (Ghonim et al., 2024). As customers engage with the brand, elevating the guest experience reinforces emotional ties and places customer engagement as a strategic bridge towards converting experiences into measurable competitive advantages.

The influence of Digital Marketing Strategies on Hotel Competitiveness through Customer Engagement

In West Java, hotels should be able to transform through improving customer

engagement as digital marketing becomes more personalized and controlled for each customer, increasing competition. Travelers, both local and global, extensively utilize the swift growth of social media and digital platforms, which present unique channels for direct engagement and experience customization. The hotels that holistically integrate interactive content, data-driven digital promotions, and responsive communication across digital channels are perceived to build more significant emotional connections with guests (Haryanto & Alshoushan, 2025; Leung et al., 2024). These digital, front-of-the-line touchpoints ultimately add value to the holistic service as well as enable the timely touchpoint engagement and relevant feedback loop that can shape guest satisfaction and loyalty.

This active participation acts like brand advocacy, promoting it organically. Customers who are emotionally connected with and feel valued by a company are more likely to become brand ambassadors by disseminating positive experiences through online reviews, social media mentions, and recommendations to peers, which is a vital type of earned media for hospitality businesses (Japutra et al., 2025). Such interactions are intangible strategic assets that reinforce the hotel's brand equity and competitive positioning in a room market in a crowded province like West Java. With an emphasis on two-way communication and relationship building, digital marketing strategies are associated with higher conversion rates and continued customer loyalty to the brand (Naparín, 2025). So, digital engagement—when done well—becomes not just a marketing tool but also a critical lever for developing sustainable competitive advantages.

MANAGERIAL IMPLICATION

The results of this study provide practical managerial implications that can be directly applied by hotel managers to enhance competitiveness through experience-based and digital marketing

strategies. First, hotels need to design services that go beyond functional value by offering emotional and memorable experiences. This can be achieved through personalized services, uniquely themed rooms, and activities that highlight local culture. Immersive and emotionally engaging experiences have been proven to increase customer loyalty and encourage repeat visits.

Second, digital marketing should be utilized not only as a promotional tool but as a means to build long-term relationships. Hotels are encouraged to optimize social media, instant messaging platforms, and email marketing to establish intensive, personalized two-way communication with guests. Quick responses, tailored content, and real-time recommendations significantly enhance customer engagement and trust.

Third, the strategic use of customer data is essential in delivering relevant services and promotions. CRM (Customer Relationship Management) systems enable hotels to understand guest preferences and create targeted marketing campaigns, such as special offers based on past visits or personalized birthday greetings.

Fourth, loyalty programs should be designed to encourage emotional and social engagement, not just transactional frequency. Rewarding guests who actively provide reviews, share their experiences on social media, or participate in hotel-hosted activities can strengthen customer relationships and organically increase brand exposure.

Fifth, hotel management should establish cross-functional teams that integrate marketing, guest services, and operations departments, unified under a common goal of delivering superior guest experiences. Training frontline staff to understand and respond to guests' emotional needs is also a key factor in creating high-value service.

Lastly, digital content and promotional offers should be localized by incorporating local wisdom, seasonal themes, or regional tourism trends. This not only enhances

relevance but also deepens the emotional connection between guests and the hotel as well as the destination. By implementing these measures, hotels can build sustainable competitive advantages through a strategic combination of digital innovation and experience value creation.

CONCLUSION AND SUGGESTION

Conclusion

This research empirically examines the role of customer engagement in mediating the influence of experience economy strategies and digital marketing strategies on increasing hotel competitiveness in West Java. This study bridges insights from tourism and hospitality management with concepts from organizational relationship marketing (ORM) to identify effective ways of improving competitive advantage in the regional hotel industry.

The results indicate that hotels in West Java applying experience economy principles—such as personalized services, thematic environments, and emotional involvement—are more likely to achieve competitive differentiation. In a saturated market, these hotels meet the demand of tourists seeking memorable and authentic experiences, positioning themselves as market leaders. Emotional bonding is key in creating such experiences, which significantly impact customer retention and brand advocacy.

Digital marketing strategies, particularly those involving social media, instant messaging, and personalized content, play a crucial role in enhancing customer engagement. While digital marketing may not directly affect competitiveness, it reinforces guest interaction, enabling hotels to build long-term relationships. Personalized campaigns and two-way communication also improve brand trust, online visibility, and brand perception.

Customer engagement is proven to be a significant mediating variable. Emotionally rich and interactive stays dramatically increase the likelihood of loyalty, positive reviews, and word-of-mouth

recommendations. Engagement, therefore, is not only an outcome but a vital tool for strengthening a hotel's competitive positioning in a dynamic market.

Suggestion

Based on these findings, hotel management in West Java should prioritize the design of experience-based services that reflect the region's unique culture and natural heritage. Rather than focusing solely on visibility and promotion, marketing strategies should aim to create interactive, personalized, and emotionally resonant guest experiences.

Future hotel strategies must focus on two key areas: (1) creating lasting guest experiences that build emotional connections, and (2) leveraging digital platforms to amplify and sustain those connections. The combination of immersive experience and digital engagement will be essential for hotels to remain competitive and achieve long-term success in the ever-evolving tourism landscape.

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ENHANCING HOTEL COMPETITIVENESS THROUGH EXPERIENCE ECONOMY AND DIGITAL MARKETING STRATEGIES: THE MEDIATING EFFECT OF CUSTOMER ENGAGEMENT

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ABSTRAK

Konsumen kini menginginkan pengalaman menginap yang berkesan, bukan sekadar layanan standar, sehingga memicu persaingan ketat di industri perhotelan Jawa Barat. Meskipun berbagai strategi telah diterapkan, masih terdapat kesenjangan literatur mengenai peran customer engagement sebagai variabel mediasi antara strategi dan daya saing hotel. Penelitian ini bertujuan menganalisis pengaruh strategi experience economy dan pemasaran digital terhadap daya saing hotel, baik secara langsung maupun melalui customer engagement. Populasi mencakup 320 hotel bintang tiga hingga lima di Jawa Barat, dengan estimasi total tamu tahunan 57.600 orang. Sebanyak 400 responden dipilih menggunakan rumus Slovin (margin of error 5%) dan teknik multistage sampling. Data dianalisis menggunakan metode SEM-PLS. Hasil penelitian menunjukkan bahwa kedua strategi tersebut secara signifikan meningkatkan daya saing hotel, baik secara langsung maupun tidak langsung melalui peran mediasi parsial customer engagement. Temuan ini menegaskan pentingnya pendekatan berbasis pengalaman dan digital dalam membangun keterlibatan pelanggan dan menciptakan keunggulan bersaing. Studi ini memberikan kontribusi teoritis bagi literatur manajemen perhotelan dan implikasi praktis bagi manajer hotel di Jawa Barat untuk memperkuat posisi kompetitif mereka melalui strategi yang berfokus pada pengalaman pelanggan dan transformasi digital.

Kata kunci: Experience Economy, Pemasaran Digital, Keterlibatan Pelanggan, Daya Saing Hotel

ABSTRACT

Consumers are increasingly seeking memorable experiences, not just standard hotel services, driving intense competition in West Java's hospitality industry. Although several strategies have been implemented, a literature gap remains regarding the role of customer engagement as a mediating variable between strategy and hotel competitiveness. This study aims to analyze the influence of experience economy and digital marketing strategies on hotel competitiveness, both directly and through customer engagement. The research covers 320 three- to five-star hotels in West Java, with an estimated annual guest population of 57,600. A total of 400 respondents were selected using Slovin's formula with a 5% margin of error and multistage sampling. Data were analyzed using the SEM-PLS method. The results indicate that both strategies significantly enhance hotel competitiveness directly and indirectly through the partial mediating role of customer engagement. These findings emphasize the importance of experiential and digital approaches in strengthening customer emotional connection and gaining a competitive edge. This study contributes to the theoretical development of hospitality management and offers practical insights for hotel managers in West Java to boost their competitiveness by implementing experience-driven and digitally oriented strategies tailored to customer expectations.

Key words: Experience Economy, Digital Marketing, Customer Engagement, Hotel Competitiveness

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INTRODUCTION

The sector of tourism is one of the contributors to local and national economic growth; therefore, the hospitality industry in Indonesia, both locally and nationally, should be a large factor of the economy, especially in major tourist destinations like West Java. In the context of the growing dynamism of competitive forces in the hospitality industry, hotels are expected to offer quality service that comes with added value, distinguishing themselves from rivals. In this context, one approach is growing in importance—the application of the experience economy (a marketing strategy that takes the customer experience to another level, creating memories and feelings). Pine & Gilmore (1998) introduced this concept, explaining that consumers no longer buy products or services but experiences instead.

West Java, as one of the provinces with the most tourism contributions and visits in Indonesia, presents various attractive tourism sectors, either in nature, culture, or culinary. Tourists in Bandung, Bogor, Cirebon, and Pangandaran are the most popular tourist targets, whether they are

domestic or foreign tourists. The hospitality industry in West Java has grown in response to this unprecedentedly large number of tourist visits. Based on Statistics Indonesia (BPS) data, the number of star-rated hotels has increased dramatically in the province over the past five years, with the most significant increase in 3-star, 4-star, and 5-star hotels. This phenomenon is clearly demonstrated in Table 1, where there is an increase in the number of star-rated hotels from 269 in 2019 to 315 in 2023, with a marked increase from 3-star to 5-star rated hotels. Nevertheless, the average room occupancy rate (OR) is still held below the optimal limit, at the 41-55% range, illustrating that hotel competitiveness in the region awaits improvement, especially from the viewpoint of marketing and customer experience. This concern is similarly apparent in the OR data in Table 1, which demonstrates a dramatic drop in 2020 due to the pandemic and an incomplete rebound by 2023. The scenario further compels the need for innovative marketing approaches focusing on experience creation and the use of digital technology.

Table 1
Development of Star-Rated Hotels and Room Occupancy Rates (TPK) in West Java (2019–2023)

Year	1-Star	2-Star	3-Star	4-Star	5-Star	Total Hotels	Average Room Occupancy Rate (%)
2019	47	61	110	38	13	269	55.3
2020	48	62	113	41	13	277	30.2
2021	49	64	118	44	14	289	41.7
2022	50	66	125	47	15	303	49.8
2023	52	68	130	49	16	315	53.4

Source: Statistics Indonesia (BPS) West Java Province, West Java Hotel Statistics 2023

Digitalization has emerged as one of the determinant factors transforming the face of hotel marketing with the advent of technology and the development of social media platforms. Digital marketing methods—via social media, online reservation sites, visual content, and digital customer reviews—have already become vital channels to establish communication with prospects and improve hotel brand

visibility. Digital marketing has been shown to be an efficient way to build market reach and enhance customers' loyalty (Chaffey & Smith, 2022; Solomon et al., 2020). But when the experience promised by a hotel doesn't match what the guest expected from interacting with digital media, then that gap between promotion and the reality of what a guest actually experiences can turn around and bite hoteliers.

Customer engagement in this context acts as an important mediating variable that links implemented marketing strategies and customers' perceptions of hotel competitiveness. Customer engagement is not just the reflection of customers' interest in hotel services but also shows their level of loyalty, advocacy, and active participation in shaping the overall brand image. For example, Hollebeek & Macky (2019) and Jayasingh (2019) highlight the significant impact of customer engagement as a mediator in improving performance for service-oriented firms. However, there are no strong studies that look at the real-world situations in emerging tourist spots with millions of hotel rooms, like those in Indonesia, to connect these ideas in a complete way between the experience economy, digital marketing, customer engagement, and hotel competitiveness.

Most existing research has looked at either how well digital marketing works Leung et al. (2024); Pop et al. (2022) or how experiential strategies Summers et al. (2019) work on their own, without exploring how these experiential strategies can work together with digital marketing strategies to enhance customer engagement. For instance, emphasized the role of social media in forming customer perception of hotels, and Pine & Gilmore (1998) and Alnawas & Hemsley-Brown (2019) highlighted the significance of experiences as a value differentiator in hospitality services. Additionally, the literature regarding the combination of strategies for innovation in hotel management remains scant, with few studies identifying hotel competitiveness as the affected variable (Hoang et al., 2024; Sigala, 2019). Consequently, this paper reveals a theoretical and practically relevant niche that must be filled to comprehend the new drivers of modern-day marketing in a fast-changing hospitality industry, especially in tourism markets that are increasingly geomorphic and oriented towards experiences.

Therefore, this study seeks to examine the effect of the experience economy and digital marketing strategies on hotel competitiveness with customer engagement as a mediating variable. The findings of this study have not only enriched the existing literature of service marketing and tourism but also have practical implications for hospitality industry practitioners in developing more holistic, affective, and digital marketing strategies. This study has scientific merit because (1) it provides a comprehensive conceptual model integrating experiential and digital marketing dimensions and (2) it contributes to the body of knowledge about customer engagement as a mediating role in the effectiveness of marketing strategies for enhancing hotel competitiveness.

LITERATURE REVIEW

Experience Economy Strategy and Hotel Competitiveness

A more relevant strategy in the current era of tourism has been the experience economy strategy. Pine & Gilmore (1998) have explained that firms that are able to create memorable experiences along four dimensions – entertainment, education, esthetics, and escapism – will have an enduring competitive advantage. Especially in an oversaturated and competitive market, unique, immersive experiences are considerable value-adds for guests within the hospitality space. Customer utilization of experience-based services has been found to build loyalty to a hotel and strengthen its brand image (Hwang & Lee, 2019; Alnawas & Hemsley-Brown, 2019).

Previous studies highlight the advantages that hotels that implement aspects of the experience economy into their operation and services experience over those with a more functional focus (Amagir et al., 2020; Mgxekwa-Qumba & Kruger, 2024). In the ever-evolving landscape of the global tourism industry, hotels have shifted their paradigm from accommodation provision to creating lasting experiences that yield

emotional capital for customers. Therefore, we propose the following hypothesis in this study, which is grounded in this review:

H₁: The experience economy strategy has a positive and significant effect on hotel competitiveness.

Digital Marketing Strategy and Hotel Competitiveness

With the rapid development of information technology and the change in consumer behavior, the digital marketing strategy becomes an essential part of enhancing the hotel's competitiveness. Social media, search engines, websites, and e-mail marketing – part of the sphere of digital marketing – give hotel online consumers direct and measurable access to hotels, enabling stronger brand positioning, direct booking growth, and long-term relationships with guests (Nurtirtawaty et al., 2021; Kapoor & Kapoor, 2021; Singh et al., 2024). Optimizing digital platforms, such as responsive websites and online booking systems, increases conversion rates and customer loyalty López-Gamero et al. (2023), and social media offers personal interactions that enrich the customer experience (Arief et al., 2024). Moreover, Sigala (2019) further highlighted how customer data management through digital strategies could not only improve the quality of the decision-making process but also help bolster competitiveness.

Moreover, it has been found in recent studies that digital strategies can be considered as advanced instruments for the production of information within the frame of the company's product life cycle that add a new dimension to the offering of promotion. According to Armillotta et al. (2024), hotels that actively make efforts to adopt digital channels through these platforms tend to experience a better rate of occupancy as well as long-term repeat business. The hospitality industry finds digital marketing as one of the key elements to create sustainable competitive advantage

in the ever-changing world of global rivalry. In this review, the hypothesis is proposed:

H₂: Digital marketing strategy has a positive and significant effect on hotel competitiveness.

Experience Economy Strategy and Customer Engagement

This meant they focused more on retention and offered their users deep and memorable experiences that trained them to retain their emotional engagement and loyalty under the umbrella of the Experience Economy strategy. As Pine & Gilmore (1998) note, consumer experiences can involve things like customized services, a distinct environment, and emotional connections that result in memorable moments. According to Yan et al. (2024), real-world experiences could also be realized to drive customer engagement, in which customers were having closer relationships with brands and being repetitive in their utilization.

This strategy is particularly pertinent in a hospitality context, as hotels that win at creating memorable experiences tend to be more effective at engaging repeat guests and reinforcing long-term ties (Agapito & Sigala, 2024). In addition to providing accommodation facilities, hotels create experiences that add value for customers who view their services. According to research by Kumar et al. (2024) the deeper the experience, the greater the impact on customers attitudes (what they will say, feel, or do, which in turn links back to increased satisfaction or engagement – what is perceived or the actual experience). Additionally, instances of positive customer experiences typically result in good recommendations and brand loyalty, both of which influence the hotel's popularity and ultra-competitiveness. Thus, the following hypothesis is formulated:

H₃: The Experience Economy strategy has a positive and significant effect on customer engagement.

Digital Marketing Strategy and Customer Engagement

Digital marketing strategy consists of utilizing technology and digital platforms to foster better relationships with customers, access new markets, and improve customer interaction and engagement. Digital marketing channels, including social media, search engines, and email marketing, enable companies to engage with consumers more directly than ever before and measure the efficacy of these communications (Fahimah & Ningsih, 2022). Research by Leung et al. (2024) shows that hoteliers who actively employ techniques associated with digital marketing can make proactive use of these touchpoints to establish more personalized and responsive customer relationships, which contributes to increased levels of grassroots engagement. Moreover, according to Felix & Rembulan (2023), digital marketing is characterized by the ability to personalize promotions according to customer preferences, which helps enhance customer engagement and loyalty towards the brand.

Digital marketing strategies can enhance customer relations in the hospitality sector by empowering more intensive two-way communication, assisting in the speed of response to customer needs, and improving brand image. Based on a study by Umami & Darma (2021), hotels using digital platforms, including social media and interactive websites, are able to develop more connected experiences and personalize their services, resulting in greater customer engagement. On this basis, we propose the following hypothesis:

H₄: Digital marketing strategy has a positive and significant effect on customer engagement.

Customer Engagement and Hotel Competitiveness

Customer engagement is a key contributor to hotel competitiveness; greater customer engagement can lead to greater emotional attachment to the hotel and greater customer loyalty. Khalifa et al. (2022)

found that high customer engagement can cause customers to interact more intensely with the brand, leading to perceptions of higher service quality and more satisfying experiences. Iglesias et al. conducted this research. This relationship also suggests that intensive engagement with customers results in stickier customers, hence leading to more loyalty, which in turn can help a hotel bolster its competitive positioning in a market that is increasingly saturated (Almeida & Campos, 2022). Furthermore, Khoi & Le (2022) highlight the significance of constructive consumer interaction as it aids in not only maintaining customer databases but also providing more repeat visits and consumer recommendations to the hotel.

In the context of the hospitality industry, customer engagement can be viewed as enhancing hotel competitiveness through better brand reputation and more memorable customer experiences. According to a study by Hong et al. (2023), hotels that are successfully able to build emotional engagements with customers generally find higher satisfaction levels and are more resistant in a competitive marketplace. Research, such as that from Bouchriha et al. (2024), suggests that customer engagement (an interaction modality of the customer-hotel relationship), in the form of direct customer engagement through social media or loyalty programs, strengthens the customer-hotel relationship, which can be leveraged to improve the competitiveness of the hotel. Based on these results, we postulate the following hypothesis:

H₅: Customer engagement has a positive and significant effect on hotel competitiveness.

Mediating Effect of Customer Engagement

In general, customer engagement is considered a significant mediating variable for marketing strategies and customer experience effects toward brand competitive advantage, especially in the hospitality industry context. Customer engagement, as Manosuthi et al. (2021), forms a critical part of establishing enduring relationships with

consumers, facilitated by favorable views of the marketing approach and brand experience. According to Ghonim et al. (2024), an experience economy strategy offers an emotional experience for customers, allowing for an increase in the company's engagement with its consumers, ultimately achieving a greater level of customer loyalty and competitiveness for the company. Haryanto & Alshoushan (2025) further support this when they state that memorable experiences contribute to emotional engagement, leading to stronger loyalty and repeat purchase decisions.

Conversely, the indirect impact of digital marketing strategies on competitiveness through customer engagement as a mediator has also been explored. Leung et al. (2024) also mention that digital strategies help hotels engage with customers in a more intensive two-way communication way with personalized content, which creates higher engagement. According to a study conducted by Japutra et al. (2025), active digital interactions create a meaningful and immersive experience with the brand that enriches the emotional bond. According to Naparin (2025), the key link between digital marketing effectiveness and brand competitive success is customer engagement. Taking these findings into

account, the following hypotheses are proposed:

H₆: Customer engagement mediates the effect of the experience economy strategy on hotel competitiveness.

H₇: Customer engagement mediates the effect of digital marketing strategy on hotel competitiveness.

Considering the literature reviewed, the conceptual framework of this research is proposed, organizing the variables being analyzed in a systematic and comprehensive way. This theoretical framework shows how important theories and previous studies connect to explain how experience economy strategy and digital marketing strategy lead to customer engagement, which helps hotels compete better. Moreover, customer engagement mediates the customer-oriented strategies adopted by retail firms to improve their competitiveness, which is also added to the framework. This approach allows the study to both test the direct linkages between variables and to explore the potential mediators that may further strengthen or clarify the pathways of influence. A model is a framework that gives a theory for underlying hypothesis tests as well as guidance in tables of data analysis. Figure 1 below presents the conceptual framework.

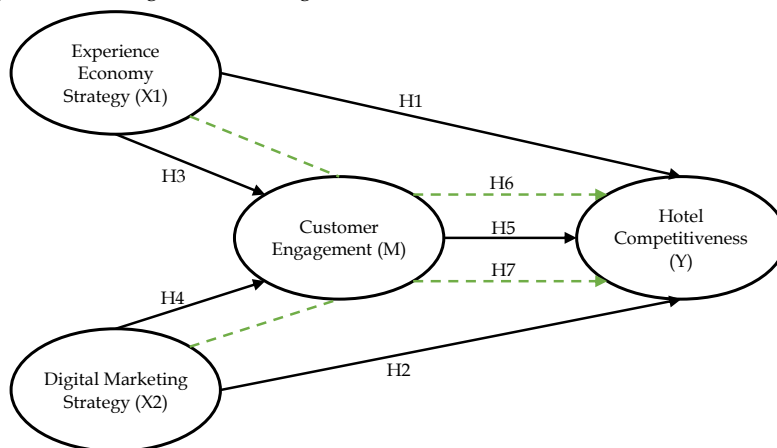


Figure 1
Conceptual Framework

RESEARCH METHOD

This study aims to quantitatively explore the effect of the experience economy along with the digital marketing strategies on hotel competitiveness through customer engagement by employing SEM-PLS. The research locus is 3- to 5-star tourism hotels in West Java. This approach aligns with the studies by Hair et al. (2021) and Sarstedt et al. (2022), which recommend using SEM-PLS to analyze complicated cause-and-effect relationships between hidden factors in marketing and consumer behavior.

By adopting guests who have stayed at 3- to 5-star hotels in West Java in the past year as the unit of analysis for this study, respondents were selected who (1) made at least one stay (business or leisure) in either a hotel or resort and (2) encountered the hotel's digital marketing strategies over various platforms (social media, websites, personalized e-mails). We chose this unit of analysis because hotel guests play a central role in evaluating the firsthand perspective of service strategy and marketing (Grewal & Roggeveen, 2020).

The unit of observation is a 3- to 5-star hotel in West Java that actively applies the principles of the experience economy and digital marketing. The standards for selection were (1) implementing unique concepts such as themed rooms or immersive local culture programs dedicated entirely to guests Pine & Gilmore (1998) and (2) using digital marketing platforms dynamically, such as Instagram, TikTok, booking, and mobile apps Chaffey & Smith (2022). Focusing on the units of observation when designing the research objects is also critical for empirically representing the studied phenomenon.

The study population consists of 320 three- to five-star hotels located in the West

Java region, based on the West Java Tourism Office (2023). Estimating that each hotel hosts an average of 15 guests per month, there will be an estimated annual population of 57,600 hotel guests. Due to a relatively large population, this study utilizes Slovin's formula with a 5% margin of error to find a sample size; the sample size acquired is representative of 400 respondents (Sugiyono, 2021).

A multistage sampling approach is employed in this study. The first stage involves the purposive selection of 40 hotels across major cities in West Java (e.g., Bandung, Bogor, and Garut), ensuring geographical diversity and representation of key tourism hubs. In the second stage, online questionnaires are distributed to 10 guests per selected hotel, sampled from the hotels' loyalty program databases using a convenience sampling technique. This two-phase design not only enhances logistical feasibility but also ensures adequate representation across all hotel segments (Hair & Brunsveld, 2019).

This study uses the SEM-PLS method for a few reasons: (1) it can handle complex models with hidden factors, (2) it works well with data that isn't normally distributed, and (3) it's suitable for different sample sizes (Hair et al., 2021). The research variables comprise experience economy (type and personalization of themed room), digital marketing (social media participation rate and chatbot responsiveness), customer engagement (user-generated content and repeat booking intention), and hotel competitiveness (occupancy rate and ADR) (Crick et al., 2020; Arizal et al., 2024). The distribution of respondents can be seen in Table 2 below:

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Table 2
Distribution of Respondents

Category	Sub-category	Frequency (n)	Percentage (%)
Hotel Classification	3-star	160	40
	4-star	120	30
	5-star	120	30
City/Destination	Bandung	150	37.5
	Bogor	130	32.5
	Garut	120	30
Sampling Technique Used	Purposive Sampling (Hotel)	40 hotels	-
	Convenience Sampling (Guest)	10 guests/hotel	-
Total Number of Respondents -		400	100

Source: Research Data

Data collection is done through an online questionnaire using a 5-point Likert scale as well as secondary data from digital marketing metrics and hotel performance reports. The data will be examined by checking if the measures are related ($AVE > 0.5$), if they are reliable (composite reliability > 0.7), and by looking at mediation effects using 500 smaller samples (Hair et al., 2021). The generalizability of this study is limited and refers only to 3- to 5-star hotels in West Java and potential recall bias from respondents (Podsakoff et al., 2024).

This study's respondents' characteristics, demographics, and other pertinent features—including, for instance, gender, age, educational level, and hotel guest frequency—were developed. It is important to explain what kind of sample was used to describe respondents in order to provide a comprehensive presentation of respondents' profiles, as well as things that can affect the results and interpretation of the data obtained. This ability also helps identify the type of respondent, providing insights into consumer preferences and behaviors related to experiences in West Java. Table 3 below shows the results of the analysis of the respondents' characteristics.

RESULTS AND DISCUSSION
Descriptive Analysis

Table 3
Demographic Characteristics of Respondents

Characteristic	Category	Frequency	Percentage (%)
Gender	Male	220	55
	Female	180	45
Age	18-24 years	120	30
	25-34 years	150	37.5
	35-44 years	80	20
	45 years and above	50	12.5
Education Level	High School/Vocational	40	10
	Bachelor's Degree	280	70
	Postgraduate Degree	80	20
Stay Frequency	1-3 times per year	160	40
	4-6 times per year	120	30
	More than 6 times	120	30

Source: Research Data

The sample is 400 respondents, with a slightly better quota for males (55%) than females (45%). A large majority (37.5%) of the respondents lie within the age group of 25–34 years, and 30 percent are 18–24 years, reflecting a young user base. On the educational front, 70 percent hold a bachelor’s degree and 20 percent have postgraduate qualifications, representing a highly educated sample. As for frequency of stay in hotels, 40% stay 1–3 times per year, while the rest of the respondents are divided between 4–6 times (30%) and more than 6 times a year (30%). These details reflect the balanced representation of frequent and occasional guests, in accordance with the study’s aim to determine customer engagement in hospitality.

Measurement Model

The measurement model assessment in the SEM-PLS method tries to confirm that the latent constructs are measured by their

specific indicators in a reliable and correct manner. The procedure entails conducting an analysis of convergent validity via Average Variance Extracted (AVE), which should be greater than 0.5 as further discussed in this study Hair et al. (2021) with reference to composite reliability (CR) and Cronbach’s Alpha, for which a minimum value of 0.7 is recommended (Keith, 2019). Furthermore, discriminant validity is tested to ensure that the empirically different constructs lead to distinguishable constructs using the Fornell-Larcker criterion and the Heterotrait-Monotrait Ratio (HTMT), with the recommendation that the HTMT value must remain lower than 0.90 (Rönkkö & Cho, 2022). At this stage, these tests are vital for building a solid, trustworthy measurement base for the structural model later on. The measurement model evaluation results are shown in case management in Figure 2 below.

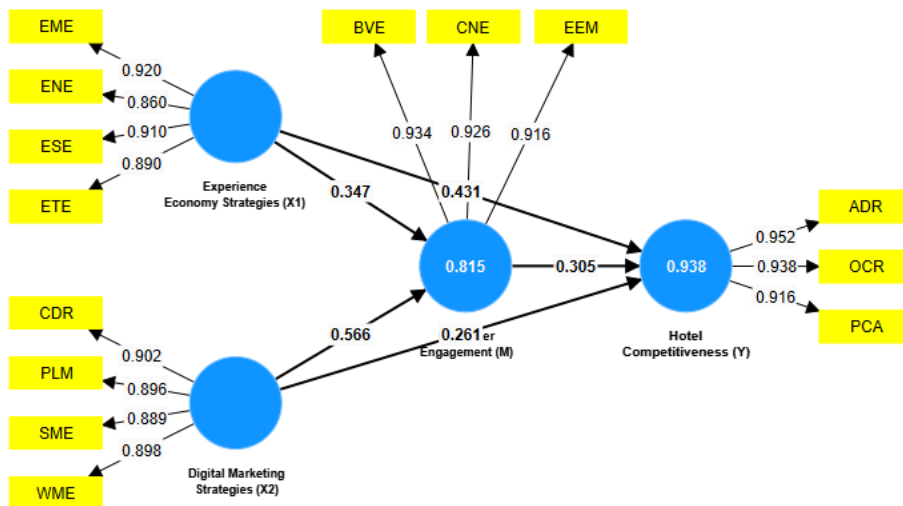


Figure 2
Measurement Model

Source: Data Processing with SmartPLS 4.0, 2025

Convergent Validity

Convergent validity is a part of construct validity that looks at how well different measures that should be related actually are related and how accurately these measures reflect the hidden variable they are meant to assess. We test convergent validity using three criteria: outer loading, Average Variance Extracted (AVE), and Composite

Reliability (CR). Convergent validity is considered adequate when the outer loading is ≥ 0.7 , the AVE is ≥ 0.5 , and the CR is ≥ 0.7 . These imply that the latent variable has explained a high proportion of variance in its indicators (Hair et al., 2021; Keith, 2019). Table 4: The results of the convergent validity validation test.

Table 4
Construct Reliability and Validity

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)
Experience Economy Strategies (X1)	0.917	0.920	0.942
Digital Marketing Strategies (X2)	0.919	0.920	0.942
Customer Engagement (M)	0.916	0.916	0.947
Hotel Competitiveness (Y)	0.928	0.929	0.955

Source: Data Processing with SmartPLS 4.0, 2025

Figure 2 and Table 4 show that all the ideas in this study meet the required standards for validity and reliability when using the SEM-PLS method. The outer loading values of all indicators for each idea are above 0.70, meaning they strongly represent their related underlying concept. All of the indicators' outer loading values for each concept are greater than 0.70, which means they accurately reflect the associated latent construct. The outer loading values of all indicators for each construct, which are greater than 0.70, suggest they represent their respective latent construct considerably. Cronbach's Alpha and Composite Reliability for the four constructs—experience economy strategies (X1), digital marketing strategies (X2), customer engagement (M), and hotel competitiveness (Y)—are all above 0.90, indicating that the data is very consistent (Hair et al., 2021). In addition, the Composite Reliability (rho_c) values also present excellent results that confirm the reliability of the constructs of this model. Thus, this measurement model can be considered valid

and reliable for the analysis of the following structural model.

Discriminant Validity

Discriminant validity: As one of the important assessments of a measurement model, this part is used to determine whether each construct was distinct in the model or whether it measured different constructs. Discriminant validity in SEM-PLS defines the degree to which a construct can be distinctly differentiated from other observed constructs (Hair et al., 2021). Discriminant validity is usually checked using the Fornell-Larcker criterion, which says that the square root of the Average Variance Extracted (AVE) for one construct should be higher than its correlations with other constructs. The outcome of this test indicates that the AVE value of each construct in the study is greater than its correlations with the other constructs; thus, it is concluded that discriminant validity has been established. Table 5 below shows the results of the discriminant validity test.

Table 5
Discriminant Validity

	Customer Engagement (M)	Digital Marketing Strategies (X2)	Experience Economy Strategies (X1)	Hotel Competitiveness (Y)
Customer Engagement (M)	0.925			
Digital Marketing Strategies (X2)	0.897	0.896		
Experience Economy Strategies (X1)	0.887	0.954	0.895	
Hotel Competitiveness (Y)	0.922	0.946	0.951	0.935

Source: Data Processing with SmartPLS 4.0, 2025

Table 5 shows that the test for discriminant validity indicates the square root of AVE for each construct, listed along the diagonal, is greater than the correlation between the constructs in the other diagonal. For instance, the AVE of the Customer Engagement construct is 0.925, which is higher than its correlation with Digital Marketing Strategies (0.897), Experience Economy strategies (0.887), and Hotel Competitiveness (0.922). For example, the AVE of the Customer Engagement construct is 0.925, which is higher than its correlation with Digital Marketing Strategies (0.897), Experience Economy strategies (0.887), and Hotel Competitiveness (0.922). For instance, the AVE of the Customer Engagement construct is 0.925, which was higher than its correlation coefficients with Digital Marketing Strategies (0.897), strategies of Experience Economy (0.887), and Hotel Competitiveness (0.922). The other five constructs, like hotel competitiveness, also show a similar pattern, with an AVE of 0.935, higher than its correlation with any other constructs. These results suggest that it is possible to empirically separate each of the constructs in the proposed model from one another, fulfilling the Fornell-Larcker criterion for discriminant validity.

Structural Model

Once the measurement model is adequate in terms of its validity and reliability, we proceed to test the structural model to

investigate the relationships between the latent constructs in the study. The SEM-PLS (Structural Equation Modelling – Partial Least Squares) testing looks at different factors, such as how well the model matches the data (R^2), the strength of the relationships (path coefficients), and key statistics (t-statistics, p-values, effect size (f^2), and predictive relevance (Q^2)). It is based on the model's variables' predictive power and significance. SEM-PLS is often chosen in management and business research because it can work well with complicated models whose data does not follow a normal distribution and when there are small sample sizes compared to the number of model parameters (Hair et al., 2021; Rönkkö & Cho, 2022).

Coefficient of Determination (R^2)

The goodness of fit is an essential indicator for assessing the structural model; it indicates the variance of an endogenous variable explained by the exogenous variables of the model (R^2). R^2 values go from 0 to 1, with larger being better for prediction. The interpretation of R^2 with respect to this study follows the specified guideline by Hair et al. (2021), which stated R^2 values at 0.67 strong, 0.33 moderate, and 0.19 weak. Thus, the R^2 value of an endogenous construct indicates how well the exogenous constructs explain its formation. Table 6 is a summary of the coefficient of determination (R^2) test results.

Table 6
Coefficient of Determination (R²)

	R-square	R-square adjusted
Customer Engagement (M)	0.815	0.814
Hotel Competitiveness (Y)	0.938	0.938

Source: Data Processing with SmartPLS 4.0, 2025

According to Table 6, the Coefficient of Determination (R²) shows that experience economy strategies and digital marketing strategies together account for 81.5% of the changes in customer engagement (R² = 0.815). In comparison, the R² value for hotel competitiveness is 0.938, meaning that 93.8% of the changes in hotel competitiveness can be explained by the combined effects of experience economy strategies, digital marketing strategies, and customer engagement. In contrast, the R² value for the endogenous variable hotel competitiveness is 0.938, indicating that 93.8% of the variance of hotel competitiveness can be explained with the combined effect of experience economy strategies, digital marketing strategies and customer engagement. Such values are considered strong Hair et al. (2021), implying that the structural model in this study displays an impressive level of predictive power concerning the connection between variable elements.

Path Coefficient

Path coefficient analysis is used in structural equation modeling with partial least squares (SEM-PLS) to study how strongly and in what direction hidden variables in the model are related to each other. The values of these path coefficients indicate how much an exogenous variable affects an endogenous variable directly or indirectly through a mediating variable. A high coefficient [higher than one] breakpoint provides strong evidence for a relationship between the constructs. We conduct the significance testing through bootstrapping with a sufficiently large number of subsamples, say 500 or above, to ensure stability of the estimates. If the value is above 1.96 (significance level 0.05), then we say that the relationship between variables is statistically significant (Hair et al., 2021). Table 7 provides the full path coefficient results.

Table 7
Path Coefficient

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Experience Economy Strategies (X1) -> Hotel Competitiveness (Y)	0.431	0.418	0.081	5.309	0.000
Digital Marketing Strategies (X2) -> Hotel Competitiveness (Y)	0.261	0.274	0.082	3.185	0.001
Experience Economy Strategies (X1) -> Customer Engagement (M)	0.347	0.332	0.105	3.305	0.001
Digital Marketing Strategies (X2) -> Customer Engagement (M)	0.566	0.581	0.099	5.703	0.000
Customer Engagement (M) -> Hotel Competitiveness (Y)	0.305	0.306	0.048	6.398	0.000

Source: Data Processing with SmartPLS 4.0, 2025

For the structural model, all relationships between variables are statistically significant with p-values less than 0.05, as shown in the path coefficient

results in Table 7. X1: Experience economy strategies (X1): The first independent variable has a positive and significant effect on hotel competitiveness (Y) with a coefficient value of 0.431 and a t-statistic of 5.309. The second factor affecting hotel competitiveness (Y) is digital marketing strategies (X2), which carries a coefficient of 0.261 (t-statistic = 3.185). Furthermore, the coefficients of 0.347 (t = 3.305) for both X1 and X2 have a positive impact on customer engagement (M), 0.566 (t = 5.703). On the other hand, customer engagement (M) is a top mediator of hotel competitiveness with a coefficient of 0.305 and a t-statistic of 6.398. These findings verify that through the synergistic effect of customer experience and digital strategies, all paths in the model positively contribute to the improvement of hotel competitiveness.

Predictive Relevance (Q²)

The blindfolding method in SEM-PLS gives a score called predictive relevance (Q²)

that checks how well the model predicts its dependent variables (Hair et al., 2021). A Q² value above zero indicates that the model is good at predicting both the main outcome variables and the mediators. A Q² value greater than zero denotes the satisfactory predictive relevance of the model with regard to both the main endogenous variables and the mediators. The study utilizes Q² as an assessment of the predictive relevance of endogenous constructs (customer engagement, hotel competitiveness) with respect to exogenous constructs (experience economy strategies, digital marketing strategies) to accumulate the evidence based on this study. A high Q² value indicates that the model does not only fit but is also capable of correctly predicting, thus enforcing the external validity of the model. In the following table (Table 8), the results of predictive relevance (Q²) are shown.

Table 8
Predictive Relevance (Q²)

	SSO	SSE	Q ² (=1-SSE/SSO)
Experience Economy Strategies (X1)	1600.000	558.593	0.651
Digital Marketing Strategies (X2)	1600.000	553.207	0.654
Customer Engagement (M)	1200.000	399.743	0.667
Hotel Competitiveness (Y)	1200.000	359.578	0.700

Source: Data Processing with SmartPLS 4.0, 2025

The blindfolding method (shown in Table 8) shows that all the constructs have Q² values over 0.6, which means they are considered to have excellent predictive relevance (Hair et al., 2021). Specifically, the Q² values are Experience Economy Strategies (X1) = 0.651, Digital Marketing Strategies (X2) = 0.654, Customer Engagement (M) = 0.667, and Hotel Competitiveness (Y) = 0.700. In particular, the Q² value of Experience Economy Strategies (X1) = 0.651, Digital Marketing Strategies (X2) = 0.654, Customer Engagement (M) = 0.667, and Hotel Competitiveness (Y) = 0.700. These values further support that the model has a high predictive ability on both endogenous

variables and mediators. As a result, this model does outline interrelations among variables and has a robust ability to reliably forecast respondent conduct.

Testing Mediation Effects

The SEM-PLS method, which checks for mediation effects, looks at how the mediation variable helps connect the independent variable to the dependent variable. We execute the SEM-PLS procedure by examining the total effects and specific indirect effects (Hair et al., 2021). The first analysis is done via total effects, where we explore the impact of the independent

variable on the dependent variable, both directly and indirectly through the mediator. The second level of testing is done through assessing the particular indirect effects or indirect effect of the exogenous variable on the endogenous variable via the mediator. When the specific indirect pathways are significant and the associated direct path

becomes insignificant, we conclude full mediation. If either is significant but not the other, it indicates partial mediation (Hayes & Rockwood, 2020). Such an outcome enriches the mediation mechanism of the causal pathway between variables in the research model. Tables 9 and 10 below show the results of the mediation effects test.

Table 9
Total Effects

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Experience Economy Strategies (X1) -> Hotel Competitiveness (Y)	0.537	0.520	0.101	5.343	0.000
Digital Marketing Strategies (X2) -> Hotel Competitiveness (Y)	0.434	0.450	0.098	4.421	0.000
Experience Economy Strategies (X1) -> Customer Engagement (M)	0.347	0.332	0.105	3.305	0.001
Digital Marketing Strategies (X2) -> Customer Engagement (M)	0.566	0.581	0.099	5.703	0.000
Customer Engagement (M) -> Hotel Competitiveness (Y)	0.305	0.306	0.048	6.398	0.000

Source: Data Processing with SmartPLS 4.0, 2025

In Total Effects Table 9, we see that the relationship between variables is significant at a 95% confidence level ($p < 0.05$). This means that the total effects of the Experience Economy Strategy (X1) on Hotel Competitiveness (Y) of 0.537 ($t = 5.343$; $p = 0.000$) and the Digital Marketing Strategy (X2) on Hotel Competitiveness (Y) of 0.434 ($t = 4.421$; $p = 0.000$) are significant. Moreover, Customer Engagement (M) has a meaningful impact on Hotel Competitiveness (Y) ($B = 0.460$; $t = 4.373$; $p = 0.000$), and both X1 and

X2 also had a substantial effect on Customer Engagement (M) ($B = 0.347$; $t = 3.305$; $p = 0.001$ and $B = 0.566$; $t = 5.703$; $p = 0.000$, respectively). Moreover, the customer engagement (M) variable also has a significant influence on hotel competitiveness (Y) equal to 0.305 ($t = 6.398$; $p = 0.000$). This means that customer engagement might play a role in how strategies X1 and X2 affect hotel competitiveness (Y), and this will be confirmed by testing certain indirect effects.

Table 10
Specific Indirect Effects

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Experience Economy Strategies (X1) -> Customer Engagement (M) -> Hotel Competitiveness (Y)	0.106	0.102	0.038	2.769	0.006
Digital Marketing Strategies (X2) -> Customer Engagement (M) -> Hotel Competitiveness (Y)	0.173	0.177	0.038	4.546	0.000

Source: Data Processing with SmartPLS 4.0, 2025

This conclusion is supported by the Specific Indirect Effects results in Table 10, which show that Customer Engagement (M) significantly influences how Experience Economy Strategies (X1) affect Hotel Competitiveness (Y) with a coefficient of 0.106 ($t=2.769$; $p=0.006$) and also influences how Digital Marketing Strategies (X2) affect Hotel Competitiveness (Y) with a coefficient of 0.173 ($t=4.546$; $p=0.000$). Since the direct effects from X1 to Y and from X2 to Y are also important (see Table 5: 0.431 and 0.261; $p < 0.05$), we can say that the mediation role of these variables is partial. Since the direct paths from the variables X1 to Y and from the variables X2 to Y are also significant (see Table 5: 0.431 and 0.261; $p < 0.05$), the mediation role that the variables play can be classified as partial mediation.

ANALYSIS AND DISCUSSION

The influence of Experience Economy Strategies on Hotel Competitiveness

The findings of this research reveal that the experience economy variables have a direct and significant effect on the competitiveness of the hotel, especially for the rapidly developing hospitality sector of West Java. In tourism-intensive areas like Bandung, Bogor, and Cirebon, fierce competition means hotels can no longer rely on the basics alone. Tourists increasingly desire to engage more deeply and remember more thoroughly their stays. Experience-centric attributes, including personalized services, theme-based environments, emotional engagement, and unique activities, can amplify the competitive edge of hotels. Direct quote—Pine & Gilmore (1998) state that through entertainment, education, esthetics, and escapism, memorable experiences are created, which strengthen the emotional bond and increase the likelihood of repeat visits.

The efficacy of such strategies is borne out by empirical evidence. According to Alnawas & Hemsley-Brown (2019), experiential value enhances customer satisfaction and loyalty, while Amagir et al. (2020) found that unique and personalized

experiences enhance differentiation and retain customers. As indicated in a study in Indonesia, adventure-based tourism Mgxekwa-Qumba & Kruger (2024) is also increasingly sought after by travelers who wish to feel an emotional connection and be engaged in their travels. Thus, the experience economy strategies respond to shifting consumer expectations and drive loyalty, brand identity, and sustainable hotel performance. So it puts West Java hotels no longer only as a place to stay but as destination builders that offer a lasting experience.

The influence of Digital Marketing Strategies on Hotel Competitiveness

Rapid growth in digital tourism has led to an integrated consumer behavior shift and an increased expectation of service quality, which are both critical success factors in the effective implementation of digital marketing and can be used, especially in West Java's hospitality sector. One of the key approaches to growth online has been attributed to digital marketing, which, when used effectively, allows hotels to provide certain and measurable means to reach wider, more chosen markets Nurtirtawaty et al. (2021). Places such as Bandung, associated with shopping and culinary tourism, serve as fertile ground for these vectors to prosper. Thus, social media, readily available and interactive websites, online reviews, and data-guided publicity campaigns can improve brand recognition and attract local and international tourists (Leung et al., 2024; Kapoor & Kapoor, 2021).

Moreover, digital marketing strategies enable hotels to target communication, accelerate the booking process, and facilitate real-time interactions with guests, leading to improved satisfaction and loyalty (Singh et al., 2024). Research has proven that hotels with strategies including but not limited to the usage of automated booking systems, personalized email marketing, and responsive customer service through digital platforms achieve higher conversion rates and enhanced customer retention (Leung et

al., 2024; Arief et al., 2024). In the context of West Java's dynamic hospitality sector, hotels with detailed strategies can set themselves apart and quickly react to market needs, promoting their long-term viability in a highly competitive marketplace.

The influence of Experience Economy Strategies on Customer Engagement

Principles of the experience economy adopted by popular tourist destinations in West Java, such as Lembang, Pangandaran, and Cirebon, have marked new trends in the hospitality industry that have made customer engagement increasingly creative and interactive. These areas possess unique experiences in the heart of nature, cultures, and historical properties, which makes them perfect for great stays that are to be remembered. Pine & Gilmore (1998) argued that the economic value of service industries is increasingly found in their ability to deliver experiences that are entertaining, educational, escapist, and aesthetic. In this vein, hotels whose guests experience deeply personalized and emotionally bonded experiences tend to have higher levels of customer satisfaction and loyalty (Yan et al., 2024; Agapito & Sigala, 2024).

The experience economy is a key differentiator in the crowded market, as many tourists are shifting from standard experiences to more personalized and memorable interactions during their travels. Prior studies suggest that emotional engagement—an understanding-producing process by which thematic atmospheres, culture, and substitutes are introduced, then adjusted through customized service—can evoke strong behavioral intentions over time, such as motivational chances to revisit and large prevailing word-of-mouth benefits (Kumar et al., 2024). Dare I say that for hotels in West Java that want to build competitiveness and a strong relationship with guests, incorporating experiential components in their service design is not only strategic but also a necessity.

The influence of Digital Marketing Strategies on Customer Engagement

The need for effective digital marketing strategies as catalysts for customer engagement in the hospitality industry is gaining traction, especially in dynamic areas such as West Java. With rapidly evolving internet usage and the rise of social media changing the behavior of today's tourists, hotels that rely on alluring digital content, interactive web pages, and user-friendly booking engines would be able to forge an emotional relationship and facilitate real-time interaction with their customers. According to various studies, the use of digital marketing tools like social media campaigns, influencers, personalized email marketing, etc. improves customer involvement and recall value of a brand considerably (Leung et al., 2024; Fahimah & Ningsih, 2022). As in the case of some well-known tourism cities, such as Bandung, Bogor, and Garut, digital engagement assists hotels in connecting with potential consumers in domestic and international markets and facilitating repeat visits through regular and interactive interaction (Felix & Rembulan, 2023).

Moreover, the capacity for digital marketing to create emotional connections is a key factor in building loyalty in a competitive accommodation market. Real-time digital interaction is experienced at the individual level and has also been highlighted to foster customer experience by allowing immediate service, feedback, and personalization (Umami & Darma, 2021). Even so, the body of literature investigating the impact of RIS on consumer experience remains relatively limited. Digital platforms can help hotels investigate data analytics to analyze customer preferences and adapt their strategies to maintain relevance in the marketplace (Leung et al., 2024). Thus, in the face of increasingly fierce competition, the implementation of digital marketing as a core strategy to establish strong, interactive, and emotional characters with potential customers is beneficial and a

must for the sustainability and competitiveness of hotels in West Java.

The influence of Customer Engagement on Hotel Competitiveness

This surging customer participation level has become one of the factors of hotel competitiveness, where West Java, with its tourist-supporting cities of Bandung and Bogor, has the highest and continuous customer traffic. Customer engagement—measured through engagement in the loyalty program, online reviews, repeat bookings, and social media engagement—drastically influences the image of a hotel brand and the value that consumers attribute to it (Khalifa et al., 2022; Almeida & Campos, 2022). Therefore, we brand go-getters, also known as 'promoters,' as enthusiastic customers who actively contribute to organic growth by introducing a hotel to the digital space. Khoi & Le (2022), their feedback also provides valuable insights to support service customization and is used to increase guest satisfaction.

In competitive hospitality markets, hotels that achieve sustainable high levels of customer engagement are more nimble at acting on market demand and are better suited to build customer stickiness. According to Hong et al. (2023), strong engagement leads to loyalty and contributes to the relatively high switching cost, which ensures that competitors cannot lure customers away at will. In addition, engaged customers frequently script value with service providers, which positively adds to innovations in guest experience and service excellence. Such behavior leads to increased guest retention and establishes an enduring competitive advantage through personalized, emotionally evocative, and memorable service engagements. Thus, nurturing and managing customer engagement is imperative, not a choice, for hotel competitiveness.

The influence of Experience Economy Strategies on Hotel Competitiveness through Customer Engagement

The result of this study can be explained by the fact that an experience economy strategy has great potential to improve hotel competitiveness in West Java through the mediation of customer engagement. This strategy allows hotels to present an emotional connection, rewarding guests with more than a place to stay—personalized glimpses into the local culture, surrounding aesthetic environments, and engaging and entertaining interaction between a hotel and guests. Pine & Gilmore (1998) argue that experiences are the protagonists of value in today's service economy (a metaphorical value proposition); for consumers, emotional resonance and memory-based engagement are central. In tourism destinations that have plenty of natural and cultural heritage, like those in West Java, the integration of meaningful experience itself becomes a strategy to win guest loyalty and keep them coming back again.

Hence, customer engagement is a major connecting link between memorable experiences and sustainable competitive advantage. Happy customers also tend to be more proactive in communicating positive word of mouth, engaging in co-creating service, and providing feedback for continuous service improvement (Manosuthi et al., 2021). Within the digital realm, it means publishing and rewarding online reviews and recommendations that naturally enhance a hotel's visibility and reputation. In fact, high levels of engagement promote a sense of emotional connection, which has been shown to impact customer retention and brand loyalty (Ghonim et al., 2024). As customers engage with the brand, elevating the guest experience reinforces emotional ties and places customer engagement as a strategic bridge towards converting experiences into measurable competitive advantages.

The influence of Digital Marketing Strategies on Hotel Competitiveness through Customer Engagement

In West Java, hotels should be able to transform through improving customer

engagement as digital marketing becomes more personalized and controlled for each customer, increasing competition. Travelers, both local and global, extensively utilize the swift growth of social media and digital platforms, which present unique channels for direct engagement and experience customization. The hotels that holistically integrate interactive content, data-driven digital promotions, and responsive communication across digital channels are perceived to build more significant emotional connections with guests (Haryanto & Alshoushan, 2025; Leung et al., 2024). These digital, front-of-the-line touchpoints ultimately add value to the holistic service as well as enable the timely touchpoint engagement and relevant feedback loop that can shape guest satisfaction and loyalty.

This active participation acts like brand advocacy, promoting it organically. Customers who are emotionally connected with and feel valued by a company are more likely to become brand ambassadors by disseminating positive experiences through online reviews, social media mentions, and recommendations to peers, which is a vital type of earned media for hospitality businesses (Japutra et al., 2025). Such interactions are intangible strategic assets that reinforce the hotel's brand equity and competitive positioning in a room market in a crowded province like West Java. With an emphasis on two-way communication and relationship building, digital marketing strategies are associated with higher conversion rates and continued customer loyalty to the brand (Naparini, 2025). So, digital engagement—when done well—becomes not just a marketing tool but also a critical lever for developing sustainable competitive advantages.

Managerial Implication

The results of this study provide practical managerial implications that can be directly applied by hotel managers to enhance competitiveness through experience-based and digital marketing

strategies. First, hotels need to design services that go beyond functional value by offering emotional and memorable experiences. This can be achieved through personalized services, uniquely themed rooms, and activities that highlight local culture. Immersive and emotionally engaging experiences have been proven to increase customer loyalty and encourage repeat visits.

Second, digital marketing should be utilized not only as a promotional tool but as a means to build long-term relationships. Hotels are encouraged to optimize social media, instant messaging platforms, and email marketing to establish intensive, personalized two-way communication with guests. Quick responses, tailored content, and real-time recommendations significantly enhance customer engagement and trust.

Third, the strategic use of customer data is essential in delivering relevant services and promotions. CRM (Customer Relationship Management) systems enable hotels to understand guest preferences and create targeted marketing campaigns, such as special offers based on past visits or personalized birthday greetings.

Fourth, loyalty programs should be designed to encourage emotional and social engagement, not just transactional frequency. Rewarding guests who actively provide reviews, share their experiences on social media, or participate in hotel-hosted activities can strengthen customer relationships and organically increase brand exposure.

Fifth, hotel management should establish cross-functional teams that integrate marketing, guest services, and operations departments, unified under a common goal of delivering superior guest experiences. Training frontline staff to understand and respond to guests' emotional needs is also a key factor in creating high-value service.

Lastly, digital content and promotional offers should be localized by incorporating local wisdom, seasonal themes, or regional tourism trends. This not only enhances

relevance but also deepens the emotional connection between guests and the hotel as well as the destination. By implementing these measures, hotels can build sustainable competitive advantages through a strategic combination of digital innovation and experience value creation.

CONCLUSION AND SUGGESTION

Conclusion

This research empirically examines the role of customer engagement in mediating the influence of experience economy strategies and digital marketing strategies on increasing hotel competitiveness in West Java. This study bridges insights from tourism and hospitality management with concepts from organizational relationship marketing (ORM) to identify effective ways of improving competitive advantage in the regional hotel industry.

The results indicate that hotels in West Java applying experience economy principles—such as personalized services, thematic environments, and emotional involvement—are more likely to achieve competitive differentiation. In a saturated market, these hotels meet the demand of tourists seeking memorable and authentic experiences, positioning themselves as market leaders. Emotional bonding is key in creating such experiences, which significantly impact customer retention and brand advocacy.

Digital marketing strategies, particularly those involving social media, instant messaging, and personalized content, play a crucial role in enhancing customer engagement. While digital marketing may not directly affect competitiveness, it reinforces guest interaction, enabling hotels to build long-term relationships. Personalized campaigns and two-way communication also improve brand trust, online visibility, and brand perception.

Customer engagement is proven to be a significant mediating variable. Emotionally rich and interactive stays dramatically increase the likelihood of loyalty, positive reviews, and word-of-mouth

recommendations. Engagement, therefore, is not only an outcome but a vital tool for strengthening a hotel's competitive positioning in a dynamic market.

Despite these contributions, this study has certain limitations. First, the research focuses solely on 4- and 5-star hotels in West Java, which may limit the generalizability of findings to other regions or hotel classifications. Second, the cross-sectional research design restricts the ability to capture long-term causal effects between strategies, engagement, and competitiveness. Third, data were collected mainly through survey-based perceptions, which may be subject to respondent bias.

These limitations open opportunities for future research. Scholars may extend the analysis to include budget hotels or other provinces in Indonesia to compare competitive strategies across market segments. Longitudinal studies are also recommended to track changes in customer engagement and competitiveness over time. In addition, future research could incorporate objective performance indicators—such as occupancy rates, revenue per available room (RevPAR), or online review analytics—to strengthen the empirical findings.

Suggestion

Based on these findings, hotel management in West Java should prioritize the design of experience-based services that reflect the region's unique culture and natural heritage. Rather than focusing solely on visibility and promotion, marketing strategies should aim to create interactive, personalized, and emotionally resonant guest experiences.

Future hotel strategies must focus on two key areas: (1) creating lasting guest experiences that build emotional connections, and (2) leveraging digital platforms to amplify and sustain those connections. The combination of immersive experience and digital engagement will be essential for hotels to remain competitive

and achieve long-term success in the ever-evolving tourism landscape.

Furthermore, hotel practitioners should collaborate with researchers to test new models of customer engagement that integrate advanced analytics, artificial intelligence, or virtual reality-based experiences. This collaboration will not only enrich managerial practices but also provide fertile ground for academic exploration in future studies.

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EXPERIENCE ECONOMY AND DIGITAL MARKETING STRATEGIES IN ENHANCING HOTEL COMPETITIVENESS

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ABSTRAK

Konsumen kini menginginkan pengalaman menginap yang berkesan, bukan sekadar layanan standar, sehingga memicu persaingan ketat di industri perhotelan Jawa Barat. Meskipun berbagai strategi telah diterapkan, masih terdapat kesenjangan literatur mengenai peran customer engagement sebagai variabel mediasi antara strategi dan daya saing hotel. Penelitian ini bertujuan menganalisis pengaruh strategi experience economy dan pemasaran digital terhadap daya saing hotel, baik secara langsung maupun melalui customer engagement. Populasi mencakup 320 hotel bintang tiga hingga lima di Jawa Barat, dengan estimasi total tamu tahunan 57.600 orang. Sebanyak 400 responden dipilih menggunakan rumus Slovin (margin of error 5%) dan teknik multistage sampling. Data dianalisis menggunakan metode SEM-PLS. Hasil penelitian menunjukkan bahwa kedua strategi tersebut secara signifikan meningkatkan daya saing hotel, baik secara langsung maupun tidak langsung melalui peran mediasi parsial customer engagement. Temuan ini menegaskan pentingnya pendekatan berbasis pengalaman dan digital dalam membangun keterlibatan pelanggan dan menciptakan keunggulan bersaing. Studi ini memberikan kontribusi teoritis bagi literatur manajemen perhotelan dan implikasi praktis bagi manajer hotel di Jawa Barat untuk memperkuat posisi kompetitif mereka melalui strategi yang berfokus pada pengalaman pelanggan dan transformasi digital.

Kata kunci: Experience Economy, Pemasaran Digital, Keterlibatan Pelanggan, Daya Saing Hotel

ABSTRACT

Consumers are increasingly seeking memorable experiences, not just standard hotel services, driving intense competition in West Java's hospitality industry. Although several strategies have been implemented, a literature gap remains regarding the role of customer engagement as a mediating variable between strategy and hotel competitiveness. This study aims to analyze the influence of experience economy and digital marketing strategies on hotel competitiveness, both directly and through customer engagement. The research covers 320 three- to five-star hotels in West Java, with an estimated annual guest population of 57,600. A total of 400 respondents were selected using Slovin's formula with a 5% margin of error and multistage sampling. Data were analyzed using the SEM-PLS method. The results indicate that both strategies significantly enhance hotel competitiveness directly and indirectly through the partial mediating role of customer engagement. These findings emphasize the importance of experiential and digital approaches in strengthening customer emotional connection and gaining a competitive edge. This study contributes to the theoretical development of hospitality management and offers practical insights for hotel managers in West Java to boost their competitiveness by implementing experience-driven and digitally oriented strategies tailored to customer expectations.

Key words: Experience Economy, Digital Marketing, Customer Engagement, Hotel Competitiveness

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INTRODUCTION

The sector of tourism is one of the contributors to local and national economic growth; therefore, the hospitality industry in Indonesia, both locally and nationally, should be a large factor of the economy, especially in major tourist destinations like West Java. In the context of the growing dynamism of competitive forces in the hospitality industry, hotels are expected to offer quality service that comes with added value, distinguishing themselves from rivals. In this context, one approach is growing in importance—the application of the experience economy (a marketing strategy that takes the customer experience to another level, creating memories and feelings). Pine & Gilmore (1998) introduced this concept, explaining that consumers no longer buy products or services but experiences instead.

West Java, as one of the provinces with the most tourism contributions and visits in Indonesia, presents various attractive tourism sectors, either in nature, culture, or culinary. Tourists in Bandung, Bogor, Cirebon, and Pangandaran are the most popular tourist targets, whether they are

domestic or foreign tourists. The hospitality industry in West Java has grown in response to this unprecedentedly large number of tourist visits. Based on Statistics Indonesia (BPS) data, the number of star-rated hotels has increased dramatically in the province over the past five years, with the most significant increase in 3-star, 4-star, and 5-star hotels. This phenomenon is clearly demonstrated in Table 1, where there is an increase in the number of star-rated hotels from 269 in 2019 to 315 in 2023, with a marked increase from 3-star to 5-star rated hotels. Nevertheless, the average room occupancy rate (OR) is still held below the optimal limit, at the 41-55% range, illustrating that hotel competitiveness in the region awaits improvement, especially from the viewpoint of marketing and customer experience. This concern is similarly apparent in the OR data in Table 1, which demonstrates a dramatic drop in 2020 due to the pandemic and an incomplete rebound by 2023. The scenario further compels the need for innovative marketing approaches focusing on experience creation and the use of digital technology.

Table 1
Development of Star-Rated Hotels and Room Occupancy Rates (TPK) in West Java (2019–2023)

Year	1-Star	2-Star	3-Star	4-Star	5-Star	Total Hotels	Average Room Occupancy Rate (%)
2019	47	61	110	38	13	269	55.3
2020	48	62	113	41	13	277	30.2
2021	49	64	118	44	14	289	41.7
2022	50	66	125	47	15	303	49.8
2023	52	68	130	49	16	315	53.4

Source: Statistics Indonesia (BPS) West Java Province, West Java Hotel Statistics 2023

Digitalization has emerged as one of the determinant factors transforming the face of hotel marketing with the advent of technology and the development of social media platforms. Digital marketing methods—via social media, online reservation sites, visual content, and digital customer reviews—have already become vital channels to establish communication with prospects and improve hotel brand

visibility. Digital marketing has been shown to be an efficient way to build market reach and enhance customers' loyalty (Chaffey & Smith, 2022; Solomon et al., 2020). But when the experience promised by a hotel doesn't match what the guest expected from interacting with digital media, then that gap between promotion and the reality of what a guest actually experiences can turn around and bite hoteliers.

Customer engagement in this context acts as an important mediating variable that links implemented marketing strategies and customers' perceptions of hotel competitiveness. Customer engagement is not just the reflection of customers' interest in hotel services but also shows their level of loyalty, advocacy, and active participation in shaping the overall brand image. For example, Hollebeek & Macky (2019) and Jayasingh (2019) highlight the significant impact of customer engagement as a mediator in improving performance for service-oriented firms. However, there are no strong studies that look at the real-world situations in emerging tourist spots with millions of hotel rooms, like those in Indonesia, to connect these ideas in a complete way between the experience economy, digital marketing, customer engagement, and hotel competitiveness.

Most existing research has looked at either how well digital marketing works Leung et al. (2024); Pop et al. (2022) or how experiential strategies Summers et al. (2019) work on their own, without exploring how these experiential strategies can work together with digital marketing strategies to enhance customer engagement. For instance, emphasized the role of social media in forming customer perception of hotels, and Pine & Gilmore (1998) and Alnawas & Hemsley-Brown (2019) highlighted the significance of experiences as a value differentiator in hospitality services. Additionally, the literature regarding the combination of strategies for innovation in hotel management remains scant, with few studies identifying hotel competitiveness as the affected variable (Hoang et al., 2024; Sigala, 2019). Consequently, this paper reveals a theoretical and practically relevant niche that must be filled to comprehend the new drivers of modern-day marketing in a fast-changing hospitality industry, especially in tourism markets that are increasingly geomorphic and oriented towards experiences.

This study examines the effects of experience economy and digital marketing strategies on hotel competitiveness, with customer engagement as a mediator. The findings enrich service marketing and tourism literature and offer practical insights for developing holistic experiential and digital strategies in hospitality. Scientifically, it contributes by (1) integrating experiential and digital marketing into a unified model and (2) highlighting customer engagement's mediating role in enhancing hotel competitiveness.

LITERATURE REVIEW

Experience Economy Strategy and Hotel Competitiveness

A more relevant strategy in today's tourism era is the experience economy strategy, which emphasizes creating memorable guest experiences. Pine & Gilmore (1998) explain that firms delivering experiences across four dimensions—entertainment, education, esthetics, and escapism—gain enduring competitive advantages. In highly competitive markets, such unique and immersive experiences provide added value, fostering guest loyalty and strengthening brand image (Hwang & Lee, 2019; Alnawas & Hemsley-Brown, 2019). Empirical evidence further shows that hotels applying experience economy principles outperform those focusing solely on functional services (Amagir et al., 2020; Mgxekwa-Qumba & Kruger, 2024). As global tourism evolves, hotels are shifting from offering mere accommodation to creating lasting, emotionally engaging experiences that enhance customer attachment and loyalty. Therefore, we propose the following hypothesis in this study, which is grounded in this review:

H₁: The experience economy strategy has a positive and significant effect on hotel competitiveness.

Digital Marketing Strategy and Hotel Competitiveness

With the rapid advancement of information technology and shifts in

consumer behavior, digital marketing strategies have become crucial in enhancing hotel competitiveness. Through social media, search engines, websites, and email marketing, hotels can achieve stronger brand positioning, increased direct bookings, and long-term customer relationships (Nurtirtawaty et al., 2021; Kapoor & Kapoor, 2021; Singh et al., 2024). Optimizing digital platforms such as responsive websites and online booking systems improves conversion rates and loyalty López-Gamero et al. (2023), while social media fosters personalized interactions that enrich customer experience (Arief et al., 2024). Moreover, Sigala (2019) emphasizes that effective customer data management enhances decision-making and competitiveness. Furthermore, digital strategies serve as advanced tools for information generation and promotional innovation, contributing to higher occupancy rates and customer retention (Armillotta et al., 2024). Overall, digital marketing is a key driver of sustainable competitive advantage in the dynamic hospitality industry. In this review, the hypothesis is proposed:

H₂: Digital marketing strategy has a positive and significant effect on hotel competitiveness.

Experience Economy Strategy and Customer Engagement

Under the **Experience Economy strategy**, hotels emphasize customer retention by offering deep, memorable experiences that foster emotional engagement and loyalty. As Pine & Gilmore (1998) explain, such experiences stem from customized services, unique environments, and emotional connections. Real-world experiences further enhance engagement, encouraging repeated use and stronger brand relationships (Yan et al., 2024). In the hospitality sector, hotels that successfully create memorable experiences are more effective at building repeat patronage and long-term customer ties (Agapito & Sigala, 2024). Research by Kumar et al. (2024) shows that the deeper the experience, the stronger

its influence on customer attitudes, satisfaction, and engagement, leading to positive recommendations and brand loyalty that reinforce a hotel's competitiveness. Thus, the following hypothesis is formulated:

H₃: The Experience Economy strategy has a positive and significant effect on customer engagement.

Digital Marketing Strategy and Customer Engagement

The **digital marketing strategy** leverages technology and online platforms to build stronger customer relationships, reach new markets, and enhance engagement. Through social media, search engines, and email marketing, companies can interact directly with consumers and evaluate communication effectiveness (Fahimah & Ningsih, 2022). Hoteliers applying digital marketing techniques can personalize and respond to customer needs more effectively, fostering deeper engagement (Leung et al., 2024). Likewise, personalized promotions strengthen customer loyalty and brand attachment (Felix & Rembulan, 2023). In the hospitality sector, digital platforms enable two-way communication, faster responses, and improved brand image, allowing hotels to create more connected and tailored experiences that enhance customer engagement (Umami & Darma, 2021). On this basis, we propose the following hypothesis:

H₄: Digital marketing strategy has a positive and significant effect on customer engagement.

Customer Engagement and Hotel Competitiveness

Customer engagement is a crucial factor in enhancing hotel competitiveness, as higher engagement fosters stronger emotional attachment and customer loyalty. Studies show that active engagement increases brand interaction, perceived service quality, and satisfaction (Khalifa et al., 2022; Almeida & Campos, 2022), while constructive interactions promote repeat visits and positive recommendations (Khoi &

Le (2022). In hospitality, engagement enhances competitiveness through stronger brand reputation and memorable experiences, with emotionally connected customers showing greater satisfaction and resilience in competitive markets (Hong et al., 2023). Moreover, direct engagement via social media or loyalty programs reinforces customer relationships, thereby strengthening hotel competitiveness (Bouchriha et al., 2024). Based on these results, we postulate the following hypothesis:

H₅: Customer engagement has a positive and significant effect on hotel competitiveness.

Mediating Effect of Customer Engagement

Customer engagement is widely recognized as a key mediating variable linking marketing strategies and customer experience to brand competitiveness in the hospitality industry. It plays a vital role in building lasting consumer relationships shaped by positive perceptions of marketing and brand experience (Manosuthi et al., 2021). Experience economy strategies create emotional experiences that enhance engagement, loyalty, and competitiveness (Ghonim et al., 2024; Haryanto & Alshoushan,

2025). Similarly, digital marketing fosters two-way personalized communication that strengthens engagement and emotional bonds (Leung et al., 2024; Japutra et al., 2025). As noted by Naparin (2025), customer engagement serves as the essential link between digital marketing effectiveness and competitive success. Taking these findings into account, the following hypotheses are proposed:

H₆: Customer engagement mediates the effect of the experience economy strategy on hotel competitiveness.

H₇: Customer engagement mediates the effect of digital marketing strategy on hotel competitiveness.

Based on the reviewed literature, this study proposes a conceptual framework that systematically connects the relationships among variables. The framework explains how experience economy and digital marketing strategies enhance hotel competitiveness through customer engagement as a mediating variable. This model enables testing of both direct and indirect relationships, offering theoretical and analytical guidance for hypothesis testing, as illustrated in Figure 1.

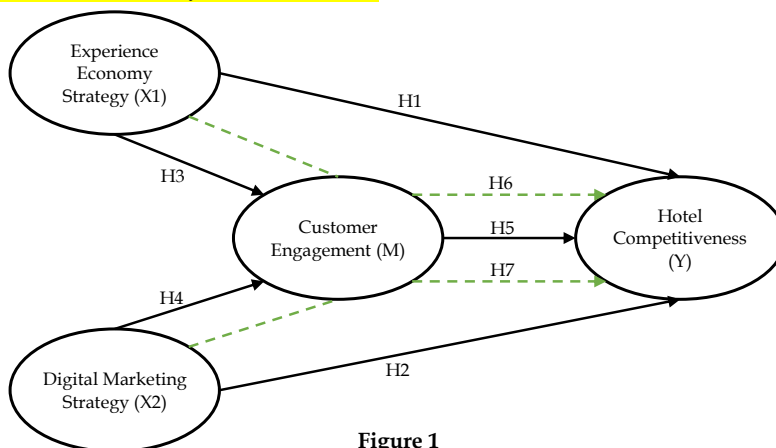


Figure 1
Conceptual Framework

RESEARCH METHOD

This study quantitatively examines the influence of the experience economy and digital marketing strategies on hotel competitiveness through customer engagement using SEM-PLS, as recommended by Hair et al. (2021) and Sarstedt et al. (2022) for analyzing complex causal relationships. The research focuses on 3- to 5-star hotels in West Java, with guests who stayed in the past year as the unit of analysis, ensuring firsthand evaluations of service and marketing effectiveness (Grewal & Roggeveen, 2020).

The units of observation are hotels that implement unique experiential concepts (Pine & Gilmore, 1998) and utilize digital marketing platforms actively (Chaffey & Smith, 2022). The population comprises 320 hotels (Disparbud Jabar, 2024), estimated to host 57,600 guests annually. Using Slovin’s formula with a 5% margin of error

(Sugiyono, 2021), a representative sample of 400 respondents was determined.

A multistage sampling approach was applied: first, purposive selection of 40 hotels across major cities in West Java (Bandung, Bogor, and Garut) to ensure regional diversity; second, distribution of online questionnaires to 10 guests per hotel via convenience sampling from loyalty databases (Hair & Brunsveld, 2019). SEM-PLS was chosen for its ability to handle non-normal data and moderate sample sizes effectively (Hair et al., 2021). Research variables include experience economy (type and personalization of themed rooms), digital marketing (social media participation and chatbot responsiveness), customer engagement (user-generated content and repeat booking intention), and hotel competitiveness (occupancy rate and ADR) (Crick et al., 2020; Arizal et al., 2024). The distribution of respondents can be seen in Table 2 below:

Table 2
Distribution of Respondents

Category	Sub-category	Frequency (n)	Percentage (%)
Hotel Classification	3-star	160	40
	4-star	120	30
	5-star	120	30
City/Destination	Bandung	150	37.5
	Bogor	130	32.5
	Garut	120	30
Sampling Technique Used	Purposive Sampling (Hotel)	40 hotels	-
	Convenience Sampling (Guest)	10 guests/hotel	-
Total Number of Respondents -		400	100

Source: Research Data

Data collection is done through an online questionnaire using a 5-point Likert scale as well as secondary data from digital marketing metrics and hotel performance reports. The data will be examined by checking if the measures are related ($AVE > 0.5$), if they are reliable (composite reliability > 0.7), and by looking at mediation effects using 500 smaller samples (Hair et al., 2021).

The generalizability of this study is limited and refers only to 3- to 5-star hotels in West Java and potential recall bias from respondents (Podsakoff et al., 2024).

RESULTS AND DISCUSSION

Descriptive Analysis

This study presents respondents’ characteristics, including gender, age,

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education level, and hotel visit frequency, to provide a clear profile that supports accurate interpretation of the findings. Describing these attributes helps identify respondent

types and offers insights into consumer preferences and behaviors related to hotel experiences in West Java. Table 3 summarizes the analysis results.

Table 3
Demographic Characteristics of Respondents

Characteristic	Category	Frequency	Percentage (%)
Gender	Male	220	55
	Female	180	45
Age	18-24 years	120	30
	25-34 years	150	37.5
	35-44 years	80	20
	45 years and above	50	12.5
Education Level	High School/Vocational	40	10
	Bachelor's Degree	280	70
	Postgraduate Degree	80	20
Stay Frequency	1-3 times per year	160	40
	4-6 times per year	120	30
	More than 6 times	120	30

Source: Research Data

The sample is 400 respondents, with a slightly better quota for males (55%) than females (45%). A large majority (37.5%) of the respondents lie within the age group of 25–34 years, and 30 percent are 18–24 years, reflecting a young user base. On the educational front, 70 percent hold a bachelor's degree and 20 percent have postgraduate qualifications, representing a highly educated sample. As for frequency of stay in hotels, 40% stay 1–3 times per year, while the rest of the respondents are divided between 4–6 times (30%) and more than 6 times a year (30%). These details reflect the balanced representation of frequent and occasional guests, in accordance with the study's aim to determine customer engagement in hospitality.

Measurement Model

The measurement model assessment in the SEM-PLS method tries to confirm that the latent constructs are measured by their

specific indicators in a reliable and correct manner. The procedure entails conducting an analysis of convergent validity via Average Variance Extracted (AVE), which should be greater than 0.5 as further discussed in this study Hair et al. (2021) with reference to composite reliability (CR) and Cronbach's Alpha, for which a minimum value of 0.7 is recommended (Keith, 2019). Furthermore, discriminant validity is tested to ensure that the empirically different constructs lead to distinguishable constructs using the Fornell-Larcker criterion and the Heterotrait-Monotrait Ratio (HTMT), with the recommendation that the HTMT value must remain lower than 0.90 (Rönkkö & Cho, 2022). At this stage, these tests are vital for building a solid, trustworthy measurement base for the structural model later on. The measurement model evaluation results are shown in case management in Figure 2 below.

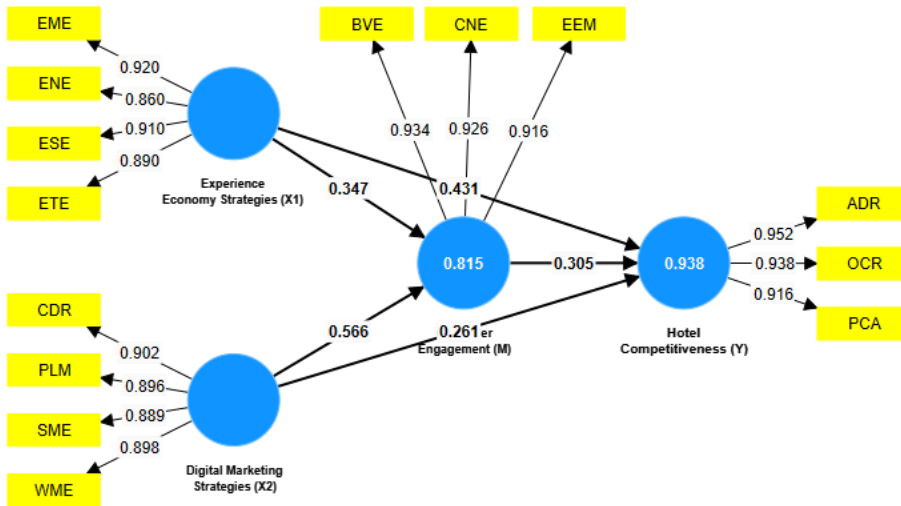


Figure 2
Measurement Model

Source: Data Processing with SmartPLS 4.0, 2025

Convergent Validity

Convergent validity is a part of construct validity that looks at how well different measures that should be related actually are related and how accurately these measures reflect the hidden variable they are meant to assess. We test convergent validity using three criteria: outer loading, Average Variance Extracted (AVE), and Composite

Reliability (CR). Convergent validity is considered adequate when the outer loading is ≥ 0.7 , the AVE is ≥ 0.5 , and the CR is ≥ 0.7 . These imply that the latent variable has explained a high proportion of variance in its indicators (Hair et al., 2021; Keith, 2019). Table 4: The results of the convergent validity validation test.

Table 4
Construct Reliability and Validity

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)
Experience Economy Strategies (X1)	0.917	0.920	0.942
Digital Marketing Strategies (X2)	0.919	0.920	0.942
Customer Engagement (M)	0.916	0.916	0.947
Hotel Competitiveness (Y)	0.928	0.929	0.955

Source: Data Processing with SmartPLS 4.0, 2025

Figure 2 and Table 4 indicate that all constructs in this study meet SEM-PLS validity and reliability standards. Outer loading values exceed 0.70, confirming that indicators strongly represent their respective latent constructs. Cronbach's Alpha and

Composite Reliability for the four constructs—experience economy strategies (X1), digital marketing strategies (X2), customer engagement (M), and hotel competitiveness (Y)—are all above 0.90, reflecting high internal consistency (Hair et

al., 2021). Moreover, the Composite Reliability (rho_c) values further confirm the robustness of the measurement model, which is therefore considered valid and reliable for subsequent structural analysis.

Discriminant Validity

Discriminant validity, an essential aspect of measurement model assessment, determines whether constructs in the model are distinct from one another. In SEM-PLS, it

reflects the extent to which each construct differs from others (Hair et al., 2021). Using the Fornell-Larcker criterion, discriminant validity is confirmed when the square root of the Average Variance Extracted (AVE) of each construct exceeds its correlations with other constructs. The results show that all constructs meet this condition, confirming that discriminant validity has been established. Table 5 presents the results of this test.

Table 5
Discriminant Validity

	Customer Engagement (M)	Digital Marketing Strategies (X2)	Experience Economy Strategies (X1)	Hotel Competitiveness (Y)
Customer Engagement (M)	0.925			
Digital Marketing Strategies (X2)	0.897	0.896		
Experience Economy Strategies (X1)	0.887	0.954	0.895	
Hotel Competitiveness (Y)	0.922	0.946	0.951	0.935

Source: Data Processing with SmartPLS 4.0, 2025

Table 5 demonstrates that the square root of the AVE for each construct, shown along the diagonal, exceeds its correlations with other constructs, confirming discriminant validity. For example, the AVE of Customer Engagement (0.925) is higher than its correlations with Digital Marketing Strategies (0.897), Experience Economy Strategies (0.887), and Hotel Competitiveness (0.922). Similarly, Hotel Competitiveness has an AVE of 0.935, greater than its correlations with other constructs. These findings confirm that all constructs in the model are empirically distinct, satisfying the Fornell-Larcker criterion.

Structural Model

After confirming the measurement model's validity and reliability, the structural model was tested to examine relationships among latent constructs using SEM-PLS. This analysis evaluates model fit (R²), path coefficients, and key statistics,

including t-values, p-values, effect size (f²), and predictive relevance (Q²), to assess predictive power and significance. SEM-PLS is preferred in management and business research for its ability to handle complex models, non-normal data, and relatively small sample sizes (Hair et al., 2021; Rönkkö & Cho, 2022).

Coefficient of Determination (R²)

The goodness of fit (R²) assesses how well exogenous variables explain the variance of endogenous constructs in the structural model. R² values range from 0 to 1, with higher values indicating stronger predictive power. Following Hair et al. (2021), R² values of 0.67, 0.33, and 0.19 represent strong, moderate, and weak explanatory levels, respectively. Thus, the R² value reflects how effectively exogenous constructs account for the formation of endogenous constructs. Table 6 summarizes the R² test results.

Table 6
Coefficient of Determination (R²)

	R-square	R-square adjusted
Customer Engagement (M)	0.815	0.814
Hotel Competitiveness (Y)	0.938	0.938

Source: Data Processing with SmartPLS 4.0, 2025

Table 6 shows that experience economy and digital marketing strategies together explain 81.5% of the variance in customer engagement (R² = 0.815), while hotel competitiveness records an R² of 0.938, meaning 93.8% of its variance is explained by the combined effects of experience economy, digital marketing, and customer engagement. According to Hair et al. (2021), these strong R² values indicate that the structural model demonstrates excellent predictive power in explaining the relationships among the studied variables.

Path Coefficient

Path coefficient analysis in SEM-PLS examines the strength and direction of relationships among latent variables. The coefficient values show how much an exogenous variable affects an endogenous variable directly or indirectly through a mediator. Significance testing is conducted using bootstrapping with at least 500 subsamples to ensure estimate stability. A t-value above 1.96 at a 0.05 significance level indicates a statistically significant relationship (Hair et al., 2021). Table 7 provides the full path coefficient results.

Table 7
Path Coefficient

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Experience Economy Strategies (X1) -> Hotel Competitiveness (Y)	0.431	0.418	0.081	5.309	0.000
Digital Marketing Strategies (X2) -> Hotel Competitiveness (Y)	0.261	0.274	0.082	3.185	0.001
Experience Economy Strategies (X1) -> Customer Engagement (M)	0.347	0.332	0.105	3.305	0.001
Digital Marketing Strategies (X2) -> Customer Engagement (M)	0.566	0.581	0.099	5.703	0.000
Customer Engagement (M) -> Hotel Competitiveness (Y)	0.305	0.306	0.048	6.398	0.000

Source: Data Processing with SmartPLS 4.0, 2025

All relationships in the structural model are statistically significant (p < 0.05), as shown in Table 7. Experience economy strategies (X1) positively and significantly affect hotel competitiveness (Y) (β = 0.431; t = 5.309). Digital marketing strategies (X2) also have a positive and significant effect (β = 0.261; t = 3.185). Both X1 and X2 positively influence customer engagement (M) (β = 0.347; t = 3.305), while customer engagement strongly mediates hotel competitiveness (β =

0.305; t = 6.398). These results confirm that customer experience and digital strategies synergistically enhance hotel competitiveness.

Predictive Relevance (Q²)

The blindfolding method in SEM-PLS produces a predictive relevance score (Q²) that evaluates the model's ability to predict dependent variables (Hair et al., 2021). A Q² value above zero indicates satisfactory

predictive relevance for both endogenous variables and mediators. This study uses Q² to assess the predictive power of endogenous constructs (customer engagement and hotel competitiveness) based on exogenous

constructs (experience economy and digital marketing strategies). A higher Q² value signifies strong predictive capability and external validity of the model, as shown in Table 8.

Table 8
Predictive Relevance (Q²)

	SSO	SSE	Q ² (=1-SSE/SSO)
Experience Economy Strategies (X1)	1600.000	558.593	0.651
Digital Marketing Strategies (X2)	1600.000	553.207	0.654
Customer Engagement (M)	1200.000	399.743	0.667
Hotel Competitiveness (Y)	1200.000	359.578	0.700

Source: Data Processing with SmartPLS 4.0, 2025

The blindfolding results (Table 8) show that all constructs have Q² values above 0.6, indicating excellent predictive relevance (Hair et al., 2021). Specifically, Experience Economy Strategies (X1) = 0.651, Digital Marketing Strategies (X2) = 0.654, Customer Engagement (M) = 0.667, and Hotel Competitiveness (Y) = 0.700. These values confirm the model's strong predictive ability and its robustness in explaining relationships and forecasting respondent behavior.

The SEM-PLS mediation analysis examines how a mediator links the independent and dependent variables by assessing total and specific indirect effects (Hair et al., 2021). The total effects show both direct and indirect impacts, while the specific indirect effects reveal mediation strength. Full mediation occurs when indirect effects are significant but direct effects are not, whereas partial mediation appears when both are significant (Hayes & Rockwood, 2020). Tables 9 and 10 present the mediation test results.

Testing Mediation Effects

Table 9
Total Effects

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Experience Economy Strategies (X1) -> Hotel Competitiveness (Y)	0.537	0.520	0.101	5.343	0.000
Digital Marketing Strategies (X2) -> Hotel Competitiveness (Y)	0.434	0.450	0.098	4.421	0.000
Experience Economy Strategies (X1) -> Customer Engagement (M)	0.347	0.332	0.105	3.305	0.001
Digital Marketing Strategies (X2) -> Customer Engagement (M)	0.566	0.581	0.099	5.703	0.000
Customer Engagement (M) -> Hotel Competitiveness (Y)	0.305	0.306	0.048	6.398	0.000

Source: Data Processing with SmartPLS 4.0, 2025

Table 9 shows that all relationships are significant at the 95% confidence level (p < 0.05). The Experience Economy Strategy (X1) and Digital Marketing Strategy (X2)

significantly affect Hotel Competitiveness (Y) with coefficients of 0.537 (t = 5.343; p = 0.000) and 0.434 (t = 4.421; p = 0.000). Customer Engagement (M) also significantly

influences Hotel Competitiveness ($B = 0.460$; $t = 4.373$; $p = 0.000$), while both $X1$ and $X2$ significantly affect M ($B = 0.347$; $t = 3.305$; $p = 0.001$; $B = 0.566$; $t = 5.703$; $p = 0.000$). Thus,

M may mediate the effects of $X1$ and $X2$ on Y , which is further tested through specific indirect effects.

Table 10
Specific Indirect Effects

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Experience Economy Strategies (X1) -> Customer Engagement (M) -> Hotel Competitiveness (Y)	0.106	0.102	0.038	2.769	0.006
Digital Marketing Strategies (X2) -> Customer Engagement (M) -> Hotel Competitiveness (Y)	0.173	0.177	0.038	4.546	0.000

Source: Data Processing with SmartPLS 4.0, 2025

Table 10 shows that Customer Engagement (M) significantly mediates the effects of Experience Economy Strategies ($X1$) on Hotel Competitiveness (Y) ($\beta = 0.106$; $t = 2.769$; $p = 0.006$) and Digital Marketing Strategies ($X2$) on Y ($\beta = 0.173$; $t = 4.546$; $p = 0.000$). Since the direct effects from $X1 \rightarrow Y$ (0.431 ; $p < 0.05$) and $X2 \rightarrow Y$ (0.261 ; $p < 0.05$) remain significant, the mediation is classified as partial.

ANALYSIS AND DISCUSSION

The influence of Experience Economy Strategies on Hotel Competitiveness

The findings of this research reveal that the experience economy variables have a direct and significant effect on the competitiveness of the hotel, especially for the rapidly developing hospitality sector of West Java. In tourism-intensive areas like Bandung, Bogor, and Cirebon, fierce competition means hotels can no longer rely on the basics alone. Tourists increasingly desire to engage more deeply and remember more thoroughly their stays. Experience-centric attributes, including personalized services, theme-based environments, emotional engagement, and unique activities, can amplify the competitive edge of hotels. Direct quote – Pine & Gilmore (1998) state that through entertainment, education, esthetics, and escapism, memorable

experiences are created, which strengthen the emotional bond and increase the likelihood of repeat visits.

The efficacy of such strategies is borne out by empirical evidence. According to Alnawas & Hemsley-Brown (2019), experiential value enhances customer satisfaction and loyalty, while Amagir et al. (2020) found that unique and personalized experiences enhance differentiation and retain customers. As indicated in a study in Indonesia, adventure-based tourism Mgxekwa-Qumba & Kruger (2024) is also increasingly sought after by travelers who wish to feel an emotional connection and be engaged in their travels. Thus, the experience economy strategies respond to shifting consumer expectations and drive loyalty, brand identity, and sustainable hotel performance. So it puts West Java hotels no longer only as a place to stay but as destination builders that offer a lasting experience.

The influence of Digital Marketing Strategies on Hotel Competitiveness

Rapid growth in digital tourism has led to an integrated consumer behavior shift and an increased expectation of service quality, which are both critical success factors in the effective implementation of digital marketing and can be used, especially in West Java’s hospitality sector. One of the key

approaches to growth online has been attributed to digital marketing, which, when used effectively, allows hotels to provide certain and measurable means to reach wider, more chosen markets Nurtirtawaty et al. (2021). Places such as Bandung, associated with shopping and culinary tourism, serve as fertile ground for these vectors to prosper. Thus, social media, readily available and interactive websites, online reviews, and data-guided publicity campaigns can improve brand recognition and attract local and international tourists (Leung et al., 2024; Kapoor & Kapoor, 2021).

Moreover, digital marketing strategies enable hotels to target communication, accelerate the booking process, and facilitate real-time interactions with guests, leading to improved satisfaction and loyalty (Singh et al., 2024). Research has proven that hotels with strategies including but not limited to the usage of automated booking systems, personalized email marketing, and responsive customer service through digital platforms achieve higher conversion rates and enhanced customer retention (Leung et al., 2024; Arief et al., 2024). In the context of West Java's dynamic hospitality sector, hotels with detailed strategies can set themselves apart and quickly react to market needs, promoting their long-term viability in a highly competitive marketplace.

The influence of Experience Economy Strategies on Customer Engagement

Principles of the experience economy adopted by popular tourist destinations in West Java, such as Lembang, Pangandaran, and Cirebon, have marked new trends in the hospitality industry that have made customer engagement increasingly creative and interactive. These areas possess unique experiences in the heart of nature, cultures, and historical properties, which makes them perfect for great stays that are to be remembered. Pine & Gilmore (1998) argued that the economic value of service industries is increasingly found in their ability to deliver experiences that are entertaining,

educational, escapist, and aesthetic. In this vein, hotels whose guests experience deeply personalized and emotionally bonded experiences tend to have higher levels of customer satisfaction and loyalty (Yan et al., 2024; Agapito & Sigala, 2024).

The experience economy is a key differentiator in the crowded market, as many tourists are shifting from standard experiences to more personalized and memorable interactions during their travels. Prior studies suggest that emotional engagement—an understanding-producing process by which thematic atmospheres, culture, and substitutes are introduced, then adjusted through customized service—can evoke strong behavioral intentions over time, such as motivational chances to revisit and large prevailing word-of-mouth benefits (Kumar et al., 2024). Dare I say that for hotels in West Java that want to build competitiveness and a strong relationship with guests, incorporating experiential components in their service design is not only strategic but also a necessity.

The influence of Digital Marketing Strategies on Customer Engagement

The need for effective digital marketing strategies as catalysts for customer engagement in the hospitality industry is gaining traction, especially in dynamic areas such as West Java. With rapidly evolving internet usage and the rise of social media changing the behavior of today's tourists, hotels that rely on alluring digital content, interactive web pages, and user-friendly booking engines would be able to forge an emotional relationship and facilitate real-time interaction with their customers. According to various studies, the use of digital marketing tools like social media campaigns, influencers, personalized email marketing, etc. improves customer involvement and recall value of a brand considerably (Leung et al., 2024; Fahimah & Ningsih, 2022). As in the case of some well-known tourism cities, such as Bandung, Bogor, and Garut, digital engagement assists hotels in connecting with potential

consumers in domestic and international markets and facilitating repeat visits through regular and interactive interaction (Felix & Rembulan, 2023).

Moreover, the capacity for digital marketing to create emotional connections is a key factor in building loyalty in a competitive accommodation market. Real-time digital interaction is experienced at the individual level and has also been highlighted to foster customer experience by allowing immediate service, feedback, and personalization (Umami & Darma, 2021). Even so, the body of literature investigating the impact of RIS on consumer experience remains relatively limited. Digital platforms can help hotels investigate data analytics to analyze customer preferences and adapt their strategies to maintain relevance in the marketplace (Leung et al., 2024). Thus, in the face of increasingly fierce competition, the implementation of digital marketing as a core strategy to establish strong, interactive, and emotional characters with potential customers is beneficial and a must for the sustainability and competitiveness of hotels in West Java.

The influence of Customer Engagement on Hotel Competitiveness

This surging customer participation level has become one of the factors of hotel competitiveness, where West Java, with its tourist-supporting cities of Bandung and Bogor, has the highest and continuous customer traffic. Customer engagement—measured through engagement in the loyalty program, online reviews, repeat bookings, and social media engagement—drastically influences the image of a hotel brand and the value that consumers attribute to it (Khalifa et al., 2022; Almeida & Campos, 2022). Therefore, we brand go-getters, also known as 'promoters,' as enthusiastic customers who actively contribute to organic growth by introducing a hotel to the digital space. Khoi & Le (2022), their feedback also provides valuable insights to support service customization and is used to increase guest satisfaction.

In competitive hospitality markets, hotels that achieve sustainable high levels of customer engagement are more nimble at acting on market demand and are better suited to build customer stickiness. According to Hong et al. (2023), strong engagement leads to loyalty and contributes to the relatively high switching cost, which ensures that competitors cannot lure customers away at will. In addition, engaged customers frequently script value with service providers, which positively adds to innovations in guest experience and service excellence. Such behavior leads to increased guest retention and establishes an enduring competitive advantage through personalized, emotionally evocative, and memorable service engagements. Thus, nurturing and managing customer engagement is imperative, not a choice, for hotel competitiveness.

The influence of Experience Economy Strategies on Hotel Competitiveness through Customer Engagement

The result of this study can be explained by the fact that an experience economy strategy has great potential to improve hotel competitiveness in West Java through the mediation of customer engagement. This strategy allows hotels to present an emotional connection, rewarding guests with more than a place to stay—personalized glimpses into the local culture, surrounding aesthetic environments, and engaging and entertaining interaction between a hotel and guests. Pine & Gilmore (1998) argue that experiences are the protagonists of value in today's service economy (a metaphorical value proposition); for consumers, emotional resonance and memory-based engagement are central. In tourism destinations that have plenty of natural and cultural heritage, like those in West Java, the integration of meaningful experience itself becomes a strategy to win guest loyalty and keep them coming back again.

Hence, customer engagement is a major connecting link between memorable experiences and sustainable competitive

advantage. Happy customers also tend to be more proactive in communicating positive word of mouth, engaging in co-creating service, and providing feedback for continuous service improvement (Manosuthi et al., 2021). Within the digital realm, it means publishing and rewarding online reviews and recommendations that naturally enhance a hotel's visibility and reputation. In fact, high levels of engagement promote a sense of emotional connection, which has been shown to impact customer retention and brand loyalty (Ghonim et al., 2024). As customers engage with the brand, elevating the guest experience reinforces emotional ties and places customer engagement as a strategic bridge towards converting experiences into measurable competitive advantages.

The influence of Digital Marketing Strategies on Hotel Competitiveness through Customer Engagement

In West Java, hotels should be able to transform through improving customer engagement as digital marketing becomes more personalized and controlled for each customer, increasing competition. Travelers, both local and global, extensively utilize the swift growth of social media and digital platforms, which present unique channels for direct engagement and experience customization. The hotels that holistically integrate interactive content, data-driven digital promotions, and responsive communication across digital channels are perceived to build more significant emotional connections with guests (Haryanto & Alshoushan, 2025; Leung et al., 2024). These digital, front-of-the-line touchpoints ultimately add value to the holistic service as well as enable the timely touchpoint engagement and relevant feedback loop that can shape guest satisfaction and loyalty.

This active participation acts like brand advocacy, promoting it organically. Customers who are emotionally connected with and feel valued by a company are more likely to become brand ambassadors by disseminating positive experiences through

online reviews, social media mentions, and recommendations to peers, which is a vital type of earned media for hospitality businesses (Japutra et al., 2025). Such interactions are intangible strategic assets that reinforce the hotel's brand equity and competitive positioning in a room market in a crowded province like West Java. With an emphasis on two-way communication and relationship building, digital marketing strategies are associated with higher conversion rates and continued customer loyalty to the brand (Naparini, 2025). So, digital engagement—when done well—becomes not just a marketing tool but also a critical lever for developing sustainable competitive advantages.

Managerial Implication

The study offers practical implications for hotel managers to enhance competitiveness through experiential and digital marketing strategies. First, hotels should design emotionally engaging and memorable services—such as personalized offerings, themed rooms, and cultural activities—to boost loyalty. Second, digital marketing must build long-term relationships via social media, messaging, and email, emphasizing quick, personalized communication. Third, effective use of CRM helps tailor promotions and services based on guest preferences. Fourth, loyalty programs should foster emotional and social engagement by rewarding reviews, social sharing, and participation in hotel events. Fifth, cross-functional collaboration and staff training are vital to delivering superior guest experiences. Lastly, localized digital content and promotions reflecting local culture and trends strengthen guest connections and brand value, creating sustainable competitive advantage through digital innovation and experiential value.

CONCLUSION AND SUGGESTION

Conclusion

This research empirically examines the role of customer engagement in mediating the influence of experience economy

strategies and digital marketing strategies on increasing hotel competitiveness in West Java. This study bridges insights from tourism and hospitality management with concepts from organizational relationship marketing (ORM) to identify effective ways of improving competitive advantage in the regional hotel industry.

The results indicate that hotels in West Java applying experience economy principles—such as personalized services, thematic environments, and emotional involvement—are more likely to achieve competitive differentiation. In a saturated market, these hotels meet the demand of tourists seeking memorable and authentic experiences, positioning themselves as market leaders. Emotional bonding is key in creating such experiences, which significantly impact customer retention and brand advocacy.

Digital marketing strategies, particularly those involving social media, instant messaging, and personalized content, play a crucial role in enhancing customer engagement. While digital marketing may not directly affect competitiveness, it reinforces guest interaction, enabling hotels to build long-term relationships. Personalized campaigns and two-way communication also improve brand trust, online visibility, and brand perception.

Customer engagement is proven to be a significant mediating variable. Emotionally rich and interactive stays dramatically increase the likelihood of loyalty, positive reviews, and word-of-mouth recommendations. Engagement, therefore, is not only an outcome but a vital tool for strengthening a hotel's competitive positioning in a dynamic market.

Despite these contributions, this study has certain limitations. First, the research focuses solely on 4- and 5-star hotels in West Java, which may limit the generalizability of findings to other regions or hotel classifications. Second, the cross-sectional research design restricts the ability to capture long-term causal effects between strategies, engagement, and competitiveness. Third,

data were collected mainly through survey-based perceptions, which may be subject to respondent bias.

These limitations open opportunities for future research. Scholars may extend the analysis to include budget hotels or other provinces in Indonesia to compare competitive strategies across market segments. Longitudinal studies are also recommended to track changes in customer engagement and competitiveness over time. In addition, future research could incorporate objective performance indicators—such as occupancy rates, revenue per available room (RevPAR), or online review analytics—to strengthen the empirical findings.

Suggestion

Based on these findings, hotel management in West Java should prioritize the design of experience-based services that reflect the region's unique culture and natural heritage. Rather than focusing solely on visibility and promotion, marketing strategies should aim to create interactive, personalized, and emotionally resonant guest experiences.

Future hotel strategies must focus on two key areas: (1) creating lasting guest experiences that build emotional connections, and (2) leveraging digital platforms to amplify and sustain those connections. The combination of immersive experience and digital engagement will be essential for hotels to remain competitive and achieve long-term success in the ever-evolving tourism landscape.

Furthermore, hotel practitioners should collaborate with researchers to test new models of customer engagement that integrate advanced analytics, artificial intelligence, or virtual reality-based experiences. This collaboration will not only enrich managerial practices but also provide fertile ground for academic exploration in future studies.

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ENHANCING HOTEL COMPETITIVENESS THROUGH EXPERIENCE ECONOMY AND DIGITAL MARKETING STRATEGIES: THE MEDIATING EFFECT OF CUSTOMER ENGAGEMENT

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ABSTRAK

Konsumen kini menginginkan pengalaman menginap yang berkesan, bukan sekadar layanan standar, sehingga memicu persaingan ketat di industri perhotelan Jawa Barat. Meskipun berbagai strategi telah diterapkan, masih terdapat kesenjangan literatur mengenai peran customer engagement sebagai variabel mediasi antara strategi dan daya saing hotel. Penelitian ini bertujuan menganalisis pengaruh strategi experience economy dan pemasaran digital terhadap daya saing hotel, baik secara langsung maupun melalui customer engagement. Populasi mencakup 320 hotel bintang tiga hingga lima di Jawa Barat, dengan estimasi total tamu tahunan 57.600 orang. Sebanyak 400 responden dipilih menggunakan rumus Slovin (margin of error 5%) dan teknik multistage sampling. Data dianalisis menggunakan metode SEM-PLS. Hasil penelitian menunjukkan bahwa kedua strategi tersebut secara signifikan meningkatkan daya saing hotel, baik secara langsung maupun tidak langsung melalui peran mediasi parsial customer engagement. Temuan ini menegaskan pentingnya pendekatan berbasis pengalaman dan digital dalam membangun keterlibatan pelanggan dan menciptakan keunggulan bersaing. Studi ini memberikan kontribusi teoritis bagi literatur manajemen perhotelan dan implikasi praktis bagi manajer hotel di Jawa Barat untuk memperkuat posisi kompetitif mereka melalui strategi yang berfokus pada pengalaman pelanggan dan transformasi digital.

Kata kunci: Experience Economy, Pemasaran Digital, Keterlibatan Pelanggan, Daya Saing Hotel

ABSTRACT

Consumers are increasingly seeking memorable experiences, not just standard hotel services, driving intense competition in West Java's hospitality industry. Although several strategies have been implemented, a literature gap remains regarding the role of customer engagement as a mediating variable between strategy and hotel competitiveness. This study aims to analyze the influence of experience economy and digital marketing strategies on hotel competitiveness, both directly and through customer engagement. The research covers 320 three- to five-star hotels in West Java, with an estimated annual guest population of 57,600. A total of 400 respondents were selected using Slovin's formula with a 5% margin of error and multistage sampling. Data were analyzed using the SEM-PLS method. The results indicate that both strategies significantly enhance hotel competitiveness directly and indirectly through the partial mediating role of customer engagement. These findings emphasize the importance of experiential and digital approaches in strengthening customer emotional connection and gaining a competitive edge. This study contributes to the theoretical development of hospitality management and offers practical insights for hotel managers in West Java to boost their competitiveness by implementing experience-driven and digitally oriented strategies tailored to customer expectations.

Key words: Experience Economy, Digital Marketing, Customer Engagement, Hotel Competitiveness

INTRODUCTION

The sector of tourism is one of the contributors to local and national economic growth; therefore, the hospitality industry in Indonesia, both locally and nationally, should be a large factor of the economy, especially in major tourist destinations like West Java. In the context of the growing dynamism of competitive forces in the hospitality industry, hotels are expected to offer quality service that comes with added value, distinguishing themselves from rivals. In this context, one approach is growing in importance—the application of the experience economy (a marketing strategy that takes the customer experience to another level, creating memories and feelings). Pine & Gilmore (1998) introduced this concept, explaining that consumers no longer buy products or services but experiences instead.

West Java, as one of the provinces with the most tourism contributions and visits in Indonesia, presents various attractive tourism sectors, either in nature, culture, or culinary. Tourists in Bandung, Bogor, Cirebon, and Pangandaran are the most popular tourist targets, whether they are

domestic or foreign tourists. The hospitality industry in West Java has grown in response to this unprecedentedly large number of tourist visits. Based on Statistics Indonesia (BPS) data, the number of star-rated hotels has increased dramatically in the province over the past five years, with the most significant increase in 3-star, 4-star, and 5-star hotels. This phenomenon is clearly demonstrated in Table 1, where there is an increase in the number of star-rated hotels from 269 in 2019 to 315 in 2023, with a marked increase from 3-star to 5-star rated hotels. Nevertheless, the average room occupancy rate (OR) is still held below the optimal limit, at the 41-55% range, illustrating that hotel competitiveness in the region awaits improvement, especially from the viewpoint of marketing and customer experience. This concern is similarly apparent in the OR data in Table 1, which demonstrates a dramatic drop in 2020 due to the pandemic and an incomplete rebound by 2023. The scenario further compels the need for innovative marketing approaches focusing on experience creation and the use of digital technology.

Table 1
Development of Star-Rated Hotels and Room Occupancy Rates (TPK) in West Java (2019–2023)

Year	1-Star	2-Star	3-Star	4-Star	5-Star	Total Hotels	Average Room Occupancy Rate (%)
2019	47	61	110	38	13	269	55.3
2020	48	62	113	41	13	277	30.2
2021	49	64	118	44	14	289	41.7
2022	50	66	125	47	15	303	49.8
2023	52	68	130	49	16	315	53.4

Source: Statistics Indonesia (BPS) West Java Province, West Java Hotel Statistics 2023

Digitalization has emerged as one of the determinant factors transforming the face of hotel marketing with the advent of technology and the development of social media platforms. Digital marketing methods—via social media, online reservation sites, visual content, and digital customer reviews—have already become vital channels to establish communication with prospects and improve hotel brand

visibility. Digital marketing has been shown to be an efficient way to build market reach and enhance customers' loyalty (Chaffey & Smith, 2022; Solomon et al., 2020). But when the experience promised by a hotel doesn't match what the guest expected from interacting with digital media, then that gap between promotion and the reality of what a guest actually experiences can turn around and bite hoteliers.

Customer engagement in this context acts as an important mediating variable that links implemented marketing strategies and customers' perceptions of hotel competitiveness. Customer engagement is not just the reflection of customers' interest in hotel services but also shows their level of loyalty, advocacy, and active participation in shaping the overall brand image. For example, Hollebeek & Macky (2019) and Jayasingh (2019) highlight the significant impact of customer engagement as a mediator in improving performance for service-oriented firms. However, there are no strong studies that look at the real-world situations in emerging tourist spots with millions of hotel rooms, like those in Indonesia, to connect these ideas in a complete way between the experience economy, digital marketing, customer engagement, and hotel competitiveness.

Most existing research has looked at either how well digital marketing works Leung et al. (2024); Pop et al. (2022) or how experiential strategies Summers et al. (2019) work on their own, without exploring how these experiential strategies can work together with digital marketing strategies to enhance customer engagement. For instance, emphasized the role of social media in forming customer perception of hotels, and Pine & Gilmore (1998) and Alnawas & Hemsley-Brown (2019) highlighted the significance of experiences as a value differentiator in hospitality services. Additionally, the literature regarding the combination of strategies for innovation in hotel management remains scant, with few studies identifying hotel competitiveness as the affected variable (Hoang et al., 2024; Sigala, 2019). Consequently, this paper reveals a theoretical and practically relevant niche that must be filled to comprehend the new drivers of modern-day marketing in a fast-changing hospitality industry, especially in tourism markets that are increasingly geomorphic and oriented towards experiences.

Therefore, this study seeks to examine the effect of the experience economy and digital marketing strategies on hotel competitiveness with customer engagement as a mediating variable. The findings of this study have not only enriched the existing literature of service marketing and tourism but also have practical implications for hospitality industry practitioners in developing more holistic, affective, and digital marketing strategies. This study has scientific merit because (1) it provides a comprehensive conceptual model integrating experiential and digital marketing dimensions and (2) it contributes to the body of knowledge about customer engagement as a mediating role in the effectiveness of marketing strategies for enhancing hotel competitiveness.

LITERATURE REVIEW

Experience Economy Strategy and Hotel Competitiveness

A more relevant strategy in the current era of tourism has been the experience economy strategy. Pine & Gilmore (1998) have explained that firms that are able to create memorable experiences along four dimensions—entertainment, education, esthetics, and escapism—will have an enduring competitive advantage. Especially in an oversaturated and competitive market, unique, immersive experiences are considerable value-adds for guests within the hospitality space. Customer utilization of experience-based services has been found to build loyalty to a hotel and strengthen its brand image (Hwang & Lee, 2019; Alnawas & Hemsley-Brown, 2019).

Previous studies highlight the advantages that hotels that implement aspects of the experience economy into their operation and services experience over those with a more functional focus (Amagir et al., 2020; Mgxekwa-Qumba & Kruger, 2024). In the ever-evolving landscape of the global tourism industry, hotels have shifted their paradigm from accommodation provision to creating lasting experiences that yield

emotional capital for customers. Therefore, we propose the following hypothesis in this study, which is grounded in this review:

H₁: The experience economy strategy has a positive and significant effect on hotel competitiveness.

Digital Marketing Strategy and Hotel Competitiveness

With the rapid development of information technology and the change in consumer behavior, the digital marketing strategy becomes an essential part of enhancing the hotel's competitiveness. Social media, search engines, websites, and e-mail marketing – part of the sphere of digital marketing – give hotel online consumers direct and measurable access to hotels, enabling stronger brand positioning, direct booking growth, and long-term relationships with guests (Nurtirtawaty et al., 2021; Kapoor & Kapoor, 2021; Singh et al., 2024). Optimizing digital platforms, such as responsive websites and online booking systems, increases conversion rates and customer loyalty López-Gamero et al. (2023), and social media offers personal interactions that enrich the customer experience (Arief et al., 2024). Moreover, Sigala (2019) further highlighted how customer data management through digital strategies could not only improve the quality of the decision-making process but also help bolster competitiveness.

Moreover, it has been found in recent studies that digital strategies can be considered as advanced instruments for the production of information within the frame of the company's product life cycle that add a new dimension to the offering of promotion. According to Armillotta et al. (2024), hotels that actively make efforts to adopt digital channels through these platforms tend to experience a better rate of occupancy as well as long-term repeat business. The hospitality industry finds digital marketing as one of the key elements to create sustainable competitive advantage

in the ever-changing world of global rivalry. In this review, the hypothesis is proposed:

H₂: Digital marketing strategy has a positive and significant effect on hotel competitiveness.

Experience Economy Strategy and Customer Engagement

This meant they focused more on retention and offered their users deep and memorable experiences that trained them to retain their emotional engagement and loyalty under the umbrella of the Experience Economy strategy. As Pine & Gilmore (1998) note, consumer experiences can involve things like customized services, a distinct environment, and emotional connections that result in memorable moments. According to Yan et al. (2024), real-world experiences could also be realized to drive customer engagement, in which customers were having closer relationships with brands and being repetitive in their utilization.

This strategy is particularly pertinent in a hospitality context, as hotels that win at creating memorable experiences tend to be more effective at engaging repeat guests and reinforcing long-term ties (Agapito & Sigala, 2024). In addition to providing accommodation facilities, hotels create experiences that add value for customers who view their services. According to research by Kumar et al. (2024) the deeper the experience, the greater the impact on customers attitudes (what they will say, feel, or do, which in turn links back to increased satisfaction or engagement – what is perceived or the actual experience). Additionally, instances of positive customer experiences typically result in good recommendations and brand loyalty, both of which influence the hotel's popularity and ultra-competitiveness. Thus, the following hypothesis is formulated:

H₃: The Experience Economy strategy has a positive and significant effect on customer engagement.

Digital Marketing Strategy and Customer Engagement

Digital marketing strategy consists of utilizing technology and digital platforms to foster better relationships with customers, access new markets, and improve customer interaction and engagement. Digital marketing channels, including social media, search engines, and email marketing, enable companies to engage with consumers more directly than ever before and measure the efficacy of these communications (Fahimah & Ningsih, 2022). Research by Leung et al. (2024) shows that hoteliers who actively employ techniques associated with digital marketing can make proactive use of these touchpoints to establish more personalized and responsive customer relationships, which contributes to increased levels of grassroots engagement. Moreover, according to Felix & Rembulan (2023), digital marketing is characterized by the ability to personalize promotions according to customer preferences, which helps enhance customer engagement and loyalty towards the brand.

Digital marketing strategies can enhance customer relations in the hospitality sector by empowering more intensive two-way communication, assisting in the speed of response to customer needs, and improving brand image. Based on a study by Umami & Darma (2021), hotels using digital platforms, including social media and interactive websites, are able to develop more connected experiences and personalize their services, resulting in greater customer engagement. On this basis, we propose the following hypothesis:

H₄: Digital marketing strategy has a positive and significant effect on customer engagement.

Customer Engagement and Hotel Competitiveness

Customer engagement is a key contributor to hotel competitiveness; greater customer engagement can lead to greater emotional attachment to the hotel and greater customer loyalty. Khalifa et al. (2022)

found that high customer engagement can cause customers to interact more intensely with the brand, leading to perceptions of higher service quality and more satisfying experiences. Iglesias et al. conducted this research. This relationship also suggests that intensive engagement with customers results in stickier customers, hence leading to more loyalty, which in turn can help a hotel bolster its competitive positioning in a market that is increasingly saturated (Almeida & Campos, 2022). Furthermore, Khoi & Le (2022) highlight the significance of constructive consumer interaction as it aids in not only maintaining customer databases but also providing more repeat visits and consumer recommendations to the hotel.

In the context of the hospitality industry, customer engagement can be viewed as enhancing hotel competitiveness through better brand reputation and more memorable customer experiences. According to a study by Hong et al. (2023), hotels that are successfully able to build emotional engagements with customers generally find higher satisfaction levels and are more resistant in a competitive marketplace. Research, such as that from Bouchriha et al. (2024), suggests that customer engagement (an interaction modality of the customer-hotel relationship), in the form of direct customer engagement through social media or loyalty programs, strengthens the customer-hotel relationship, which can be leveraged to improve the competitiveness of the hotel. Based on these results, we postulate the following hypothesis:

H₅: Customer engagement has a positive and significant effect on hotel competitiveness.

Mediating Effect of Customer Engagement

In general, customer engagement is considered a significant mediating variable for marketing strategies and customer experience effects toward brand competitive advantage, especially in the hospitality industry context. Customer engagement, as Manosuthi et al. (2021), forms a critical part of establishing enduring relationships with

consumers, facilitated by favorable views of the marketing approach and brand experience. According to Ghonim et al. (2024), an experience economy strategy offers an emotional experience for customers, allowing for an increase in the company's engagement with its consumers, ultimately achieving a greater level of customer loyalty and competitiveness for the company. Haryanto & Alshoushan (2025) further support this when they state that memorable experiences contribute to emotional engagement, leading to stronger loyalty and repeat purchase decisions.

Conversely, the indirect impact of digital marketing strategies on competitiveness through customer engagement as a mediator has also been explored. Leung et al. (2024) also mention that digital strategies help hotels engage with customers in a more intensive two-way communication way with personalized content, which creates higher engagement. According to a study conducted by Japutra et al. (2025), active digital interactions create a meaningful and immersive experience with the brand that enriches the emotional bond. According to Naparin (2025), the key link between digital marketing effectiveness and brand competitive success is customer engagement. Taking these findings into

account, the following hypotheses are proposed:

H₆: Customer engagement mediates the effect of the experience economy strategy on hotel competitiveness.

H₇: Customer engagement mediates the effect of digital marketing strategy on hotel competitiveness.

Considering the literature reviewed, the conceptual framework of this research is proposed, organizing the variables being analyzed in a systematic and comprehensive way. This theoretical framework shows how important theories and previous studies connect to explain how experience economy strategy and digital marketing strategy lead to customer engagement, which helps hotels compete better. Moreover, customer engagement mediates the customer-oriented strategies adopted by retail firms to improve their competitiveness, which is also added to the framework. This approach allows the study to both test the direct linkages between variables and to explore the potential mediators that may further strengthen or clarify the pathways of influence. A model is a framework that gives a theory for underlying hypothesis tests as well as guidance in tables of data analysis. Figure 1 below presents the conceptual framework.

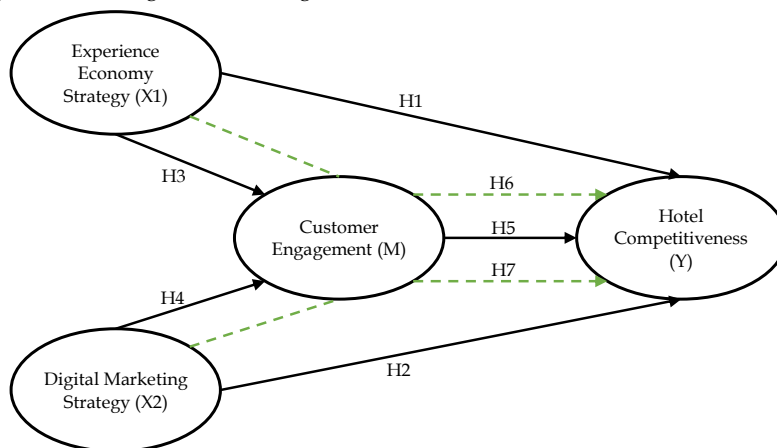


Figure 1
Conceptual Framework

RESEARCH METHOD

This study aims to quantitatively explore the effect of the experience economy along with the digital marketing strategies on hotel competitiveness through customer engagement by employing SEM-PLS. The research locus is 3- to 5-star tourism hotels in West Java. This approach aligns with the studies by Hair et al. (2021) and Sarstedt et al. (2022), which recommend using SEM-PLS to analyze complicated cause-and-effect relationships between hidden factors in marketing and consumer behavior.

By adopting guests who have stayed at 3- to 5-star hotels in West Java in the past year as the unit of analysis for this study, respondents were selected who (1) made at least one stay (business or leisure) in either a hotel or resort and (2) encountered the hotel's digital marketing strategies over various platforms (social media, websites, personalized e-mails). We chose this unit of analysis because hotel guests play a central role in evaluating the firsthand perspective of service strategy and marketing (Grewal & Roggeveen, 2020).

The unit of observation is a 3- to 5-star hotel in West Java that actively applies the principles of the experience economy and digital marketing. The standards for selection were (1) implementing unique concepts such as themed rooms or immersive local culture programs dedicated entirely to guests Pine & Gilmore (1998) and (2) using digital marketing platforms dynamically, such as Instagram, TikTok, booking, and mobile apps Chaffey & Smith (2022). Focusing on the units of observation when designing the research objects is also critical for empirically representing the studied phenomenon.

The study population consists of 320 three- to five-star hotels located in the West

Java region, based on the West Java Tourism Office (2023). Estimating that each hotel hosts an average of 15 guests per month, there will be an estimated annual population of 57,600 hotel guests. Due to a relatively large population, this study utilizes Slovin's formula with a 5% margin of error to find a sample size; the sample size acquired is representative of 400 respondents (Sugiyono, 2021).

A multistage sampling approach is employed in this study. The first stage involves the purposive selection of 40 hotels across major cities in West Java (e.g., Bandung, Bogor, and Garut), ensuring geographical diversity and representation of key tourism hubs. In the second stage, online questionnaires are distributed to 10 guests per selected hotel, sampled from the hotels' loyalty program databases using a convenience sampling technique. This two-phase design not only enhances logistical feasibility but also ensures adequate representation across all hotel segments (Hair & Brunsveld, 2019).

This study uses the SEM-PLS method for a few reasons: (1) it can handle complex models with hidden factors, (2) it works well with data that isn't normally distributed, and (3) it's suitable for different sample sizes (Hair et al., 2021). The research variables comprise experience economy (type and personalization of themed room), digital marketing (social media participation rate and chatbot responsiveness), customer engagement (user-generated content and repeat booking intention), and hotel competitiveness (occupancy rate and ADR) (Crick et al., 2020; Arizal et al., 2024). The distribution of respondents can be seen in Table 2 below:

Table 2
Distribution of Respondents

Category	Sub-category	Frequency (n)	Percentage (%)
Hotel Classification	3-star	160	40
	4-star	120	30
	5-star	120	30
City/Destination	Bandung	150	37.5
	Bogor	130	32.5
	Garut	120	30
Sampling Technique Used	Purposive Sampling (Hotel)	40 hotels	-
	Convenience Sampling (Guest)	10 guests/hotel	-
Total Number of Respondents -		400	100

Source: Research Data

Data collection is done through an online questionnaire using a 5-point Likert scale as well as secondary data from digital marketing metrics and hotel performance reports. The data will be examined by checking if the measures are related ($AVE > 0.5$), if they are reliable (composite reliability > 0.7), and by looking at mediation effects using 500 smaller samples (Hair et al., 2021). The generalizability of this study is limited and refers only to 3- to 5-star hotels in West Java and potential recall bias from respondents (Podsakoff et al., 2024).

This study's respondents' characteristics, demographics, and other pertinent features—including, for instance, gender, age, educational level, and hotel guest frequency—were developed. It is important to explain what kind of sample was used to describe respondents in order to provide a comprehensive presentation of respondents' profiles, as well as things that can affect the results and interpretation of the data obtained. This ability also helps identify the type of respondent, providing insights into consumer preferences and behaviors related to experiences in West Java. Table 3 below shows the results of the analysis of the respondents' characteristics.

RESULTS AND DISCUSSION
Descriptive Analysis

Table 3
Demographic Characteristics of Respondents

Characteristic	Category	Frequency	Percentage (%)
Gender	Male	220	55
	Female	180	45
Age	18-24 years	120	30
	25-34 years	150	37.5
	35-44 years	80	20
	45 years and above	50	12.5
Education Level	High School/Vocational	40	10
	Bachelor's Degree	280	70
	Postgraduate Degree	80	20
Stay Frequency	1-3 times per year	160	40
	4-6 times per year	120	30
	More than 6 times	120	30

Source: Research Data

The sample is 400 respondents, with a slightly better quota for males (55%) than females (45%). A large majority (37.5%) of the respondents lie within the age group of 25–34 years, and 30 percent are 18–24 years, reflecting a young user base. On the educational front, 70 percent hold a bachelor’s degree and 20 percent have postgraduate qualifications, representing a highly educated sample. As for frequency of stay in hotels, 40% stay 1–3 times per year, while the rest of the respondents are divided between 4–6 times (30%) and more than 6 times a year (30%). These details reflect the balanced representation of frequent and occasional guests, in accordance with the study’s aim to determine customer engagement in hospitality.

Measurement Model

The measurement model assessment in the SEM-PLS method tries to confirm that the latent constructs are measured by their

specific indicators in a reliable and correct manner. The procedure entails conducting an analysis of convergent validity via Average Variance Extracted (AVE), which should be greater than 0.5 as further discussed in this study Hair et al. (2021) with reference to composite reliability (CR) and Cronbach’s Alpha, for which a minimum value of 0.7 is recommended (Keith, 2019). Furthermore, discriminant validity is tested to ensure that the empirically different constructs lead to distinguishable constructs using the Fornell-Larcker criterion and the Heterotrait-Monotrait Ratio (HTMT), with the recommendation that the HTMT value must remain lower than 0.90 (Rönkkö & Cho, 2022). At this stage, these tests are vital for building a solid, trustworthy measurement base for the structural model later on. The measurement model evaluation results are shown in case management in Figure 2 below.

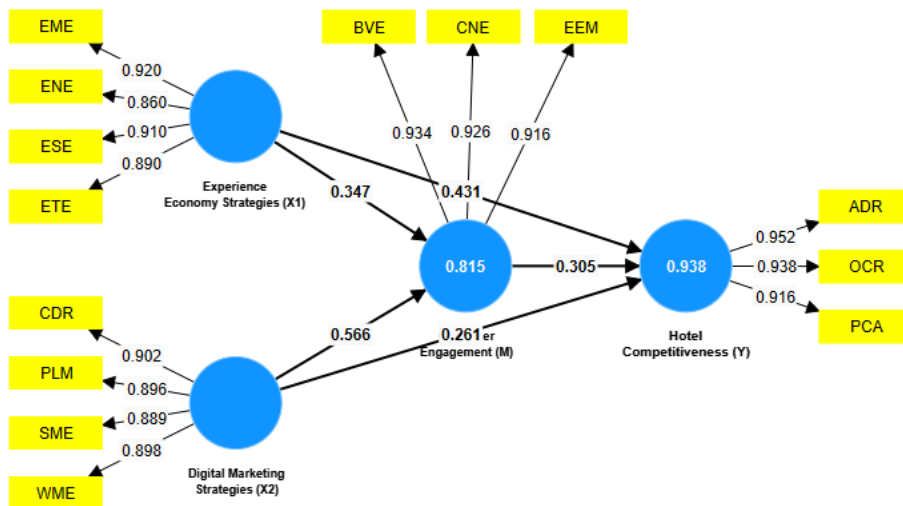


Figure 2
Measurement Model

Source: Data Processing with SmartPLS 4.0, 2025

Convergent Validity

Convergent validity is a part of construct validity that looks at how well different measures that should be related actually are related and how accurately these measures reflect the hidden variable they are meant to assess. We test convergent validity using three criteria: outer loading, Average Variance Extracted (AVE), and Composite

Reliability (CR). Convergent validity is considered adequate when the outer loading is ≥ 0.7 , the AVE is ≥ 0.5 , and the CR is ≥ 0.7 . These imply that the latent variable has explained a high proportion of variance in its indicators (Hair et al., 2021; Keith, 2019). Table 4: The results of the convergent validity validation test.

Table 4
Construct Reliability and Validity

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)
Experience Economy Strategies (X1)	0.917	0.920	0.942
Digital Marketing Strategies (X2)	0.919	0.920	0.942
Customer Engagement (M)	0.916	0.916	0.947
Hotel Competitiveness (Y)	0.928	0.929	0.955

Source: Data Processing with SmartPLS 4.0, 2025

Figure 2 and Table 4 show that all the ideas in this study meet the required standards for validity and reliability when using the SEM-PLS method. The outer loading values of all indicators for each idea are above 0.70, meaning they strongly represent their related underlying concept. All of the indicators' outer loading values for each concept are greater than 0.70, which means they accurately reflect the associated latent construct. The outer loading values of all indicators for each construct, which are greater than 0.70, suggest they represent their respective latent construct considerably. Cronbach's Alpha and Composite Reliability for the four constructs—experience economy strategies (X1), digital marketing strategies (X2), customer engagement (M), and hotel competitiveness (Y)—are all above 0.90, indicating that the data is very consistent (Hair et al., 2021). In addition, the Composite Reliability (rho_c) values also present excellent results that confirm the reliability of the constructs of this model. Thus, this measurement model can be considered valid

and reliable for the analysis of the following structural model.

Discriminant Validity

Discriminant validity: As one of the important assessments of a measurement model, this part is used to determine whether each construct was distinct in the model or whether it measured different constructs. Discriminant validity in SEM-PLS defines the degree to which a construct can be distinctly differentiated from other observed constructs (Hair et al., 2021). Discriminant validity is usually checked using the Fornell-Larcker criterion, which says that the square root of the Average Variance Extracted (AVE) for one construct should be higher than its correlations with other constructs. The outcome of this test indicates that the AVE value of each construct in the study is greater than its correlations with the other constructs; thus, it is concluded that discriminant validity has been established. Table 5 below shows the results of the discriminant validity test.

Table 5
Discriminant Validity

	Customer Engagement (M)	Digital Marketing Strategies (X2)	Experience Economy Strategies (X1)	Hotel Competitiveness (Y)
Customer Engagement (M)	0.925			
Digital Marketing Strategies (X2)	0.897	0.896		
Experience Economy Strategies (X1)	0.887	0.954	0.895	
Hotel Competitiveness (Y)	0.922	0.946	0.951	0.935

Source: Data Processing with SmartPLS 4.0, 2025

Table 5 shows that the test for discriminant validity indicates the square root of AVE for each construct, listed along the diagonal, is greater than the correlation between the constructs in the other diagonal. For instance, the AVE of the Customer Engagement construct is 0.925, which is higher than its correlation with Digital Marketing Strategies (0.897), Experience Economy strategies (0.887), and Hotel Competitiveness (0.922). For example, the AVE of the Customer Engagement construct is 0.925, which is higher than its correlation with Digital Marketing Strategies (0.897), Experience Economy strategies (0.887), and Hotel Competitiveness (0.922). For instance, the AVE of the Customer Engagement construct is 0.925, which was higher than its correlation coefficients with Digital Marketing Strategies (0.897), strategies of Experience Economy (0.887), and Hotel Competitiveness (0.922). The other five constructs, like hotel competitiveness, also show a similar pattern, with an AVE of 0.935, higher than its correlation with any other constructs. These results suggest that it is possible to empirically separate each of the constructs in the proposed model from one another, fulfilling the Fornell-Larcker criterion for discriminant validity.

Structural Model

Once the measurement model is adequate in terms of its validity and reliability, we proceed to test the structural model to

investigate the relationships between the latent constructs in the study. The SEM-PLS (Structural Equation Modelling – Partial Least Squares) testing looks at different factors, such as how well the model matches the data (R^2), the strength of the relationships (path coefficients), and key statistics (t-statistics, p-values, effect size (f^2), and predictive relevance (Q^2)). It is based on the model's variables' predictive power and significance. SEM-PLS is often chosen in management and business research because it can work well with complicated models whose data does not follow a normal distribution and when there are small sample sizes compared to the number of model parameters (Hair et al., 2021; Rönkkö & Cho, 2022).

Coefficient of Determination (R^2)

The goodness of fit is an essential indicator for assessing the structural model; it indicates the variance of an endogenous variable explained by the exogenous variables of the model (R^2). R^2 values go from 0 to 1, with larger being better for prediction. The interpretation of R^2 with respect to this study follows the specified guideline by Hair et al. (2021), which stated R^2 values at 0.67 strong, 0.33 moderate, and 0.19 weak. Thus, the R^2 value of an endogenous construct indicates how well the exogenous constructs explain its formation. Table 6 is a summary of the coefficient of determination (R^2) test results.

Table 6
Coefficient of Determination (R²)

	R-square	R-square adjusted
Customer Engagement (M)	0.815	0.814
Hotel Competitiveness (Y)	0.938	0.938

Source: Data Processing with SmartPLS 4.0, 2025

According to Table 6, the Coefficient of Determination (R²) shows that experience economy strategies and digital marketing strategies together account for 81.5% of the changes in customer engagement (R² = 0.815). In comparison, the R² value for hotel competitiveness is 0.938, meaning that 93.8% of the changes in hotel competitiveness can be explained by the combined effects of experience economy strategies, digital marketing strategies, and customer engagement. In contrast, the R² value for the endogenous variable hotel competitiveness is 0.938, indicating that 93.8% of the variance of hotel competitiveness can be explained with the combined effect of experience economy strategies, digital marketing strategies and customer engagement. Such values are considered strong Hair et al. (2021), implying that the structural model in this study displays an impressive level of predictive power concerning the connection between variable elements.

Path Coefficient

Path coefficient analysis is used in structural equation modeling with partial least squares (SEM-PLS) to study how strongly and in what direction hidden variables in the model are related to each other. The values of these path coefficients indicate how much an exogenous variable affects an endogenous variable directly or indirectly through a mediating variable. A high coefficient [higher than one] breakpoint provides strong evidence for a relationship between the constructs. We conduct the significance testing through bootstrapping with a sufficiently large number of subsamples, say 500 or above, to ensure stability of the estimates. If the value is above 1.96 (significance level 0.05), then we say that the relationship between variables is statistically significant (Hair et al., 2021). Table 7 provides the full path coefficient results.

Table 7
Path Coefficient

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Experience Economy Strategies (X1) -> Hotel Competitiveness (Y)	0.431	0.418	0.081	5.309	0.000
Digital Marketing Strategies (X2) -> Hotel Competitiveness (Y)	0.261	0.274	0.082	3.185	0.001
Experience Economy Strategies (X1) -> Customer Engagement (M)	0.347	0.332	0.105	3.305	0.001
Digital Marketing Strategies (X2) -> Customer Engagement (M)	0.566	0.581	0.099	5.703	0.000
Customer Engagement (M) -> Hotel Competitiveness (Y)	0.305	0.306	0.048	6.398	0.000

Source: Data Processing with SmartPLS 4.0, 2025

For the structural model, all relationships between variables are statistically significant with p-values less than 0.05, as shown in the path coefficient

results in Table 7. X1: Experience economy strategies (X1): The first independent variable has a positive and significant effect on hotel competitiveness (Y) with a coefficient value of 0.431 and a t-statistic of 5.309. The second factor affecting hotel competitiveness (Y) is digital marketing strategies (X2), which carries a coefficient of 0.261 (t-statistic = 3.185). Furthermore, the coefficients of 0.347 (t = 3.305) for both X1 and X2 have a positive impact on customer engagement (M), 0.566 (t = 5.703). On the other hand, customer engagement (M) is a top mediator of hotel competitiveness with a coefficient of 0.305 and a t-statistic of 6.398. These findings verify that through the synergistic effect of customer experience and digital strategies, all paths in the model positively contribute to the improvement of hotel competitiveness.

Predictive Relevance (Q2)

The blindfolding method in SEM-PLS gives a score called predictive relevance (Q²)

that checks how well the model predicts its dependent variables (Hair et al., 2021). A Q² value above zero indicates that the model is good at predicting both the main outcome variables and the mediators. A Q² value greater than zero denotes the satisfactory predictive relevance of the model with regard to both the main endogenous variables and the mediators. The study utilizes Q² as an assessment of the predictive relevance of endogenous constructs (customer engagement, hotel competitiveness) with respect to exogenous constructs (experience economy strategies, digital marketing strategies) to accumulate the evidence based on this study. A high Q² value indicates that the model does not only fit but is also capable of correctly predicting, thus enforcing the external validity of the model. In the following table (Table 8), the results of predictive relevance (Q²) are shown.

Table 8
Predictive Relevance (Q2)

	SSO	SSE	Q ² (=1-SSE/SSO)
Experience Economy Strategies (X1)	1600.000	558.593	0.651
Digital Marketing Strategies (X2)	1600.000	553.207	0.654
Customer Engagement (M)	1200.000	399.743	0.667
Hotel Competitiveness (Y)	1200.000	359.578	0.700

Source: Data Processing with SmartPLS 4.0, 2025

The blindfolding method (shown in Table 8) shows that all the constructs have Q² values over 0.6, which means they are considered to have excellent predictive relevance (Hair et al., 2021). Specifically, the Q² values are Experience Economy Strategies (X1) = 0.651, Digital Marketing Strategies (X2) = 0.654, Customer Engagement (M) = 0.667, and Hotel Competitiveness (Y) = 0.700. In particular, the Q² value of Experience Economy Strategies (X1) = 0.651, Digital Marketing Strategies (X2) = 0.654, Customer Engagement (M) = 0.667, and Hotel Competitiveness (Y) = 0.700. These values further support that the model has a high predictive ability on both endogenous

variables and mediators. As a result, this model does outline interrelations among variables and has a robust ability to reliably forecast respondent conduct.

Testing Mediation Effects

The SEM-PLS method, which checks for mediation effects, looks at how the mediation variable helps connect the independent variable to the dependent variable. We execute the SEM-PLS procedure by examining the total effects and specific indirect effects (Hair et al., 2021). The first analysis is done via total effects, where we explore the impact of the independent

variable on the dependent variable, both directly and indirectly through the mediator. The second level of testing is done through assessing the particular indirect effects or indirect effect of the exogenous variable on the endogenous variable via the mediator. When the specific indirect pathways are significant and the associated direct path

becomes insignificant, we conclude full mediation. If either is significant but not the other, it indicates partial mediation (Hayes & Rockwood, 2020). Such an outcome enriches the mediation mechanism of the causal pathway between variables in the research model. Tables 9 and 10 below show the results of the mediation effects test.

Table 9
Total Effects

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Experience Economy Strategies (X1) -> Hotel Competitiveness (Y)	0.537	0.520	0.101	5.343	0.000
Digital Marketing Strategies (X2) -> Hotel Competitiveness (Y)	0.434	0.450	0.098	4.421	0.000
Experience Economy Strategies (X1) -> Customer Engagement (M)	0.347	0.332	0.105	3.305	0.001
Digital Marketing Strategies (X2) -> Customer Engagement (M)	0.566	0.581	0.099	5.703	0.000
Customer Engagement (M) -> Hotel Competitiveness (Y)	0.305	0.306	0.048	6.398	0.000

Source: Data Processing with SmartPLS 4.0, 2025

In Total Effects Table 9, we see that the relationship between variables is significant at a 95% confidence level ($p < 0.05$). This means that the total effects of the Experience Economy Strategy (X1) on Hotel Competitiveness (Y) of 0.537 ($t = 5.343$; $p = 0.000$) and the Digital Marketing Strategy (X2) on Hotel Competitiveness (Y) of 0.434 ($t = 4.421$; $p = 0.000$) are significant. Moreover, Customer Engagement (M) has a meaningful impact on Hotel Competitiveness (Y) ($B = 0.460$; $t = 4.373$; $p = 0.000$), and both X1 and

X2 also had a substantial effect on Customer Engagement (M) ($B = 0.347$; $t = 3.305$; $p = 0.001$ and $B = 0.566$; $t = 5.703$; $p = 0.000$, respectively). Moreover, the customer engagement (M) variable also has a significant influence on hotel competitiveness (Y) equal to 0.305 ($t = 6.398$; $p = 0.000$). This means that customer engagement might play a role in how strategies X1 and X2 affect hotel competitiveness (Y), and this will be confirmed by testing certain indirect effects.

Table 10
Specific Indirect Effects

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Experience Economy Strategies (X1) -> Customer Engagement (M) -> Hotel Competitiveness (Y)	0.106	0.102	0.038	2.769	0.006
Digital Marketing Strategies (X2) -> Customer Engagement (M) -> Hotel Competitiveness (Y)	0.173	0.177	0.038	4.546	0.000

Source: Data Processing with SmartPLS 4.0, 2025

This conclusion is supported by the Specific Indirect Effects results in Table 10, which show that Customer Engagement (M) significantly influences how Experience Economy Strategies (X1) affect Hotel Competitiveness (Y) with a coefficient of 0.106 ($t=2.769$; $p=0.006$) and also influences how Digital Marketing Strategies (X2) affect Hotel Competitiveness (Y) with a coefficient of 0.173 ($t=4.546$; $p=0.000$). Since the direct effects from X1 to Y and from X2 to Y are also important (see Table 5: 0.431 and 0.261; $p < 0.05$), we can say that the mediation role of these variables is partial. Since the direct paths from the variables X1 to Y and from the variables X2 to Y are also significant (see Table 5: 0.431 and 0.261; $p < 0.05$), the mediation role that the variables play can be classified as partial mediation.

DISCUSSION

The influence of Experience Economy Strategies on Hotel Competitiveness

The findings of this research reveal that the experience economy variables have a direct and significant effect on the competitiveness of the hotel, especially for the rapidly developing hospitality sector of West Java. In tourism-intensive areas like Bandung, Bogor, and Cirebon, fierce competition means hotels can no longer rely on the basics alone. Tourists increasingly desire to engage more deeply and remember more thoroughly their stays. Experience-centric attributes, including personalized services, theme-based environments, emotional engagement, and unique activities, can amplify the competitive edge of hotels. Direct quote—Pine & Gilmore (1998) state that through entertainment, education, esthetics, and escapism, memorable experiences are created, which strengthen the emotional bond and increase the likelihood of repeat visits.

The efficacy of such strategies is borne out by empirical evidence. According to Alnawas & Hemsley-Brown (2019), experiential value enhances customer satisfaction and loyalty, while Amagir et al. (2020) found that unique and personalized

experiences enhance differentiation and retain customers. As indicated in a study in Indonesia, adventure-based tourism Mgxekwa-Qumba & Kruger (2024) is also increasingly sought after by travelers who wish to feel an emotional connection and be engaged in their travels. Thus, the experience economy strategies respond to shifting consumer expectations and drive loyalty, brand identity, and sustainable hotel performance. So it puts West Java hotels no longer only as a place to stay but as destination builders that offer a lasting experience.

The influence of Digital Marketing Strategies on Hotel Competitiveness

Rapid growth in digital tourism has led to an integrated consumer behavior shift and an increased expectation of service quality, which are both critical success factors in the effective implementation of digital marketing and can be used, especially in West Java's hospitality sector. One of the key approaches to growth online has been attributed to digital marketing, which, when used effectively, allows hotels to provide certain and measurable means to reach wider, more chosen markets Nurtirtawaty et al. (2021). Places such as Bandung, associated with shopping and culinary tourism, serve as fertile ground for these vectors to prosper. Thus, social media, readily available and interactive websites, online reviews, and data-guided publicity campaigns can improve brand recognition and attract local and international tourists (Leung et al., 2024; Kapoor & Kapoor, 2021).

Moreover, digital marketing strategies enable hotels to target communication, accelerate the booking process, and facilitate real-time interactions with guests, leading to improved satisfaction and loyalty (Singh et al., 2024). Research has proven that hotels with strategies including but not limited to the usage of automated booking systems, personalized email marketing, and responsive customer service through digital platforms achieve higher conversion rates and enhanced customer retention (Leung et

al., 2024; Arief et al., 2024). In the context of West Java's dynamic hospitality sector, hotels with detailed strategies can set themselves apart and quickly react to market needs, promoting their long-term viability in a highly competitive marketplace.

The influence of Experience Economy Strategies on Customer Engagement

Principles of the experience economy adopted by popular tourist destinations in West Java, such as Lembang, Pangandaran, and Cirebon, have marked new trends in the hospitality industry that have made customer engagement increasingly creative and interactive. These areas possess unique experiences in the heart of nature, cultures, and historical properties, which makes them perfect for great stays that are to be remembered. Pine & Gilmore (1998) argued that the economic value of service industries is increasingly found in their ability to deliver experiences that are entertaining, educational, escapist, and aesthetic. In this vein, hotels whose guests experience deeply personalized and emotionally bonded experiences tend to have higher levels of customer satisfaction and loyalty (Yan et al., 2024; Agapito & Sigala, 2024).

The experience economy is a key differentiator in the crowded market, as many tourists are shifting from standard experiences to more personalized and memorable interactions during their travels. Prior studies suggest that emotional engagement—an understanding-producing process by which thematic atmospheres, culture, and substitutes are introduced, then adjusted through customized service—can evoke strong behavioral intentions over time, such as motivational chances to revisit and large prevailing word-of-mouth benefits (Kumar et al., 2024). Dare I say that for hotels in West Java that want to build competitiveness and a strong relationship with guests, incorporating experiential components in their service design is not only strategic but also a necessity.

The influence of Digital Marketing Strategies on Customer Engagement

The need for effective digital marketing strategies as catalysts for customer engagement in the hospitality industry is gaining traction, especially in dynamic areas such as West Java. With rapidly evolving internet usage and the rise of social media changing the behavior of today's tourists, hotels that rely on alluring digital content, interactive web pages, and user-friendly booking engines would be able to forge an emotional relationship and facilitate real-time interaction with their customers. According to various studies, the use of digital marketing tools like social media campaigns, influencers, personalized email marketing, etc. improves customer involvement and recall value of a brand considerably (Leung et al., 2024; Fahimah & Ningsih, 2022). As in the case of some well-known tourism cities, such as Bandung, Bogor, and Garut, digital engagement assists hotels in connecting with potential consumers in domestic and international markets and facilitating repeat visits through regular and interactive interaction (Felix & Rembulan, 2023).

Moreover, the capacity for digital marketing to create emotional connections is a key factor in building loyalty in a competitive accommodation market. Real-time digital interaction is experienced at the individual level and has also been highlighted to foster customer experience by allowing immediate service, feedback, and personalization (Umami & Darma, 2021). Even so, the body of literature investigating the impact of RIS on consumer experience remains relatively limited. Digital platforms can help hotels investigate data analytics to analyze customer preferences and adapt their strategies to maintain relevance in the marketplace (Leung et al., 2024). Thus, in the face of increasingly fierce competition, the implementation of digital marketing as a core strategy to establish strong, interactive, and emotional characters with potential customers is beneficial and a

must for the sustainability and competitiveness of hotels in West Java.

The influence of Customer Engagement on Hotel Competitiveness

This surging customer participation level has become one of the factors of hotel competitiveness, where West Java, with its tourist-supporting cities of Bandung and Bogor, has the highest and continuous customer traffic. Customer engagement—measured through engagement in the loyalty program, online reviews, repeat bookings, and social media engagement—drastically influences the image of a hotel brand and the value that consumers attribute to it (Khalifa et al., 2022; Almeida & Campos, 2022). Therefore, we brand go-getters, also known as 'promoters,' as enthusiastic customers who actively contribute to organic growth by introducing a hotel to the digital space. Khoi & Le (2022), their feedback also provides valuable insights to support service customization and is used to increase guest satisfaction.

In competitive hospitality markets, hotels that achieve sustainable high levels of customer engagement are more nimble at acting on market demand and are better suited to build customer stickiness. According to Hong et al. (2023), strong engagement leads to loyalty and contributes to the relatively high switching cost, which ensures that competitors cannot lure customers away at will. In addition, engaged customers frequently script value with service providers, which positively adds to innovations in guest experience and service excellence. Such behavior leads to increased guest retention and establishes an enduring competitive advantage through personalized, emotionally evocative, and memorable service engagements. Thus, nurturing and managing customer engagement is imperative, not a choice, for hotel competitiveness.

The influence of Experience Economy Strategies on Hotel Competitiveness through Customer Engagement

The result of this study can be explained by the fact that an experience economy strategy has great potential to improve hotel competitiveness in West Java through the mediation of customer engagement. This strategy allows hotels to present an emotional connection, rewarding guests with more than a place to stay—personalized glimpses into the local culture, surrounding aesthetic environments, and engaging and entertaining interaction between a hotel and guests. Pine & Gilmore (1998) argue that experiences are the protagonists of value in today's service economy (a metaphorical value proposition); for consumers, emotional resonance and memory-based engagement are central. In tourism destinations that have plenty of natural and cultural heritage, like those in West Java, the integration of meaningful experience itself becomes a strategy to win guest loyalty and keep them coming back again.

Hence, customer engagement is a major connecting link between memorable experiences and sustainable competitive advantage. Happy customers also tend to be more proactive in communicating positive word of mouth, engaging in co-creating service, and providing feedback for continuous service improvement (Manosuthi et al., 2021). Within the digital realm, it means publishing and rewarding online reviews and recommendations that naturally enhance a hotel's visibility and reputation. In fact, high levels of engagement promote a sense of emotional connection, which has been shown to impact customer retention and brand loyalty (Ghonim et al., 2024). As customers engage with the brand, elevating the guest experience reinforces emotional ties and places customer engagement as a strategic bridge towards converting experiences into measurable competitive advantages.

The influence of Digital Marketing Strategies on Hotel Competitiveness through Customer Engagement

In West Java, hotels should be able to transform through improving customer

engagement as digital marketing becomes more personalized and controlled for each customer, increasing competition. Travelers, both local and global, extensively utilize the swift growth of social media and digital platforms, which present unique channels for direct engagement and experience customization. The hotels that holistically integrate interactive content, data-driven digital promotions, and responsive communication across digital channels are perceived to build more significant emotional connections with guests (Haryanto & Alshoushan, 2025; Leung et al., 2024). These digital, front-of-the-line touchpoints ultimately add value to the holistic service as well as enable the timely touchpoint engagement and relevant feedback loop that can shape guest satisfaction and loyalty.

This active participation acts like brand advocacy, promoting it organically. Customers who are emotionally connected with and feel valued by a company are more likely to become brand ambassadors by disseminating positive experiences through online reviews, social media mentions, and recommendations to peers, which is a vital type of earned media for hospitality businesses (Japutra et al., 2025). Such interactions are intangible strategic assets that reinforce the hotel's brand equity and competitive positioning in a room market in a crowded province like West Java. With an emphasis on two-way communication and relationship building, digital marketing strategies are associated with higher conversion rates and continued customer loyalty to the brand (Naparín, 2025). So, digital engagement—when done well—becomes not just a marketing tool but also a critical lever for developing sustainable competitive advantages.

MANAGERIAL IMPLICATION

The results of this study provide practical managerial implications that can be directly applied by hotel managers to enhance competitiveness through experience-based and digital marketing

strategies. First, hotels need to design services that go beyond functional value by offering emotional and memorable experiences. This can be achieved through personalized services, uniquely themed rooms, and activities that highlight local culture. Immersive and emotionally engaging experiences have been proven to increase customer loyalty and encourage repeat visits.

Second, digital marketing should be utilized not only as a promotional tool but as a means to build long-term relationships. Hotels are encouraged to optimize social media, instant messaging platforms, and email marketing to establish intensive, personalized two-way communication with guests. Quick responses, tailored content, and real-time recommendations significantly enhance customer engagement and trust.

Third, the strategic use of customer data is essential in delivering relevant services and promotions. CRM (Customer Relationship Management) systems enable hotels to understand guest preferences and create targeted marketing campaigns, such as special offers based on past visits or personalized birthday greetings.

Fourth, loyalty programs should be designed to encourage emotional and social engagement, not just transactional frequency. Rewarding guests who actively provide reviews, share their experiences on social media, or participate in hotel-hosted activities can strengthen customer relationships and organically increase brand exposure.

Fifth, hotel management should establish cross-functional teams that integrate marketing, guest services, and operations departments, unified under a common goal of delivering superior guest experiences. Training frontline staff to understand and respond to guests' emotional needs is also a key factor in creating high-value service.

Lastly, digital content and promotional offers should be localized by incorporating local wisdom, seasonal themes, or regional tourism trends. This not only enhances

relevance but also deepens the emotional connection between guests and the hotel as well as the destination. By implementing these measures, hotels can build sustainable competitive advantages through a strategic combination of digital innovation and experience value creation.

CONCLUSION AND SUGGESTION

Conclusion

This research empirically examines the role of customer engagement in mediating the influence of experience economy strategies and digital marketing strategies on increasing hotel competitiveness in West Java. This study bridges insights from tourism and hospitality management with concepts from organizational relationship marketing (ORM) to identify effective ways of improving competitive advantage in the regional hotel industry.

The results indicate that hotels in West Java applying experience economy principles—such as personalized services, thematic environments, and emotional involvement—are more likely to achieve competitive differentiation. In a saturated market, these hotels meet the demand of tourists seeking memorable and authentic experiences, positioning themselves as market leaders. Emotional bonding is key in creating such experiences, which significantly impact customer retention and brand advocacy.

Digital marketing strategies, particularly those involving social media, instant messaging, and personalized content, play a crucial role in enhancing customer engagement. While digital marketing may not directly affect competitiveness, it reinforces guest interaction, enabling hotels to build long-term relationships. Personalized campaigns and two-way communication also improve brand trust, online visibility, and brand perception.

Customer engagement is proven to be a significant mediating variable. Emotionally rich and interactive stays dramatically increase the likelihood of loyalty, positive reviews, and word-of-mouth

recommendations. Engagement, therefore, is not only an outcome but a vital tool for strengthening a hotel's competitive positioning in a dynamic market.

Despite these contributions, this study has certain limitations. First, the research focuses solely on 4- and 5-star hotels in West Java, which may limit the generalizability of findings to other regions or hotel classifications. Second, the cross-sectional research design restricts the ability to capture long-term causal effects between strategies, engagement, and competitiveness. Third, data were collected mainly through survey-based perceptions, which may be subject to respondent bias.

These limitations open opportunities for future research. Scholars may extend the analysis to include budget hotels or other provinces in Indonesia to compare competitive strategies across market segments. Longitudinal studies are also recommended to track changes in customer engagement and competitiveness over time. In addition, future research could incorporate objective performance indicators—such as occupancy rates, revenue per available room (RevPAR), or online review analytics—to strengthen the empirical findings.

Suggestion

Based on these findings, hotel management in West Java should prioritize the design of experience-based services that reflect the region's unique culture and natural heritage. Rather than focusing solely on visibility and promotion, marketing strategies should aim to create interactive, personalized, and emotionally resonant guest experiences.

Future hotel strategies must focus on two key areas: (1) creating lasting guest experiences that build emotional connections, and (2) leveraging digital platforms to amplify and sustain those connections. The combination of immersive experience and digital engagement will be essential for hotels to remain competitive

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and achieve long-term success in the ever-evolving tourism landscape.

Furthermore, hotel practitioners should collaborate with researchers to test new models of customer engagement that integrate advanced analytics, artificial intelligence, or virtual reality-based experiences. This collaboration will not only enrich managerial practices but also provide fertile ground for academic exploration in future studies.

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EXPERIENCE ECONOMY AND DIGITAL MARKETING STRATEGIES IN ENHANCING HOTEL COMPETITIVENESS

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ABSTRAK

Konsumen kini menginginkan pengalaman menginap yang berkesan, bukan sekadar layanan standar, sehingga memicu persaingan ketat di industri perhotelan Jawa Barat. Meskipun berbagai strategi telah diterapkan, masih terdapat kesenjangan literatur mengenai peran customer engagement sebagai variabel mediasi antara strategi dan daya saing hotel. Penelitian ini bertujuan menganalisis pengaruh strategi experience economy dan pemasaran digital terhadap daya saing hotel, baik secara langsung maupun melalui customer engagement. Populasi mencakup 320 hotel bintang tiga hingga lima di Jawa Barat, dengan estimasi total tamu tahunan 57.600 orang. Sebanyak 400 responden dipilih menggunakan rumus Slovin (margin of error 5%) dan teknik multistage sampling. Data dianalisis menggunakan metode SEM-PLS. Hasil penelitian menunjukkan bahwa kedua strategi tersebut secara signifikan meningkatkan daya saing hotel, baik secara langsung maupun tidak langsung melalui peran mediasi parsial customer engagement. Temuan ini menegaskan pentingnya pendekatan berbasis pengalaman dan digital dalam membangun keterlibatan pelanggan dan menciptakan keunggulan bersaing. Studi ini memberikan kontribusi teoritis bagi literatur manajemen perhotelan dan implikasi praktis bagi manajer hotel di Jawa Barat untuk memperkuat posisi kompetitif mereka melalui strategi yang berfokus pada pengalaman pelanggan dan transformasi digital.

Kata kunci: experience economy, pemasaran digital, keterlibatan pelanggan, daya saing hotel

ABSTRACT

Consumers are increasingly seeking memorable experiences, not only standard hotel services, but also driving intense competition in West Java's hospitality industry. Although several strategies have been implemented, a literature gap remains in relation to the role of customer engagement as a mediating variable between strategy and hotel competitiveness. Therefore, this study aims to analyze the effect of experience economy and digital marketing strategies on hotel competitiveness, both directly and through customer engagement. The research covers 320 three- to five-star hotels in West Java, with an estimated annual guest population of 57,600. A total of 400 respondents were selected using Slovin's formula, which incorporates a 5% margin of error and employs a multistage sampling approach. Data was analyzed using the SEM-PLS method. The results indicate that both strategies significantly enhance hotel competitiveness, both directly and indirectly, through the partial mediating role of customer engagement. These findings underscore the importance of combining experiential and digital approaches to foster a deeper emotional connection with customers and gain a competitive edge. This study contributes to the theoretical development of hospitality management. It also provides practical insights for hotel managers in West Java to enhance their competitiveness by implementing experience-driven and digitally oriented strategies tailored to meet customer expectations.

Keywords: experience economy, digital marketing, customer engagement, hotel competitiveness

INTRODUCTION

The tourism sector is a key contributor to local and national economic growth; therefore, the hospitality industry in Indonesia, both locally and nationally, should be a significant factor in the economy, especially in major tourist destinations such as West Java. In the context of the growing dynamism of competitive forces in the hospitality industry, hotels are expected to offer quality service that comes with added value, distinguishing themselves from their rivals. In this context, one approach is growing in importance—the application of the experience economy. It is a marketing strategy that takes the customer's experience to another level, creating memories and feelings. Pine and Gilmore (1998) introduced their concept that consumers no longer buy products or services, but rather experiences.

West Java, as one of the provinces with the most tourism contributions and visitors in Indonesia, presents various attractive tourism sectors, including nature, culture, and culinary. Tourists in Bandung, Bogor, Cirebon, and Pangandaran are the most popular tourist targets for both domestic and

foreign tourists. The hospitality industry in West Java has grown in response to this unprecedentedly large number of tourist visits. According to Statistics Indonesia (BPS) data, the number of star-rated hotels has increased significantly in the province over the past five years, with the most notable growth in 3-star, 4-star, and 5-star hotels. The phenomenon is clearly demonstrated in Table 1 that the number of star-rated hotels increase from 269 in 2019 to 315 in 2023, with a notable shift from 3-star to 5-star rated hotels.

Nevertheless, the average room occupancy rate (OR) remains below the optimal limit, in the 41–55% range. It indicates that hotel competitiveness in the region requires improvement, particularly in terms of marketing and customer experience. This concern is similarly apparent in the OR data in Table 1, which demonstrates a dramatic drop in 2020 due to the pandemic and an incomplete rebound by 2023. The scenario further highlights the need for innovative marketing approaches that prioritize experience creation and the effective utilization of digital technology.

Table 1
Development of Star-Rated Hotels and Room Occupancy Rates (TPK) in West Java (2019–2023)

Year	1-Star	2-Star	3-Star	4-Star	5-Star	Total Hotels	Average Room Occupancy Rate (%)
2019	47	61	110	38	13	269	55.3
2020	48	62	113	41	13	277	30.2
2021	49	64	118	44	14	289	41.7
2022	50	66	125	47	15	303	49.8
2023	52	68	130	49	16	315	53.4

Source: Statistics Indonesia (BPS) West Java Province, West Java Hotel Statistics 2023

Digitalization has emerged as one of the determining factors transforming the face of hotel marketing with the advent of technology and the development of social media platforms. Digital marketing methods—utilizing social media, online reservation sites, visual content, and digital customer reviews—have already become

vital channels for establishing communication with prospects and enhancing hotel brand visibility. Digital marketing is an effective way to expand market reach and foster customer loyalty (Chaffey & Smith, 2022; Solomon et al., 2020). When the experience promised by a hotel does not match what the guest expected after interacting with digital

media, the gap between promotion and the reality of what a guest actually experiences can turn around and bite hoteliers.

Customer engagement in this context acts as an important mediating variable that links implemented marketing strategies and customers' perceptions of hotel competitiveness. Customer engagement is not just a reflection of customers' interest in hotel services, but also indicates their level of loyalty, advocacy, and active participation in shaping the overall brand image. For example, Hollebeek and Macky (2019) and Jayasingh (2019) highlight the significant impact of customer engagement as a mediator in improving performance for service-oriented firms. However, there are no robust studies that examine real-world situations in emerging tourist spots with millions of hotel rooms, such as those in Indonesia, to fully connect these ideas between the experience economy, digital marketing, customer engagement, and hotel competitiveness.

Most existing research has focused on either the Effectiveness of digital marketing (Leung et al., 2024; Pop et al., 2022) or the impact of experiential strategies (Summers et al., 2019), without exploring how these experiential strategies can be combined with digital marketing strategies to enhance customer engagement. They emphasized the role of social media in forming customer perception of hotels, and Pine and Gilmore (1998) and Alnawas and Hemsley-Brown (2019) highlighted the significance of experiences as a value differentiator in hospitality services. Additionally, the literature regarding the combination of strategies for innovation in hotel management remains scant, with few studies identifying hotel competitiveness as the affected variable (Hoang et al., 2024; Sigala, 2019). Consequently, this paper reveals a theoretical and practically relevant niche that must be filled to comprehend the new drivers of modern marketing in a rapidly changing hospitality industry, especially in tourism markets that are increasingly geographically oriented towards experiences.

This study examines the effects of experience economy and digital marketing strategies on hotel competitiveness, with customer engagement as a mediator. The findings enrich the service marketing and tourism literature, offering practical insights for developing holistic, experiential, and digital strategies in the hospitality sector. Scientifically, it contributes by (1) integrating experiential and digital marketing into a unified model and (2) highlighting customer engagement's mediating role in enhancing hotel competitiveness.

THEORETICAL REVIEW

Experience Economy Strategy and Hotel Competitiveness

A more relevant strategy in today's tourism era is the experience economy strategy, which emphasizes creating memorable guest experiences. Pine and Gilmore (1998) explain that firms delivering experiences across four dimensions—entertainment, education, esthetics, and escapism—gain enduring competitive advantages. In highly competitive markets, such unique and immersive experiences provide added value, fostering guest loyalty and strengthening brand image (Hwang & Lee, 2019; Alnawas & Hemsley-Brown, 2019). Empirical evidence shows that hotels applying experience economic principles outperform those focusing solely on functional services (Amagir et al., 2020; Mgxekwa-Qumba & Kruger, 2024). As global tourism evolves, hotels are shifting from offering mere lifelong accommodation and emotionally engaging experiences that enhance customer attachment and loyalty. Therefore, this study proposes the following hypothesis:

H₁: The experience economic strategy has a positive and significant effect on hotel competitiveness.

Digital Marketing Strategy and Hotel Competitiveness

With the rapid advancement of information technology and shifts in consumer behavior, digital marketing strategies have become crucial in enhancing hotel competitiveness. Through social media, search engines, websites, and email marketing, hotels can achieve stronger brand positioning, increased direct bookings, and long-term customer relationships (Nurtirtawaty et al., 2021; Kapoor & Kapoor, 2021; Singh et al., 2024). Optimising digital platforms, such as responsive websites and online booking systems, improves conversion rates and loyalty (López-Gamero et al., 2023). While social media fosters personalized interactions that enrich the customer experience (Arief et al., 2024). Moreover, Sigala (2019) emphasizes that effective customer data management enhances decision-making and competitiveness. Digital strategies serve as advanced tools for generating information and promoting innovation, contributing to higher occupancy rates and customer retention (Armillotta et al., 2024). Overall, digital marketing is a key driver of sustainable competitive advantage in the dynamic hospitality industry. In this review, the hypothesis is as follow:

H₂: A digital marketing strategy has a positive and significant impact on hotel competitiveness.

Experience Economy Strategy and Customer Engagement

Under the **Experience Economy strategy**, hotels prioritize customer retention by providing in-depth, memorable experiences that foster emotional engagement and loyalty. As Pine and Gilmore (1998) explain, such experiences stem from customized services, unique environments, and emotional connections. Real-world experiences further enhance engagement, encouraging repeated use and stronger brand relationships (Yan et al., 2024). In the hospitality sector, hotels that successfully create memorable experiences are more effective at building repeat patronage and long-term customer ties (Agapito & Sigala, 2024). Research by Kumar et al. (2024) shows

that the deeper the experience, the stronger its influence on customer attitudes, satisfaction, and engagement, leading to positive recommendations and brand loyalty that reinforce a hotel's competitiveness. Thus, the hypotheses are formulated as follow:

H₃: The Experience Economy strategy has a positive and significant effect on customer engagement.

Digital Marketing Strategy and Customer Engagement

The **digital marketing strategy** utilizes technology and online platforms to foster stronger customer relationships, expand into new markets, and boost engagement. Through social media, search engines, and email marketing, companies can interact directly with consumers and assess the effectiveness of their communication (Fahimah & Ningsih, 2022). Hoteliers who apply digital marketing techniques can personalize and respond to customer needs more effectively, thereby fostering deeper engagement (Leung et al., 2024). Likewise, personalized promotions strengthen customer loyalty and brand attachment (Felix & Rembulan, 2023). In the hospitality sector, digital platforms enable two-way communication, faster responses, and improved brand image. These allow hotels to create more connected and tailored experiences that enhance customer engagement (Umami & Darma, 2021). On this basis, we propose the following hypothesis:

H₄: A digital marketing strategy has a positive and significant impact on customer engagement.

Customer Engagement and Hotel Competitiveness

Customer engagement is a crucial factor in enhancing hotel competitiveness, as higher engagement fosters stronger emotional attachment and customer loyalty. Prior studies show that active engagement increases brand interaction, perceived service quality, and satisfaction (Khalifa et al., 2022; Almeida & Campos, 2022). While constructive interactions promote repeat

visits and positive recommendations (Khoi & Le, 2022). In the hospitality industry, engagement enhances competitiveness through a stronger brand reputation and memorable experiences, with emotionally connected customers exhibiting greater satisfaction and resilience in competitive markets (Hong et al., 2023). Moreover, direct engagement via social media or loyalty programs reinforces customer relationships, thereby strengthening hotel competitiveness (Bouchriha et al., 2024). Based on these results, we postulate the following hypothesis:

H₅: Customer engagement has a positive and significant effect on hotel competitiveness.

Mediating Effect of Customer Engagement

Customer engagement is widely recognized as a key mediating variable that links marketing strategies, customer experience, and brand competitiveness in the hospitality industry. It plays a vital role in building lasting consumer relationships shaped by positive perceptions of marketing and brand experience (Manosuthi et al., 2021). Experience economy strategies create emotional experiences that enhance engagement, loyalty, and competitiveness

(Ghonim et al., 2024; Haryanto & Alshoushan, 2025). Similarly, digital marketing fosters two-way personalized communication that strengthens engagement and emotional bonds (Leung et al., 2024; Japutra et al., 2025). Referring to Naparin (2025), customer engagement serves as the essential link between digital marketing Effectiveness and competitive success. Taking these findings into account, this study proposed the following hypotheses:

H₆: Customer engagement mediates the effect of the experience economic strategy on hotel competitiveness.

H₇: Customer engagement mediates the effect of digital marketing strategy on hotel competitiveness.

Based on the reviewed literature, this study proposes a conceptual framework that systematically connects the relationships among variables. It explains how experience economy and digital marketing strategies enhance hotel competitiveness through customer engagement as a mediating variable. This model enables testing of both direct and indirect relationships, offering theoretical and analytical guidance for hypothesis testing, as illustrated in Figure 1.

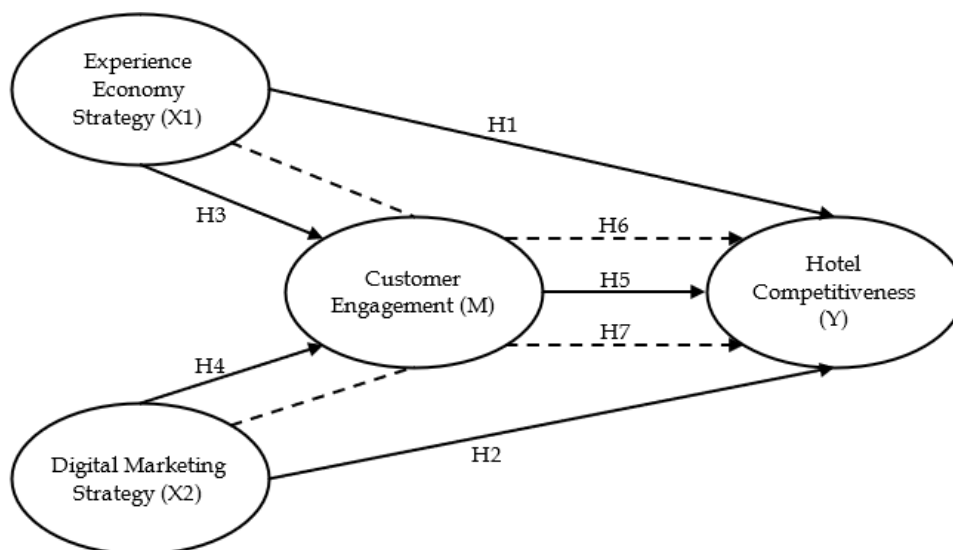


Figure 1
Conceptual Framework
 Source: Research Data

RESEARCH METHOD

This study quantitatively examines the influence of the experience economy and digital marketing strategies on hotel competitiveness through customer engagement. It uses SEM-PLS, as recommended by Hair et al. (2021) and Sarstedt et al. (2022) for analyzing complex causal relationships. They focus on 3- to 5-star hotels in West Java, with guests who stayed in the past year as the unit of analysis, ensuring firsthand evaluations of service and marketing Effectiveness (Grewal & Roggeveen, 2020).

The units of observation are hotels that implement unique experiential concepts (Pine & Gilmore, 1998) and utilize digital marketing platforms actively (Chaffey & Smith, 2022). The population comprises 320 hotels (Disparbud Jabar, 2024), which are estimated to host approximately 57,600 guests annually. Using Slovin's formula with a 5% margin of error (Sugiyono, 2021), a

representative sample of 400 respondents was determined.

A multistage sampling approach was employed: first, a purposive selection of 40 hotels across major cities in West Java (Bandung, Bogor, and Garut) was made to ensure regional diversity; second, online questionnaires were distributed to 10 guests per hotel via convenience sampling from loyalty databases (Hair & Brunsveld, 2019). SEM-PLS was chosen for its ability to handle non-normal data and moderate sample sizes effectively (Hair et al., 2021). Research variables include the experience economy (type and personalization of themed rooms), digital marketing (social media participation and chatbot responsiveness), customer engagement (user-generated content and repeat booking intention), and hotel competitiveness (occupancy rate and average daily rate, or ADR) (Crick et al., 2020; Arizal et al., 2024). The distribution of respondents can be seen in Table 2 below:

Table 2
Distribution of Respondents

Category	Sub-category	Frequency (n)	Percentage (%)
Hotel Classification	3-star	160	40
	4-star	120	30
	5-star	120	30
City/Destination	Bandung	150	37.5
	Bogor	130	32.5
	Garut	120	30
Sampling Technique Used	Purposive Sampling (Hotel)	40 hotels	-
	Convenience Sampling (Guest)	10 guests/hotel	-
Total Number of Respondents -		400	100

Source: Research Data

Data collection is done through an online questionnaire using a 5-point Likert scale as well as secondary data from digital marketing metrics and hotel performance reports. The data will be examined by checking if the measures are related ($AVE > 0.5$), if they are reliable (composite reliability > 0.7), and by looking at mediation effects

using 500 smaller samples (Hair et al., 2021). The generalizability of this study is limited, as it refers only to 3- to 5-star hotels in West Java, and there is potential recall bias from respondents (Podsakoff et al., 2024).

ANALYSIS AND DISCUSSION

Descriptive Analysis

This study presents the characteristics of respondents, including their gender, age, education level, and hotel visit frequency, to provide a clear profile that supports the

accurate interpretation of the findings. Describing these attributes helps identify respondent types and offers insights into consumer preferences and behaviors related to hotel experiences in West Java. Table 3 summarizes the analysis results.

Table 3
Demographic Characteristics of Respondents

Characteristic	Category	Frequency	Percentage (%)
Gender	Male	220	55
	Female	180	45
Age	18-24 years	120	30
	25-34 years	150	37.5
	35-44 years	80	20
	45 years and above	50	12.5
Education Level	High School/Vocational	40	10
	Bachelor's Degree	280	70
	Postgraduate Degree	80	20
Stay Frequency	1-3 times per year	160	40
	4-6 times per year	120	30
	More than 6 times	120	30

Source: Research Data

The sample consists of 400 respondents, with a slightly higher numbers for males (55%) than females (45%). A large majority (37.5%) of the respondents fall within the 25–34 age group, and 30 percent are 18–24 years old, reflecting young users. On the educational front, 70 percent hold a bachelor's degree and 20 percent have postgraduate qualifications, representing a highly educated sample. Regarding the frequency of stay in hotels, 40% stay 1–3 times per year, while the remaining respondents are divided between 4–6 times (30%) and more than 6 times a year (30%). These details reflect the balanced representation of both frequent and occasional guests, in accordance with the study to determine customer engagement in the hospitality industry.

Measurement Model

The measurement model assessment in the SEM-PLS method aims to confirm that the

latent constructs are measured accurately and reliably through their specific indicators. The procedure entails analyzing convergent validity via Average Variance Extracted (AVE), which should be greater than 0.5 as further discussed in this study (Hair et al., 2021). The reference to composite reliability (CR) and Cronbach's Alpha, with a minimum value of 0.7 is recommended (Keith, 2019). Furthermore, discriminant validity is tested to ensure that the empirically distinct constructs lead to distinguishable constructs using the Fornell-Larcker criterion and the Heterotrait-Monotrait Ratio (HTMT). The recommendation is that the HTMT value must remain lower than 0.90 (Rönkkö & Cho, 2022). At this stage, the tests are crucial for establishing a solid and trustworthy measurement base for the structural model that will be developed later. The measurement model evaluation results are presented in Figure 2 which illustrates the case management process.

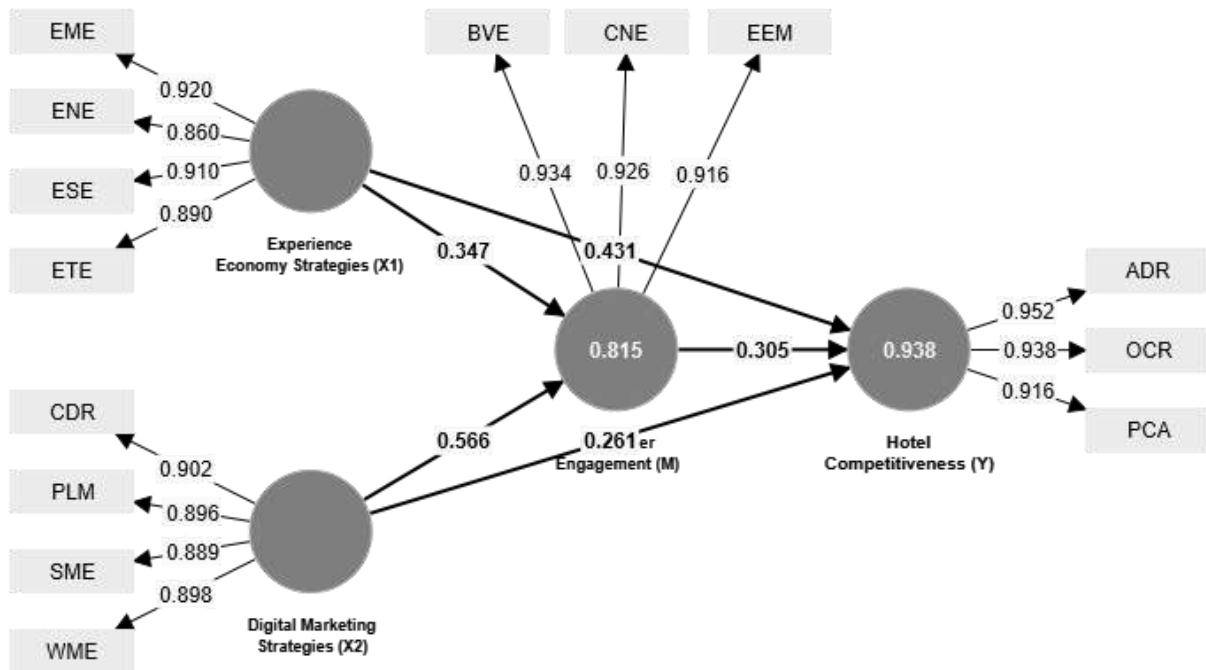


Figure 2
Measurement Model
Source: Data Processing, 2025

Convergent Validity

Convergent validity is a component of construct validity that examines the degree to which different measurements are expected to be related to the accuracy with the underlying variable they are intended to assess. This study tested convergent validity using three criteria: outer loading, Average Variance Extracted (AVE), and Composite

Reliability (CR). Convergent validity is considered adequate when the outer loading is ≥ 0.7 , the AVE is ≥ 0.5 , and the CR is ≥ 0.7 . These imply that the latent variable has explained a high proportion of variance in its indicators (Hair et al., 2021; Keith, 2019). Table 4: The results of the convergent validity validation test.

Table 4
Construct Reliability and Validity

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)
Experience Economy Strategies (X1)	0.917	0.920	0.942
Digital Marketing Strategies (X2)	0.919	0.920	0.942
Customer Engagement (M)	0.916	0.916	0.947
Hotel Competitiveness (Y)	0.928	0.929	0.955

Source: Data Processing, 2025

Figure 2 and Table 4 indicate that all constructs in this study meet SEM-PLS validity and reliability standards. Outer loading values exceed 0.70, confirming that indicators strongly represent their respective

latent constructs. Cronbach’s Alpha and Composite Reliability for the four constructs—experience economy strategies (X1), digital marketing strategies (X2), customer engagement (M), and hotel

competitiveness (Y)—all exceed 0.90, indicating high internal consistency (Hair et al., 2021). Moreover, the Composite Reliability (rho_c) values further confirm the robustness of the measurement model, which is considered valid and reliable for subsequent structural analysis.

Discriminant Validity

Discriminant validity, a crucial aspect of measurement model assessment, determines whether the constructs in the model are

distinct from one another. In SEM-PLS, it reflects the extent to which each construct differs from others (Hair et al., 2021). Using the Fornell-Larcker criterion, discriminant validity is confirmed when the square root of the Average Variance Extracted (AVE) of each construct exceeds its correlations with other constructs. The results show that all constructs meet this condition in which discriminant validity has been established. Table 5 presents the results of this test.

Table 5
Discriminant Validity

	Customer Engagement (M)	Digital Marketing Strategies (X2)	Experience Economy Strategies (X1)	Hotel Competitiveness (Y)
Customer Engagement (M)	0.925			
Digital Marketing Strategies (X2)	0.897	0.896		
Experience Economy Strategies (X1)	0.887	0.954	0.895	
Hotel Competitiveness (Y)	0.922	0.946	0.951	0.935

Source: Data Processing, 2025

Table 5 demonstrates that the square root of the AVE for each construct, along the diagonal, exceeds its correlations with other constructs, confirming discriminant validity. For example, the AVE of Customer Engagement (0.925) is higher than its correlations with Digital Marketing Strategies (0.897), Experience Economy Strategies (0.887), and Hotel Competitiveness (0.922). Similarly, Hotel Competitiveness has an AVE of 0.935, greater than its correlations with other constructs. These findings confirm that all constructs in the model are empirically distinct, satisfying the Fornell-Larcker criterion.

Structural Model

After confirming the validity and reliability of the measurement model, the structural model was tested to examine the relationships among latent constructs using SEM-PLS. This analysis evaluates model fit (R²), path coefficients, and key statistics,

including t-values, p-values, effect size (f²), and predictive relevance (Q²). They assess the predictive power and significance of the model. SEM-PLS is preferred in management and business research for its ability to handle complex models, non-normal data, and relatively small sample sizes (Hair et al., 2021; Rönkkö & Cho, 2022).

Coefficient of Determination (R²)

The goodness of fit (R²) measures how well exogenous variables explain the variance in endogenous constructs within the structural model. R² values range from 0 to 1, with higher values indicating stronger predictive power. Following Hair et al. (2021), R² values of 0.67, 0.33, and 0.19 represent strong, moderate, and weak explanatory levels, respectively. Thus, the R² value reflects how effectively exogenous constructs account for the formation of endogenous constructs. Table 6 summarizes the R² test results.

Table 6
Coefficient of Determination (R²)

	R-square	R-square adjusted
Customer Engagement (M)	0.815	0.814
Hotel Competitiveness (Y)	0.938	0.938

Source: Data Processing, 2025

Table 6 shows that the experience economy and digital marketing strategies together explain 81.5% of the variance in customer engagement ($R^2 = 0.815$). At the same time, hotel competitiveness records an R^2 of 0.938. The combined effects of the experience economy, digital marketing, and customer engagement account for 93.8% of its variance. According to Hair et al. (2021), these strong R^2 values indicate that the structural model demonstrates excellent predictive power in explaining the relationships among the studied variables.

Path Coefficient

Path coefficient analysis in SEM-PLS examines the strength and direction of relationships among latent variables. The coefficient values indicate the direct or indirect impact of an exogenous variable on an endogenous variable, mediated by one or more variables. Significant testing is conducted with bootstrapping at least 500 subsamples to ensure the stability of the estimate. A t-value above 1.96 at a 0.05 significance level indicates a statistically significant relationship (Hair et al., 2021). Table 7 provides the full path coefficient results.

Table 7
Path Coefficient

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Experience Economy Strategies (X1) -> Hotel Competitiveness (Y)	0.431	0.418	0.081	5.309	0.000
Digital Marketing Strategies (X2) -> Hotel Competitiveness (Y)	0.261	0.274	0.082	3.185	0.001
Experience Economy Strategies (X1) -> Customer Engagement (M)	0.347	0.332	0.105	3.305	0.001
Digital Marketing Strategies (X2) -> Customer Engagement (M)	0.566	0.581	0.099	5.703	0.000
Customer Engagement (M) -> Hotel Competitiveness (Y)	0.305	0.306	0.048	6.398	0.000

Source: Data Processing, 2025

All relationships in the structural model are statistically significant ($p < 0.05$), as shown in Table 7. Experience economy strategies (X1) positively and significantly affect hotel competitiveness (Y) ($\beta = 0.431$; $t = 5.309$). Digital marketing strategies (X2) also have a positive and significant effect ($\beta = 0.261$; $t = 3.185$). Both X1 and X2 positively influence

customer engagement (M) ($\beta = 0.347$; $t = 3.305$), while customer engagement strongly mediates hotel competitiveness ($\beta = 0.305$; $t = 6.398$). These results confirm that customer experience and digital strategies synergistically enhance hotel competitiveness.

Predictive Relevance (Q²)

The blindfolding method in SEM-PLS produces a predictive relevance score (Q²) that evaluates the model’s ability to predict dependent variables (Hair et al., 2021). A Q² value above zero indicates satisfactory predictive relevance for both endogenous variables and mediators. This study employs

Q² to evaluate the predictive power of endogenous constructs (customer engagement and hotel competitiveness) in relation to exogenous constructs (experience economy and digital marketing strategies). A higher Q² value signifies strong predictive capability and external validity of the model, as shown in Table 8.

Table 8
Predictive Relevance (Q²)

	SSO	SSE	Q ² (=1-SSE/SSO)
Experience Economy Strategies (X1)	1600.000	558.593	0.651
Digital Marketing Strategies (X2)	1600.000	553.207	0.654
Customer Engagement (M)	1200.000	399.743	0.667
Hotel Competitiveness (Y)	1200.000	359.578	0.700

Source: Data Processing, 2025

The blindfolding results (Table 8) show that all constructs have Q² values above 0.6, indicating excellent predictive relevance (Hair et al., 2021). Specifically, Experience Economy Strategies (X1) = 0.651, Digital Marketing Strategies (X2) = 0.654, Customer Engagement (M) = 0.667, and Hotel Competitiveness (Y) = 0.700. These values confirm the model’s strong predictive ability and its robustness in explaining relationships and forecasting respondent behavior.

Testing Mediation Effects

The SEM-PLS mediation analysis examines how a mediator links the independent and dependent variables by assessing total and specific indirect effects (Hair et al., 2021). The total effects show both direct and indirect impacts, while the specific indirect effects reveal the strength of mediation. Complete mediation occurs when indirect effects are significant but direct effects are not, whereas partial mediation appears when both are significant (Hayes & Rockwood, 2020). Tables 9 and 10 present the results of the mediation test.

Table 9
Total Effects

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Experience Economy Strategies (X1) -> Hotel Competitiveness (Y)	0.537	0.520	0.101	5.343	0.000
Digital Marketing Strategies (X2) -> Hotel Competitiveness (Y)	0.434	0.450	0.098	4.421	0.000
Experience Economy Strategies (X1) -> Customer Engagement (M)	0.347	0.332	0.105	3.305	0.001
Digital Marketing Strategies (X2) -> Customer Engagement (M)	0.566	0.581	0.099	5.703	0.000
Customer Engagement (M) -> Hotel Competitiveness (Y)	0.305	0.306	0.048	6.398	0.000

Source: Data Processing, 2025

Table 9 shows that all relationships are significant at the 95% confidence level ($p < 0.05$). The Experience Economy Strategy (X1) and Digital Marketing Strategy (X2) have a significant impact on Hotel Competitiveness (Y), with coefficients of 0.537 ($t = 5.343, p = 0.000$) and 0.434 ($t = 4.421, p = 0.000$), respectively. Customer Engagement (M) also

significantly influences Hotel Competitiveness ($B = 0.460; t = 4.373; p < 0.001$), while both X1 and X2 significantly affect M ($B = 0.347; t = 3.305; p = 0.001; B = 0.566; t = 5.703; p < 0.001$). Thus, M may mediate the effects of X1 and X2 on Y, which is tested through specific indirect effects.

Table 10
Specific Indirect Effects

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Experience Economy Strategies (X1) -> Customer Engagement (M) -> Hotel Competitiveness (Y)	0.106	0.102	0.038	2.769	0.006
Digital Marketing Strategies (X2) -> Customer Engagement (M) -> Hotel Competitiveness (Y)	0.173	0.177	0.038	4.546	0.000

Source: Data Processing, 2025

Table 10 shows that Customer Engagement (M) significantly mediates the effects of Experience Economy Strategies (X1) on Hotel Competitiveness (Y) ($\beta = 0.106; t = 2.769; p = 0.006$) and Digital Marketing Strategies (X2) on Y ($\beta = 0.173; t = 4.546; p = 0.000$). Since the direct effects from X1 \rightarrow Y ($0.431; p < 0.05$) and X2 \rightarrow Y ($0.261; p < 0.05$) remain significant, the mediation is classified as partial.

The Influence of Experience Economy Strategies on Hotel Competitiveness

The findings of this research reveal that the experience economy variables have a direct and significant impact on the competitiveness of hotels, particularly in the rapidly developing hospitality sector of West Java. In tourism-intensive areas like Bandung, Bogor, and Cirebon, fierce competition means hotels can no longer rely solely on the basics. Tourists increasingly desire to engage more deeply and remember their stays more thoroughly. Experience-centric attributes, including personalized services, theme-based environments, emotional engagement, and unique activities, can amplify the competitive

edge of hotels. Direct quote – Pine & Gilmore (1998) state that through entertainment, education, aesthetics, and escapism, memorable experiences are created, which strengthen the emotional bond and increase the likelihood of repeat visits.

The efficacy of such strategies is borne out by empirical evidence. According to Alnawas and Hemsley-Brown (2019), experiential value enhances customer satisfaction and loyalty. While Amagir et al. (2020) found that unique and personalized experiences enhance differentiation and retain customers. As indicated in Indonesia (Mgxeqwa-Qumba & Kruger, 2024), adventure-based tourism is also increasingly sought after by travelers who wish to feel an emotional connection and be engaged in their travels. Thus, experience economy strategies respond to shifting consumer expectations, driving loyalty, brand identity, and sustainable hotel performance. So, it puts West Java hotels not only as a place to stay but as destination builders that offer a lasting experience.

The Influence of Digital Marketing Strategies on Hotel Competitiveness

Rapid growth in digital tourism has led to an integrated shift in consumer behavior and an increased expectation of service quality. Both of which are critical success factors in the effective implementation of digital marketing, particularly in West Java's hospitality sector. One of the key approaches to online growth has been attributed to digital marketing. When it is used effectively, allows hotels to provide specific and measurable means to reach broader, more targeted markets (Nurtirtawaty et al., 2021). Places such as Bandung, known for its shopping and culinary tourism, provide fertile ground for these vectors to thrive. Thus, social media, readily available and interactive websites, online reviews, and data-driven publicity campaigns can enhance brand recognition and attract both local and international tourists (Leung et al., 2024; Kapoor & Kapoor, 2021).

Moreover, digital marketing strategies enable hotels to target their communication, accelerate the booking process, and facilitate real-time interactions with guests, leading to improved satisfaction and loyalty (Singh et al., 2024). Research has shown that hotels employing strategies such as automated booking systems, personalized email marketing, and responsive customer service through digital platforms achieve higher conversion rates and enhanced customer retention (Leung et al., 2024; Arief et al., 2024). In the context of West Java's dynamic hospitality sector, hotels with detailed strategies can differentiate themselves and quickly respond to market needs, for promoting their long-term viability in a highly competitive marketplace.

The Effect of Experience Economy Strategies on Customer Engagement

Principles of the experience economy, adopted by popular tourist destinations in West Java, such as Lembang, Pangandaran, and Cirebon. They have marked new trends in the hospitality industry, making customer

engagement increasingly creative and interactive. These areas offer unique experiences in the heart of nature, culture, and historical properties, making them perfect for stays that are unforgettable. Pine and Gilmore (1998) argued that the economic value of service industries is increasingly found in their ability to deliver experiences that are entertaining, educational, escapist, and aesthetic. The hotels that offer guests deeply personalized and emotionally bonded experiences tend to have higher levels of customer satisfaction and loyalty (Yan et al., 2024; Agapito & Sigala, 2024).

The experience economy is a key differentiator in the crowded market, as many tourists are shifting from standard experiences to more personalized and memorable interactions during their travels. Prior studies suggest that emotional engagement—an understanding-producing process by which thematic atmospheres, culture, and substitutes are introduced and adjusted through customized service. They can evoke strong behavioral intentions over time, such as motivational chances to revisit and large prevailing word-of-mouth benefits (Kumar et al., 2024). The hotels in West Java that aim to build competitiveness and foster robust relationships with guests, incorporating experiential components into their service design is not only strategic but also a necessity.

The Effect of Digital Marketing Strategies on Customer Engagement

The need for effective digital marketing strategies as catalysts for customer engagement in the hospitality industry is gaining traction, especially in dynamic areas such as West Java. The rapidly internet usage and the rise of social media have changed the behavior of today's tourists. The hotels that rely on alluring digital content, interactive web pages, and user-friendly booking engines can forge an emotional relationship and facilitate real-time interaction with their customers. According to various studies, the use of digital marketing tools, such as social media campaigns, influencer marketing, and

personalized email marketing, significantly improves customer engagement and brand recall value (Leung et al., 2024; Fahimah & Ningsih, 2022). As in the case of some well-known tourism cities, such as Bandung, Bogor, and Garut, digital engagement helps hotels connect with potential consumers in domestic and international markets, facilitating repeat visits through regular and interactive interactions (Felix & Rembulan, 2023).

Moreover, the capacity for digital marketing to create emotional connections is a key factor in building loyalty in a competitive accommodation market. Real-time digital interaction is experienced at the individual level. It has been highlighted as a means to foster a customer experience by allowing for immediate service, feedback, and personalization (Umami & Darma, 2021). Nevertheless, the body of literature examining the impact of RIS on consumer experience remains relatively limited. Digital platforms can help hotels utilize data analytics to analyze customer preferences and adapt their strategies to maintain relevance in the marketplace (Leung et al., 2024). In the face of increasingly fierce competition, implementing digital marketing as a core strategy to establish strong, interactive, and emotional relationships with potential customers is beneficial and essential for the sustainability and competitiveness of hotels in West Java.

The Effect of Customer Engagement on Hotel Competitiveness

The surging customer participation level has become one of the key factors in hotel competitiveness. West Java, featuring its tourist-supporting cities of Bandung and Bogor, experiences the highest and most continuous customer traffic. Customer engagement—measured through engagement in the loyalty program, online reviews, repeat bookings, and social media engagement—drastically influences the image of a hotel brand and the value for consumers (Khalifa et al., 2022; Almeida & Campos, 2022). Therefore,

the brand go-getters, also known as 'promoters,' as enthusiastic customers who actively contribute to organic growth by introducing a hotel to the digital space. Khoi and Le (2022) also provide valuable feedback that supports service customization and is used to increase guest satisfaction.

In competitive hospitality markets, hotels that achieve sustainable high levels of customer engagement are more agile in responding to market demand and are better equipped to build customer loyalty. According to Hong et al. (2023), strong engagement leads to loyalty and contributes to the relatively high switching Cost, which ensures that competitors cannot lure customers away at will. In addition, engaged customers frequently script value with service providers, which positively contributes to innovations in guest experience and service excellence. Such behavior leads to increased guest retention and establishes a lasting competitive advantage through personalized, emotionally evocative, and memorable service experiences. Thus, nurturing and managing customer engagement is imperative, not a choice, for hotel competitiveness.

The Effect of Experience Economy Strategies on Hotel Competitiveness through Customer Engagement

This study explores the fact that an experience economy strategy has great potential to improve hotel competitiveness in West Java through the mediation of customer engagement. The strategy enables hotels to establish an emotional connection, rewarding guests with more than just a place to stay—personalized glimpses into the local culture, surrounding aesthetic environments, engaging and entertaining interactions between the hotel and its guests. Pine and Gilmore (1998) argue that experiences are the protagonists of value in today's service economy (a metaphorical value proposition); for consumers, emotional resonance and memory-based engagement are central. In tourism destinations that have a wealth of

natural and cultural heritage, as in West Java, the integration of meaningful experiences becomes a strategy to win guest loyalty and keep them coming back.

Hence, customer engagement is a primary connecting link between memorable experiences and a sustainable competitive advantage. Happy customers also tend to be more proactive in communicating positive word of mouth, engaging in co-creating service, and providing feedback for continuous service improvement (Manosuthi et al., 2021). Within the digital realm, the publishing and rewarding online reviews and recommendations naturally enhance a hotel's visibility and reputation. In fact, high levels of engagement promote a sense of emotional connection, which has been shown to impact customer retention and brand loyalty (Ghonim et al., 2024). As customers engage with the brand, elevating the guest experience reinforces emotional ties and places customer engagement as a strategic bridge towards converting experiences into measurable competitive advantages.

The Effect of Digital Marketing Strategies on Hotel Competitiveness through Customer Engagement

In West Java, hotels should transform by improving customer engagement as digital marketing becomes more personalized and targeted for each customer, thereby increasing competition. Local and international travelers extensively utilize the rapid growth of social media and digital platforms, which present unique channels for direct engagement and personalized experiences. The hotels that holistically integrate interactive content, data-driven digital promotions, and responsive communication across digital channels are perceived to build more significant emotional connections with guests (Haryanto & Alshoushan, 2025; Leung et al., 2024). These digital, front-of-the-line touchpoints ultimately add value to the holistic service, while also enabling timely touchpoint engagement and a relevant feedback loop that can shape guest satisfaction and loyalty.

The active participation acts like brand advocacy, promoting it organically. Customers who are emotionally connected with and feel valued by a company are more likely to become brand ambassadors by disseminating positive experiences through online reviews, social media mentions, and recommendations to peers, which is a vital type of earned media for hospitality businesses (Japutra et al., 2025). Such interactions are intangible strategic assets that reinforce the hotel's brand equity and competitive positioning in the crowded West Java province market. With an emphasis on two-way communication and relationship building, digital marketing strategies are associated with higher conversion rates and continued customer loyalty to the brand (Naparini, 2025). So, digital engagement – when done well – becomes not just a marketing tool but also a critical lever for developing sustainable competitive advantages.

Managerial Implication

The study offers practical implications for hotel managers to enhance competitiveness through the use of experiential and digital marketing strategies. First, hotels should design emotionally engaging and memorable services – such as personalized offerings, themed rooms, and cultural activities – to boost loyalty. Second, digital marketing must foster long-term relationships through social media, messaging, and email. These emphasize prompt and personalized communication. Third, the effective use of CRM enables the tailoring of promotions and services based on guest preferences. Fourth, loyalty programs should foster emotional and social engagement by rewarding reviews, social sharing, and participation in hotel events. Fifth, cross-functional collaboration and staff training are vital to delivering superior guest experiences. Lastly, localised digital content and promotions that reflect local culture and trends strengthen guest connections and brand value, creating a sustainable competitive advantage through digital innovation and experiential value.

CONCLUSION AND SUGGESTION

Conclusion

This research empirically examines the role of customer engagement in mediating the influence of experience economy strategies and digital marketing strategies on increasing hotel competitiveness in West Java. This study bridges insights from tourism and hospitality management with concepts from organizational relationship marketing (ORM) to identify effective ways of improving competitive advantage in the regional hotel industry.

The results indicate that hotels in West Java apply experience economy principles, such as personalized services, thematic environments, and emotional involvement. These are more likely to achieve competitive differentiation. In a saturated market, these hotels meet the demand of tourists seeking memorable and authentic experiences, positioning themselves as market leaders. Emotional bonding is crucial in creating such experiences, which have a significant impact on customer retention and brand advocacy.

Digital marketing strategies, particularly those involving social media, instant messaging, and personalized content, play a crucial role in enhancing customer engagement. While digital marketing may not directly impact competitiveness, it enhances guest interaction, allowing hotels to foster long-term relationships. Personalized campaigns and two-way communication also improve brand trust, online visibility, and brand perception.

Customer engagement has proven to be a significant mediating variable. Emotionally rich and interactive experiences dramatically increase the likelihood of loyalty, positive reviews, and word-of-mouth recommendations. Engagement, therefore, is not only an outcome but a vital tool for strengthening a hotel's competitive positioning in a dynamic market.

Despite these contributions, this study has certain limitations. First, the research focuses solely on 4- and 5-star hotels in West Java, which may limit the generalizability of findings to other regions or hotel

classifications. Second, the cross-sectional research design restricts the ability to capture long-term causal effects between strategies, engagement, and competitiveness. Third, data were collected mainly through survey-based perceptions, which may be subject to respondent bias.

These limitations open opportunities for future research. Scholars may extend the analysis to include budget hotels or other provinces in Indonesia to compare competitive strategies across market segments. Longitudinal studies are also recommended to track changes in customer engagement and competitiveness over time. In addition, future research could incorporate objective performance indicators, such as occupancy rates, revenue per available room (RevPAR), or online review analytics, to strengthen the empirical findings.

Suggestion

Based on these findings, hotel management in West Java should prioritize designing experience-based services that reflect the region's unique culture and natural heritage. Rather than focusing solely on visibility and promotion, marketing strategies should aim to create interactive, personalized, and emotionally resonant experiences for guests.

Future hotel strategies must focus on two key areas: (1) creating lasting guest experiences that build emotional connections, and (2) leveraging digital platforms to amplify and sustain those connections. The combination of immersive experience and digital engagement will be essential for hotels to remain competitive and achieve long-term success in the ever-evolving tourism landscape.

Furthermore, hotel practitioners should collaborate with researchers to test new models of customer engagement that integrate advanced analytics, artificial intelligence, or virtual reality-based experiences. This collaboration will not only enrich managerial practices but also provide fertile ground for academic exploration in future studies.

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