



## Developing a Marketing Strategy to Enhance Customer Loyalty at the Boarding House in Palembang City, South Sumatra

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### Abstract

The hospitality business is one of the world's largest and fastest-growing industries, with many sub-sectors, such as hotels, restaurants, and resorts. However, some boarding houses in Palembang City, South Sumatra, are experiencing a shortage of monthly room occupants, particularly between August and December 2022. The objective of this study is to investigate whether it is brand image, customer satisfaction, or customer relationship management (CRM) that influences customer satisfaction and customer loyalty towards boarding house residents in Palembang City, South Sumatra, to control and increase the monthly room occupants, especially from August until December 2022. Hopefully, this issue will never happen again. The study uses quantitative methodology research to utilize a structural equation modeling approach using Partial Least Square. The study included 128 respondents undertaking activities in Palembang, South Sumatra, and staying in a boarding house. According to the findings of this study, brand image has a negative association with customer satisfaction, but service quality and customer relationship management (CRM) have a positive association with customer satisfaction. Furthermore, it was shown that customer satisfaction has a favorable association with customer loyalty. Consequently, if they wish to encourage customer satisfaction and customer loyalty to the boarding house, they must improve service quality and customer relationship management (CRM).

**Keywords:** *Brand Image, Service Quality, Customer Relationship Management (CRM), Customer Satisfaction, Customer Loyalty.*

### INTRODUCTION

The hospitality industry is one of the world's largest and fastest-growing industries that comprises various sub-sectors such as hotels, restaurants, and resorts. With a large, rapidly growing population that includes an increase in wealth, G20 reported that the Indonesian economy has the potential to grow positively despite being in the middle of an economic recession. Indonesian Central Agency of Statistics reported that in Q3 2022, Indonesia's economic growth using the year-on-year (YOY) system was 5.72%, which is among the highest in G20 countries. The increase in Indonesia's economic growth can be linked to an increase in social mobility, which contributes to the growth in various economic sectors. The sectors that have the most growth are transportation and warehousing, which grew 25,81% in the year-on-year (YOY) system. Moreover, the accommodation, food, and beverages sector also experienced a growth of 17,81% using the year-on-year (YOY) system.

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While accommodation is not among the sectors that grew the most in the Indonesian economy, this sector is also experiencing significant growth. With the government stopping the Community Activities Restricted Environment, the life of Indonesian communities is back to normal. Students are back to their schools or universities, employees are fully back in the office, people can go outside without needing a mask, and others. This happens in big cities such as DKI Jakarta and small cities such as Palembang, South Sumatra.

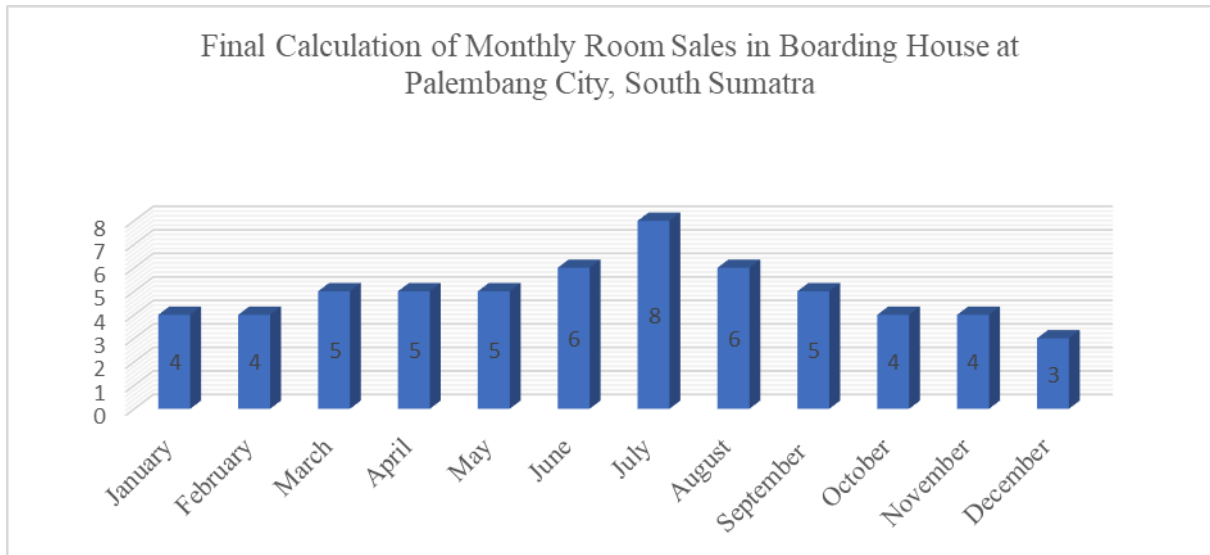


Figure 1. Final Calculation of Monthly Room Sales of the Boarding House at Palembang City, South Sumatra in 2022

Unfortunately, according to Figure 1., there is a decrease in monthly room occupancy rates in boarding houses around Palembang City, South Sumatra. These decrease mostly from August 2022 until December 2022. Some stakeholders did not want to think too much about this issue because some of them were working together with a joint venture company such as Reddoorz. But, as time goes by, some of them start thinking about the issue. They wanted the occupancy ratio not to compete with the daily and weekly occupancy ratios; at least the monthly occupancy was always moving, as well as the daily and weekly occupancy ratios.

Here is the emphasis of this research:

1. Does the Brand Image affect the Customer Satisfaction of the boarding house?
2. Does the Service Quality affect the Customer Satisfaction of the boarding house?
3. Does Customer Relationship Management (CRM) affect the Customer Satisfaction of the boarding house?
4. Does customer satisfaction affect customer loyalty to the boarding house?
5. In what way can we maintain and increase the level of occupancy rate in the boarding house using the new marketing strategy?

Here is the objective of this research:

1. To identify whether the Brand Image affects the Customer Satisfaction of the boarding house;
2. To identify the Service Quality affects the Customer Satisfaction of the boarding house;
3. To identify the Customer Relationship Management (CRM) affects the Customer Satisfaction of the boarding house;

4. To identify the Customer Satisfaction affects the Customer Loyalty of the boarding house;
5. To craft a new marketing strategy for maintaining and increasing the level of occupancy rate of the boarding house.

## **LITERATURE REVIEW**

### **Brand Image**

Earlier studies about Brand Image are more about communicating the Brand to the customer because, while corresponding to authenticity, value, and adherence to the goods and services given to customers for the company, the brand serves a purpose ranging from lowering risks associated with goods and services for consumers to developing social relationships without disclosing their identity. The stronger the brand's communication power with the customer, the larger the customers' brand preferences and loyalty, and as a result, businesses are carrying out studies to attract customers' attention, remain in their minds, create a positive brand image, and increase brand loyalty by utilizing all of the communication channels available in brand communication to create or protect brand value (BiLgiN, 2018). Customers will learn about these brands through their past experiences with their products and marketing programs (Waluya et al., 2019). If their products or services can consistently maintain a positive public image, they will gain a more favorable market position, sustained competitive advantage, and increased market share and performance (DAM & DAM, 2021). There are 3 (three) indicators to measure the brand image: corporation image, user image, and product image (Yani et al., 2022).

### **Service Quality**

Service quality is the difference between customer impression or intention of service provided by the service firms based on the assumption of confirmation/disconfirmation (Afthanorhan et al., 2019). Service quality is a multidimensional concept formed by examining the creation of a variety of service-related features that are widespread and extensively assessed in services. As a result, the concept of service quality continues to keep growing, especially the necessity for models to measure the quality of service supplied in the modern market (Budianto, 2019). Customers who have received some level of excellent service will decide whether they are happy with it. Thus, service quality has been recognized as a strong predictor of customer satisfaction (Chang et al., 2021). There are 5 (five) dimensions to measure service quality, i.e., tangibles, reliability, responsiveness, assurance, and empathy (Fida et al., 2020a).

### **Customer Relationship Management (CRM)**

Customer Relationship Management, also referred to as CRM, is the process through which a company is committed to meeting the demands and needs of its customers, therefore increasing customer satisfaction to encourage a sustainable and advantageous exchange for both sides (Théophile, 2019). Customer relationship management is based on an essential premise that improves customer experience and understanding customer wants as the key to customer retention, organizational profitability, and growth. Successful customer relationship management can be achieved via the creative use of the company's activities, people, business, action, and technology (Ajmal & Rehman, 2019). The major components and foundations of customer relationship management systems and strategy are the social CRM system that gathers approaches and information from various communication channels such as customers' smartphones, emails, and social media (Alshurideh, 2023). There are 4 (four) dimensions of Customer Relationship Management, namely complaint resolution, customer knowledge, customer empowerment, and customer orientation (Lubis et al., 2020).

### **Customer Satisfaction**

Customer satisfaction with the company's products and services contributes to customer confidence in the product's quality; hence, this type of customer will probably buy the same products from the same company repeatedly (Khan et al., 2022). Customers are believed to be delighted because they will not return to the previous products, which suggests that they will become repeat buyers (Hudaya, 2021). Customer satisfaction is one of the ultimate goals that service organizations strive for due to the long-term benefits of having happy customers, such as positive word of mouth, customer loyalty, and long-term profitability (El-Adly, 2019). There are 3 (three) dimensions to measuring customer satisfaction, i.e., customer expectation, perceived quality, and perceived value.

### **Customer Loyalty**

Customer loyalty could be used as a framework for establishing a long-lasting competitive advantage through marketing strategies because customers who bought the company's product or service can determine the marketing success because the volume of sales of a company's product or service might be effective by some factors such as pricing, brand image, and customer satisfaction with using the product or service (Wantara & Tambrin, 2019). Customer loyalty is essential in all businesses, and maintaining it signifies enhancing financial performance and guaranteeing the company's existence to this day (Dilham et al., 2018). Customer Loyalty is the company's most important asset in terms of increasing profitability because if companies want to create loyal customers, they must highlight the essential nature of the company, seize new customers, and keep the customers. This means commitment needs to be made, both in terms of cash and human resources, so that product or service quality is truly in agreement with customer preferences. So, if the customer is satisfied with the product or service that the company is providing, it will be assumed that he/she will not be moving to another company (Budianto, 2019a). There are 2 (two) dimensions for measuring customer loyalty, namely attitudinal loyalty and behavioral loyalty (Saini & Singh, 2020a).

## **METHODOLOGY**

### **Conceptual Framework**

(Sürücü et al., 2019) Brand image has a positive effect on customer satisfaction because if the brand meets or exceeds the needs of its customers, the interaction with the brand will result in customer satisfaction. (DAM & DAM, 2021) have indicated that brand image influences customer satisfaction positively, although the effect of brand image on customers was small. (Mehta, 2020) stated that brand image has a significant effect on customer loyalty via customer satisfaction in supermarkets because the image of the brand and perceived service quality play an important role, given that every customer seeks branded products and high-quality service in supermarkets. As a result, the hypothesis proposed in this study is:

H<sub>1</sub>: Brand Image has a positive relationship with Customer Satisfaction

(Fida et al., 2020a) found that the application of three major criteria, service quality, customer satisfaction, and customer loyalty, have a substantial relationship with each other. (Afthanorhan et al., 2019) Found a favorable association between service quality and customer satisfaction. (Chang et al., 2021) show that service quality has a substantial, positive link with customer satisfaction because patient contentment and readiness to suggest the provider are connected to many customer perceptions of service quality in outpatient health care. Therefore, the theory presented throughout this study becomes:

H<sub>2</sub>: Service Quality has a positive relationship with Customer Satisfaction

(Ajmal & Rehman, 2019) Stated that customer relationship management has a favorable influence on customer satisfaction, according to the findings of the study, because the more delighted customers are, the more banks will focus on implementing customer relationship management practices. (Tarmidi & Irgandi, 2022) Finds that the variables of promotion, customer relationship management, and customer satisfaction influence Netflix's customer loyalty and better than in every strategic policy decision made by the company, it is necessary to pay attention to the elements of promotion, use of customer relationship management tools, and prioritize the Netflix brand name. As a result, the hypothesis for this study is:

H<sub>3</sub>: Customer Relationship Management (CRM) has a positive relationship with Customer Satisfaction

(El-Adly, 2019) found that customer satisfaction has a positive significance with customer loyalty. (Meitiana & Tuwuh Sembhodo, 2022) Stated that customer satisfaction has a tremendous impact on customer loyalty because a high degree of customer satisfaction may promote customer contentment, decrease customer turnover, increase the number of customers, and improve business reputation. Hence, satisfaction plays a part in the building of loyalty. In this regard, a specific hypothesis has been suggested for this study:

H<sub>4</sub>: Customer Satisfaction has a positive relationship with Customer Loyalty

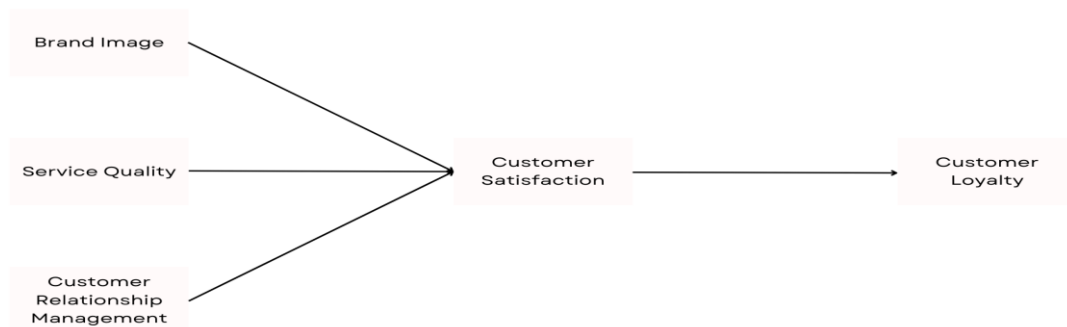


Figure 2. Research conceptual framework

### Research Design

This research is conducted using quantitative analysis. Quantitative analysis uses statistics or numbers to enable academics to quantify the world and not only shows quantitatively described events but also assists researchers in determining correlations between two or more variables (Stockemer, 2019). The research provides a complete knowledge of market conditions and company organization, assisting academics and decision-makers in formulating effective ways to manage difficulties, capitalize on opportunities, and achieve long-term success for the boarding house's monthly room residents.

### Data Collection Method

The data collection method for this quantitative analysis used distributing the questionnaire, with the respondents in this study being those who had activity in the city of Palembang, South Sumatra, and stayed at any of the city's boarding houses. In this study, data were obtained using a convenience sample approach via an online survey to acquire empirical data for making a new marketing strategy to increase the monthly room occupancy ratio in the boarding house. The pilot search was carried out to assess the ambiguity of the questions and the model fit of the conceptual framework. Then, 128 respondents were gathered for additional data analysis with the general rule of a sample size that was at least five times the number of indicators (J. F. Hair et al., 2019). The authors took all 128 respondents because it represents the data collection we needed, and we made

sure before the beginning of the questionnaire that the respondents were the people who were doing their activities in Palembang City, South Sumatra, and stayed in the boarding house. Here are the questionnaires used in this research:

Table 1. Operational Variable

Variable	Sub-Variable	Question	References
Brand Image	BI1	I already know which boarding house I would visit	(Darmawan, 2019)
	BI2	I have heard that this boarding house is highly recommended around Palembang, South Sumatra.	(Mohammed & Rashid, 2018)
	BI3	When I visited this boarding house, I discovered that it exceeded my expectations.	(Simmonds & Spence, 2019; Vergura & Luceri, 2018)
	BI4	I have noticed that the price in this boarding house has been set concerning the quality of the building and the service that I will receive.	(Agerup, 2018; Agerup & Scharf, 2018)
Service Quality	SQ1	In my opinion, this boarding house provides comprehensive amenities and great services.	(Fida et al., 2020b; Ismail et al., 2019)
	SQ2	As long as I reside in this boarding house, I receive good service, which includes environmental cleanliness, the cleanliness of rooms, public amenities, and the neighborhood surrounding the boarding house.	(Fida et al., 2020b; Ismail et al., 2019)
	SQ3	I can also rely on this boarding house's service	(Fida et al., 2020b; Ismail et al., 2019)
	SQ4	All of the boarding house personnel are eager to assist me and the other residents.	(Fida et al., 2020b; Ismail et al., 2019)
	SQ5	The personnel at this boarding house will always be responsible and provide what I and the other residents require.	(Fida et al., 2020b; Ismail et al., 2019)
	SQ6	If I live in this boarding house, they can give me and the other tenants a sense of security and comfort.	(Fida et al., 2020b; Ismail et al., 2019)
Customer Relationship Management	CR1	Residents' critical thinking is always welcome at this boarding house	(Rouissi & Letaif, 2022)
	CR2	Residents' suggestions are always welcome at this boarding house	(Ma et al., 2022)
	CR3	This boarding house is continually adapting and improving to satisfy its resident's needs.	(Zhao, 2022)
	CR4	If I or the other residents have issues while living in this boarding house, they shall respond professionally and promptly to these complaints and identify solutions.	(Ahmed et al., 2020)
Customer Satisfaction	CS1	In this boarding house, I feel at ease	(Morgeson et al., 2023)
	CS2	This boarding house's price is reasonable in comparison to what I received.	(Morgeson et al., 2023)
	CS3	The quality of service at this boarding house has been beyond my expectations.	(Morgeson et al., 2023)

Customer Loyalty	CS4	This boarding house has exceeded my expectations in terms of satisfaction.	(Morgeson et al., 2023)
	CL1	I am willing to pay even more since I feel at ease staying in this boarding house.	(Casper Ferm & Thaichon, 2021)
	CL2	I have never found a nicer boarding house than this one	(Budianto, 2019b)
	CL3	If I return to the city of Palembang, South Sumatra, for an extended period, I intend to live in this boarding house.	(Saini & Singh, 2020b)
	CL4	I will suggest this boarding house to my relatives and friends	(Saini & Singh, 2020b)

### Data Analysis

Two tools will be used in quantitative analysis methods, namely descriptive analysis and PLS-SEM analysis. Descriptive analysis is a quantitative data analysis approach that assists researchers in presenting data in an easily understood, quantitative format, assisting in the interpretation and summarising of observations, and thereby demonstrating the justification behind quantification. The purpose of using descriptive analysis is to assist researchers in creating justification related to the measurement (Ali, 2021). On the other hand, the PLS-SEM technique was used to find characteristics boosting customer loyalty among monthly room residents because it combines factor analysis with path analysis, allowing the calculation of the relationship between various variables and indicators. The purpose of using PLS-SEM is to estimate large models with multiple constructs, indicator variables, and structural routes without imposing distributional assumptions on the data (J. F. Hair et al., 2019).

## FINDINGS AND DISCUSSION

### Pilot Study

A pilot study is required for the construction of a realistic full-scale study, particularly when the questionnaire instrument has not yet been tested. The pilot research was carried out in this investigation of 30 respondents who stayed in boarding houses around the city of Palembang, South Sumatra. The pilot test aims to explore the reliability and validity of the questionnaire design, measurement scale, concept selection, and translation of indicators into measurement items (J. Hair et al., 2017). Table 2 shows that measurement may be determined by analyzing concept and indicator (reliability) and convergent and discriminant (validity).

The Cronbach Alpha and Composite Reliability (CR) are used to assess construct dependability, with 0.7 being the lower threshold. For indicator reliability, the lowest allowable threshold of outer loading is 0.7. However, if the Composite Reliability and Average Variance Extracted (AVE) values are already over the threshold, outer loading between 0.4 and 0.7 can be preserved. Furthermore, Convergent Validity is determined by each construct's Average Variance Extracted (AVE), which must be greater than 0.5 (J. F. Hair et al., 2019).

Table 2. Pilot Study Result of the Outer Loading, Cronbach

Indicators	Outer Loading	Composite Reliability	Average Variance Extracted (AVE)	Cronbach's Alpha
BI1	0,694	0,850	0,587	0,766
BI2	0,824			
BI3	0,751			
BI4	0,789			
SQ1	0,735	0,897	0,593	0,862
SQ2	0,829			

SQ3	0,791			
SQ4	0,768			
SQ5	0,788			
SQ6	0,704			
CR1	0,747			
CR2	0,827			
CR3	0,905	0,905	0,705	0,863
CR4	0,870			
CS1	0,870			
CS2	0,849			
CS3	0,818	0,911	0,720	0,871
CS4	0,855			
CL1	0,777			
CL2	0,893			
CL3	0,899	0,918	0,739	0,882
CL4	0,863			

In this pilot test, all of the requirements for construct reliability, indicator reliability, and convergent validity were met. Even though there is a certain Outer Loading number that is less than 0,7. There is one Outer Loading that is nearly 0,7; however, Cronbach Alpha and Construct Reliability values are more than 0,7. Furthermore, the Average Variance Extracted values are all above 0,5, indicating that the indicators and construct used in this study may produce a consistent result.

### Full-Scale Study

The result of hypothesis testing in this study is shown in Table 3. The result of outer loadings, internal consistency, and convergent and discriminant reliability are presented in Table IV.2. It can be noted that all the outer loading indicators are more than 0,7 and the composite reliability for all linked constructs was more than 0,8, indicating internal consistency and model dependability. The convergent validity of the reflected measurement model was also examined, and AVE values larger than 0,5 were regarded as acceptable (J. F. Hair et al., 2011).

Table 3. Outer Loading, Reliability, and Convergent Validity of Variables

Indicators	Outer Loading	Composite Reliability	Average Variance Extracted (AVE)	Cronbach's Alpha
BI1	0,837			
BI2	0,859			
BI3	0,886	0,924	0,753	0,892
BI4	0,888			
SQ1	0,793			
SQ2	0,848			
SQ3	0,873	0,938	0,717	0,920
SQ4	0,854			
SQ5	0,893			



SQ6	0,813			
CR1	0,878			
CR2	0,918	0,950	0,826	0,930
CR3	0,913			
CR4	0,925			
CS1	0,889			
CS2	0,870	0,939	0,794	0,914
CS3	0,889			
CS4	0,916			
CL1	0,831			
CL2	0,909	0,945	0,811	0,922
CL3	0,949			
CL4	0,909			

The discriminant validity value is shown in Table IV.3, which is the amount to which a concept differs from other constructs based on empirical and is examined in this study using the Fornell - Larcker Criterion. The approach was founded by Fornell and Larcker in 1981. This approach compared the average root of the AVE variables with other latent variable correlations, and the square root of each should be bigger than the highest matching correlation coefficient (Manley et al., 2021). Table 4 emphasizes the AVE value square roots in bold and proves that all the requirements for discriminant validity have been satisfied.

Table 4. Fornell – Larcker Criterion Measurement Model

	BI	CL	CR	CS	SQ
BI	<b>0,868</b>				
CL	0,657	<b>0,900</b>			
CR	0,661	0,803	<b>0,909</b>		
CS	0,698	0,825	0,852	<b>0,891</b>	
SQ	0,782	0,755	0,798	0,838	<b>0,846</b>

Note: The bold numbers reflect the square root of AVE, while the off diagonals demonstrate the relationship between constructs.

The cross-loading of the items may also be used to measure discriminant validity. Discriminant validity is attained when an indicator’s loading on its assigned concept is greater than the sum of its cross-loadings with other constructs (J. Hair et al., 2017). For example, in Table 5, item BI1 has the greatest value of loading with its related construct “Brand Image” (0,837), although all cross-loading of BI1 with other constructs is less than 0,837. It can be noticed that BI1 for “Service Quality” is 0,583, BI1 for “Customer Relationship Management” is 0,479, BI1 for “Customer Satisfaction” is 0,515, and BI1 for “Customer Loyalty” is 0,540. The result reveals that all items obtained discriminant validity since the cross-loading value of each item in the assigned construct is greater than the cross-loading value of the other items.

Table 5. Cross-Loading for Items in Measurement Model

	BI	SQ	CR	CS	CL
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BI1	<b>0,837</b>	0,583	0,479	0,515	0,540
BI2	<b>0,859</b>	0,663	0,532	0,526	0,563
BI3	<b>0,886</b>	0,709	0,590	0,622	0,534
BI4	<b>0,888</b>	0,738	0,662	0,720	0,633
SQ1	0,670	<b>0,793</b>	0,617	0,690	0,611
SQ2	0,671	<b>0,848</b>	0,610	0,686	0,574
SQ3	0,684	<b>0,873</b>	0,725	0,770	0,682
SQ4	0,618	<b>0,854</b>	0,681	0,688	0,584
SQ5	0,676	<b>0,893</b>	0,758	0,741	0,750
SQ6	0,654	<b>0,813</b>	0,650	0,672	0,620
CR1	0,539	0,656	<b>0,878</b>	0,685	0,682
CR2	0,614	0,716	<b>0,918</b>	0,773	0,675
CR3	0,599	0,745	<b>0,913</b>	0,795	0,778
CR4	0,641	0,773	<b>0,925</b>	0,835	0,774
CS1	0,613	0,753	0,763	<b>0,889</b>	0,727
CS2	0,710	0,730	0,700	<b>0,870</b>	0,647
CS3	0,571	0,735	0,770	<b>0,889</b>	0,726
CS4	0,604	0,768	0,798	<b>0,916</b>	0,830
CL1	0,557	0,609	0,588	0,608	<b>0,831</b>
CL2	0,544	0,639	0,708	0,715	<b>0,909</b>
CL3	0,632	0,718	0,768	0,808	<b>0,949</b>
CL4	0,627	0,739	0,802	0,815	<b>0,909</b>

Table 6 summarizes the findings of the hypothesis testing. According to the PLS-SEM results, brand image is not connected with customer satisfaction. Hence, hypothesis 1 is not supported. Service quality, on the other hand, has a positive effect on customer satisfaction. Therefore, hypothesis 2 is validated. Meanwhile, customer relationship management has a favorable effect on customer satisfaction. Thus, hypothesis 3 is validated. The last, which is customer satisfaction, has a positive effect on customer loyalty. This means hypothesis 4 is validated.

Table 6. Path Coefficient and Hypothesis Testing

Indicator	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics ( O/STDEV )	P-Values
BI -> CS	0,062	0,052	0,073	0,851	0,395
SQ -> CS	0,392	0,412	0,131	2,985	0,003
CR -> CS	0,498	0,485	0,116	4,298	0,000
CS -> CL	0,825	0,827	0,035	23,633	0,000

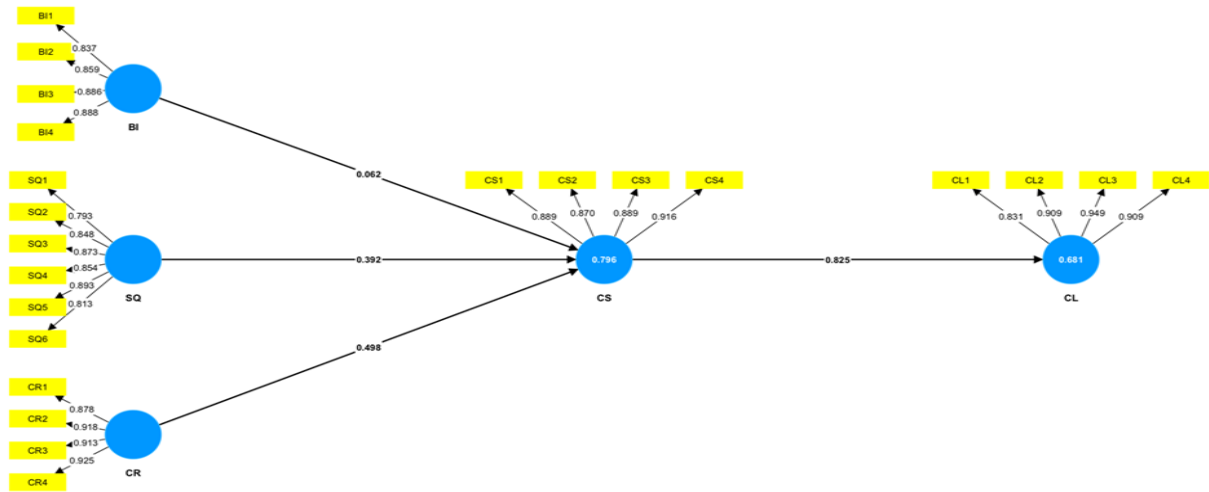


Figure 3. Path Analysis Result with Inner Outer P-Value and Construct R-Square

### Analysis Result Discussion

According to Table 6, the outcome of hypothesis 1 is “Brand Image has a negative relationship with Customer Satisfaction”, which is consistent with the outcome from (Antara & Rastini, 2022). Hypothesis 2 indicates that “Service Quality has a positive relationship with Customer Satisfaction”, which is also consistent with the outcome from (Chang et al., 2021) and (DAM & DAM, 2021). Hypothesis 3 indicates that “Customer Relationship Management has a positive relationship with Customer Satisfaction”, which is consistent with the outcome from (Ajmal & Rehman, 2019) and (Lubis et al., 2020). The last one, hypothesis 4, indicates that “Customer Satisfaction has a positive relationship with Customer Loyalty”, which is consistent with the outcome from (Wantara & Tambrin, 2019) and (DAM & DAM, 2021).

### Business Solution

Based on the previous survey, the author discovered that 2 (two) elements have a significant impact on the monthly room occupancy ratio, and they are service quality and customer relationship management. The quality of service is the primary contributor to sustaining these strong relationships with the customers, and this can only be accomplished by focusing on the current characteristics that service providers can affect, such as satisfaction, loyalty, and trust (Cyprus International University, Faculty of Economics and Administrative Sciences et al., 2020). Customer relationship management benefits organizations by allowing them to generate more information about their customers, and the data gathered from the customers are transformed into useful customer knowledge, which is then used for business intelligence, allowing the company to tailor their products or services to the needs of the customers and offer more personalized services (Sofi et al., 2020).

In general, customer satisfaction is a feeling of joy or dissatisfaction that someone has after comparing the performance of the product results acquired with the expected performance. The customer is highly satisfied or joyful if performance falls short of expectations. Customer satisfaction with corporate service affects customer loyalty favorably and considerably because the company’s capacity to satisfy customer expectations results in satisfaction, which has a major positive effect on customer intentions to return. As a result, a company must always pay attention to the quality of its products and services given to customers (Surahman et al., 2020).

In this environment, customer loyalty becomes an important marketing tool that is not just geared at the customer but is also a vital measure of a company’s performance. Customer loyalty is prioritized as the main aim of an organization and its marketing because it is the biggest asset of any company and the requirement for the foundation of any company. Most managers recognize the value of customer loyalty and, as a result, focus on enhancing the loyalty of existing customers,

acquiring new loyal customers, and selecting a customer loyalty management plan. This is especially significant in established sectors when expanding to new committed customers is impossible (Vilkaite-Vaitone & Skackauskiene, 2020).

As stated before, the purpose of this study is to address the drop in monthly room occupants at the boarding house by concentrating on Service Quality and Customer Relationship Management. Based on Table 6, it is recommended that boarding houses adopt an implementation strategy to improve Service Quality and Customer Relationship Management (CRM), consequently increasing customer satisfaction. The boarding house aims to improve service quality by ensuring that room amenities are available on every floor, cleanliness equipment is maintained on every floor, a “nighttime” program for all the residents, adjusting parking areas, installing a larger electricity generator, and installing a lift for guests. The building will be improved gradually and completely, creating a comfortable and convenient living environment for all occupants. The boarding house also needs to improve Customer Relationship Management to maintain a pleasant and inviting atmosphere for inhabitants of the boarding house, considering them as family members. It is critical to be open-minded and to respond to residents’ concerns. Lastly, to meet the demands of the inhabitants, improvements in working schedules and job distribution are required, as well as the hiring of more models.

## CONCLUSIONS

According to the findings of this study, service quality and customer relationship management (CRM) have an impact on customer satisfaction and customer loyalty. As a result, the boarding house must address the issue of developing a new strategy for service quality and customer relationship management (CRM) to alleviate the lack of monthly room residents, particularly from August to December 2022. By implementing this strategy, it will be able to improve its strategic level of service quality and customer relationship management. By doing so, the boarding house will be able to position itself in a larger market and attain a greater level of monthly room residents in the future. That implies that the degree of customer satisfaction and loyalty can potentially be increased and maintained.

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