

The Effect of Customer Relations and Marketing Communication on Competitive Advantage and Customer Loyalty

Achieving Competitive Advantage and Customer Loyalty

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ABSTRACT

Competitive advantage is achieved when a company runs a marketing strategy by producing products and services different from those of other competitors and/or producing cheaper products and services, which creates a superior value. Repeat purchase is a manifestation of customer satisfaction with the value received, and customer loyalty reflects companies with competitive advantages. This research aims to determine the impact of customer relations and marketing communication on competitive advantage, which affects customer loyalty. The research method used is a survey aimed at 400 hotel customers, and the analytical instrument used is the Structural Equation Model (SEM). The research shows that there is an influence of competitive advantage on customer loyalty, Customer relationship, and marketing communication, which affect competitive advantage both partially and simultaneously. Customer loyalty will happen when a company has a competitive advantage, encouraged by customer relationships and optimal marketing communication. This research highlights that loyalty is not merely the outcome of customer satisfaction but is rooted in a firm's ability to build trustful relationships, communicate effectively, and sustain competitive advantage.

Keywords: *Competitive Advantage, Customer Loyalty, Customer Relation, Marketing Communication.*

ABSTRAK

Keunggulan kompetitif dicapai ketika perusahaan menjalankan strategi pemasaran dengan menghasilkan produk dan layanan yang berbeda dari pesaing lain dan/atau menghasilkan produk dan layanan yang lebih murah, yang menciptakan nilai yang unggul. Pembelian berulang adalah manifestasi kepuasan pelanggan dengan nilai yang diterima, dan loyalitas pelanggan mencerminkan perusahaan dengan keunggulan kompetitif. Penelitian ini bertujuan untuk mengetahui dampak hubungan pelanggan dan komunikasi pemasaran terhadap keunggulan kompetitif, yang mempengaruhi loyalitas pelanggan. Metode penelitian yang digunakan adalah survei yang ditujukan untuk 400 pelanggan hotel, dan instrumen analisis yang digunakan adalah Structural Equation Model (SEM). Penelitian menunjukkan bahwa ada pengaruh keunggulan kompetitif terhadap loyalitas pelanggan, Hubungan pelanggan, dan komunikasi pemasaran mempengaruhi keunggulan kompetitif baik sebagian maupun simultan. Loyalitas pelanggan akan terjadi ketika sebuah perusahaan memiliki keunggulan kompetitif, didorong oleh hubungan pelanggan dan komunikasi pemasaran yang optimal. Penelitian ini menyoroti bahwa loyalitas bukan hanya hasil dari kepuasan pelanggan, tetapi berakar pada kemampuan perusahaan untuk

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INTRODUCTION

Communication is one of 18 aspects essential in achieving success in relationships (Williams, 2012). Customer relations is a new market-oriented strategy, and by focusing orientation on marketing, sales, and communications, it is not merely technology (Caricato, 2006; Jagodič & Milfelner, 2022). Relationship marketing is a shift from market share to customer share. Sales have to be seen as the beginning of a sustainable relationship. That research concludes that communication attempts of the service provider result in customer satisfaction; however, they have to make an effort to strengthen the relationship by converting different customers into loyal supporters of the company using proper communication. (Poovalingam & Veerasamy, 2007). The key to the success of customer relations is marketing communication. Companies communicate with customers through the marketing communication function (Ekhlassi, 2012; Meha et al., 2022). As stated by Veerasamy (2011), customers have to understand and become informed about future directions taken by their service providers. Marketing communication integrated with marketing relation is a different two-tradition relationship where the combination of both is really productive (Finne & Grönroos, 2013). Communications other than technology are an important aspect in achieving the success of customer relations. Communication is required by companies to achieve long-term goals of maintaining relationships not only with customers but also among members within the organization, long-term relationships with suppliers, and with stakeholders. No company functions well to achieve such a goal without establishing a good communication system.

Electronic-Customer Relationship Management (E-CRM) influences banks at the strategic level by fostering customer-oriented philosophies, requiring cross-unit cooperation (Al-Haraizah, 2014). Empirical evidence shows a significant relationship between CRM and competitive advantage, with customer value, satisfaction, and loyalty as key dimensions, while cost, speed, and flexibility represent competitive advantage (Al-zoubi, 2016). Marketing programs and CRM also enhance competitive advantage (Ilić et al., 2021). In Iranian financial institutions, internet-based distribution channels contribute to banks' competitiveness (Keshvari, 2012). Furthermore, CRM increases customer trust, leading to repeat purchases and improved competitiveness (Rajab et al., 2014). Relationship quality, customer understanding, and technological integration also strengthen competitive advantage through trust and customer value (Al-Shibly & Alkhawaldeh, 2017).

The constantly changing business environment nowadays is corporate identity and corporate communication, and when seen from a strategic perspective, they can inspire many organizations with different competitive advantages (Balmer & Gray, 2000). There are four important things from the IMC program to achieve a competitive advantage, which are cost, convenience, customer data, and communication (Sharma, 2015). Information exchange through Electronic Data Interchange makes communication more efficient (Tankosic et al., 2017). communication becomes a distinguishing factor to satisfy customers' needs, involving and motivating employees, encouraging innovation, improving efficiency, protecting the organization's interest from harmful rules and regulations (Nwabueze & Mileski, 2018). Communication can become the organization's identity, which can distinguish the company from others. Communication, becoming an instrument of customer relations, creates extra value for customers to achieve satisfaction. Communication allows two-way communication between companies and customers.

Companies can give information about products and services, while customers can give feedback to companies.

Customer loyalty in the banking sector is significantly influenced by CRM, competitive advantage, and satisfaction (Hassan & Rehman, 2016; Al Karim, 2024). In the hotel industry, service quality rather than price serves as the primary factor distinguishing competitors and fostering loyalty (Kandampully & Suhartanto, 2000). Facilities, technology, products, service quality, and innovation are critical sources of competitive advantage, though innovation alone cannot sustain long-term advantage (Shetty & Gopal, 2010). For low-cost airlines, customer trust and loyalty are more strongly affected by promotion than by price, as cost effects are mediated through brand trust (Sihite et al., 2014). In travel agencies, product and cost homogenization shape purchasing decisions, while differentiation strategies effectively avoid price-based competition (Yang, 2008). Product variety further enhances purchase decisions and loyalty, as more alternatives increase customer commitment (Singh et al., 2008; Lina, 2022). Competitive advantage derived from cost leadership, differentiation, service quality, innovation, and technology directly enhances loyalty by delivering superior customer value.

This research aims to figure out and analyze the impact of customer relations and marketing communication on competitive advantage, with its implications for customer loyalty. The dimensions of customer relationship are commitment, technology and credibility. The dimensions of marketing communication are personal and non-personal communications. The dimensions of competitive advantage are differentiation and cost superiority, whereas the dimensions of customer loyalty are repeat purchase, reference to others, line of products purchase, and competitor's resistance.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

Customer Relation and Competitive Advantage

Customer Relationship Management (CRM) has been empirically proven to be a primary source of competitive advantage across various industries (Al-Haraizah, 2014; Al-Zoubi, 2016; Ilić et al., 2021). Effective CRM implementation creates a strong customer-oriented philosophy, encourages cross-functional cooperation, and delivers higher perceived customer value, greater satisfaction, and stronger loyalty, all of which directly strengthen a firm's competitive position (Rajab et al., 2014; Al-Shibly & Alkhaldeh, 2017). In banking and financial services, consistent CRM practices significantly increase customer trust, stimulate repeat purchases, and build relational assets that are extremely difficult for competitors to imitate (Keshvari, 2012; Hassan & Rehman, 2016; Al Karim, 2024). The core dimensions, commitment, credibility, and reliable use of technology, transform customer relationships into sustainable sources of differentiation and cost efficiency (Jagodić & Milfelner, 2022; Venkatesan et al., 2022).

When companies consistently demonstrate long-term commitment and high credibility, customers perceive superior value and are willing to pay premium prices or remain loyal even when cheaper alternatives are available (Barney & Hesterly, 2015; Kotler & Keller, 2016). Strong customer relationships, therefore, serve not only as a defensive shield against competitive attacks but also as an offensive weapon to achieve both cost leadership and differentiation simultaneously (Darmawan & Grenier, 2021). Well-managed customer relationships ultimately create sustainable competitive advantage because they are rooted in intangible assets, trust, and commitment that competitors cannot easily replicate in the short term (Parvatiyar & Sheth, 2001; Payne, 2005).

H1: Customer relation has a positive influence on competitive advantage.

Marketing Communication and Competitive Advantage

Building strong customer relationships and sustaining competitive advantage requires delivering superior value and satisfaction compared to competitors (Kotler & Keller, 2016). Competitive advantage is achieved when firms create greater economic value than

their rivals, where economic value is defined as the difference between the perceived benefits obtained by customers and the economic costs they incur (Barney & Hesterly, 2015). Thus, the true measure of advantage lies in how effectively a company provides benefits that exceed both customer expectations and competitors' offerings (Kotler & Keller, 2016; Darmawan & Grenier, 2021). To secure this position, companies must understand customer needs, deliver superior experiences, and consistently add value either by reducing prices through cost efficiency or by offering differentiated benefits that justify premium pricing.

Scholars emphasize that competitive advantage can stem from both internal and external sources. Internally, firms may achieve cost leadership through efficient production processes, enabling lower prices and operational superiority. Externally, companies can pursue differentiation strategies by introducing unique products, innovative services, and higher quality, thereby creating value that competitors cannot easily replicate. In practice, if price is not the main driver of advantage, firms must rely on differentiation to attract and retain customers. Ultimately, competitive advantage reflects a firm's ability to combine cost efficiency and differentiation strategies to deliver superior value, ensuring stronger customer relationships, higher satisfaction, and long-term loyalty.

H2: Marketing communication has a positive influence on competitive advantage.

Competitive Advantage and Customer Loyalty

Customer loyalty is a repeated purchase made by a customer because of a commitment to a brand or company (Kotler, & Keller, 2016). Loyalty is based on behavior and is defined as a non-random purchase expressed from time to time by several decision-making units (Griffin, 2014). Loyalty is the willingness of customers to continue to support a company in the long term, both exclusively and by recommending the company's products to friends and colleagues (Wirtz & Lovelock, 2016). According to Liu (2007) consumer loyalty is a commitment to buy again or support a certain choice of products/services consistently in the future. The long-term success of certain brands is not based on the number of consumers who buy only once, but on the number of buyers who buy repeatedly (Kotler, & Keller, 2016). The concept of loyalty can be based more on quality rather than quantity, meaning that customers purchasing products repeatedly will be the guarantee of the success of a company in reaching its goal, rather than the number of consumers (quantity), whose purchase is only once or twice.

H3: Competitive advantage has a positive influence on customer loyalty.

Simultaneous Influence on Customer Loyalty

Empirical studies across various service industries consistently demonstrate that customer relation, marketing communication, and competitive advantage simultaneously exert a significant positive influence on customer loyalty (Ilić et al., 2021; Hassan & Rehman, 2016; Al Karim, 2024). These three constructs operate within an integrated causal system: strong customer relationships and effective marketing communication jointly build and reinforce competitive advantage, which in turn becomes the primary driver of long-term customer loyalty (Kotler & Keller, 2016; Venkatesan et al., 2022). When these elements are managed simultaneously, firms generate perceived superior value that not only encourages repeat purchases but also stimulates active word-of-mouth recommendations and strong resistance to competitor offerings (Griffin, 2014; Wirtz & Lovelock, 2021). The combined effect of the three constructs has been proven to be significantly stronger than the isolated or partial influence of any single variable, underscoring the necessity of a holistic relationship-oriented marketing strategy (Meha et al., 2022; Jagodič & Milfelner, 2022).

Evidence from the hotel, banking, and airline industries further reveals that true customer loyalty is not merely the result of momentary satisfaction but emerges from a

firm's sustained ability to deliver superior value through the synergistic interplay of relational commitment, targeted communication, and enduring cost or differentiation advantages (Kandampully & Suhartanto, 2000; Sihite et al., 2014; Lina, 2022). Competitive advantage consistently acts as a powerful mediating variable that channels the effects of customer relation and marketing communication into observable loyalty behaviors such as repeat patronage, cross-product purchases, and immunity to competitor promotions (Liu, 2007; Barney & Hesterly, 2015). Companies that successfully orchestrate all three elements simultaneously achieve significantly higher and more resilient levels of customer loyalty compared to those focusing on only one or two dimensions (Al-Shibly & Alkhaldeh, 2017; Darmawan & Grenier, 2021). This integrated approach therefore represents a critical pathway to sustainable customer loyalty in increasingly competitive markets.

H4: Customer relation, marketing communication, and competitive advantage simultaneously have a positive influence on customer loyalty.

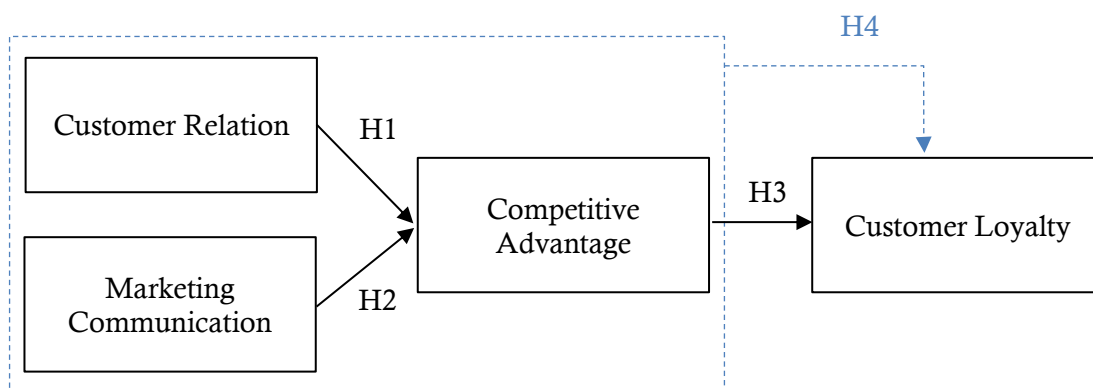


Figure 1. Research Framework

The research framework illustrates the relationship between customer relation, marketing communication, competitive advantage, and customer loyalty. As shown in Figure 1, customer relations and marketing communication are proposed to positively influence competitive advantage. In turn, competitive advantage is expected to have a significant effect on customer loyalty. Additionally, customer relation is hypothesized to directly influence customer loyalty. This model emphasizes that both relational and communicative strategies enhance competitive advantage, which subsequently strengthens customer loyalty.

RESEARCH METHODS

This study adopts a quantitative research design with a survey method, aiming to test hypotheses and analyze the causal relationships among customer relationship, marketing communication, competitive advantage, and customer loyalty. The quantitative approach is considered appropriate because the research involves numerical data, structured measurement, and statistical analysis that allow for hypothesis testing and theoretical model validation. The population of the study consists of customers who have stayed at least once in star-rated hotels in the West Java region within the last year, covering one-star to five-star hotels located in Bandung, Bogor, Cirebon, Tasikmalaya, and Karawang. A proportional stratified cluster random sampling technique was employed to ensure that all hotel categories and regions were adequately represented. Based on Slovin's formula with a 5% margin of error, a total sample of 400 respondents was determined, consisting of 57 customers from one-star hotels, 96 from two-star hotels, 148 from three-star hotels, 87 from four-star hotels, and 16 from five-star hotels.

Data collection was conducted through structured questionnaires using a closed-ended format to minimize ambiguity and enable quantitative analysis. The questionnaire items were developed based on established theoretical dimensions: customer relationship (commitment, technology, and credibility); marketing communication (personal and non-personal communication); competitive advantage (differentiation and cost superiority); and customer loyalty (repeat purchase, referral to others, line of product purchase, and resistance to competitors). Responses were measured using a five-point Likert scale ranging from “strongly disagree” to “strongly agree.”

The data analysis employed Structural Equation Modeling (SEM), which was selected because it enables the simultaneous testing of both direct and indirect effects, including the mediation role of competitive advantage between customer relationship, marketing communication, and customer loyalty. All statistical procedures were carried out using AMOS, as it is suitable for covariance-based SEM with a large sample size. Prior to hypothesis testing, validity and reliability tests were conducted to ensure that the measurement items accurately represented the constructs and demonstrated internal consistency. In addition, assumption tests such as normality, multicollinearity, and goodness-of-fit indices (including Chi-Square/df, RMSEA, GFI, CFI, and TLI) were applied to assess model fit. Only when the indices met acceptable thresholds was hypothesis testing carried out to examine the significance and strength of the proposed relationships among variables.

RESULTS

The respondents in this research are 400 customers, consisting of 220 males (55%) and 180 females (45%). 77% of the customers are above 25 years old, with the majority of them being graduates of diploma, bachelor's, and postgraduate programs. The percentage of customers' expenses above 5 million IDR per month is 65%, and the staying frequency is dominated by customers who have stayed once or twice a year.

Table 1. Validity Test

Variable	r-count	Note
Customer Relation	0.892	Valid
Marketing Communication	0.909	Valid
Competitive Advantage	0.877	Valid
Customer Loyalty	0.818	Valid

Table 1 shows the results of the validity test, indicating that all research variables meet the required validity criteria. Each indicator demonstrates an r-count value above the standard threshold of 0.70, confirming strong item–construct correlation. Customer Relation (0.892), Marketing Communication (0.909), Competitive Advantage (0.877), and Customer Loyalty (0.818) all fall into the valid category, meaning the measurement items accurately represent their respective variables and can be reliably used in subsequent analysis.

Table 2. Reliability Test

Variable	Cronbach Alpha	Threshold	Note
Customer Relation	0.983	0.700	Reliable
Marketing Communication	0.974	0.700	Reliable
Competitive Advantage	0.982	0.700	Reliable
Customer Loyalty	0.958	0.700	Reliable

Table 2 presents the reliability test results, showing that all variables demonstrate high internal consistency reliability. Each variable has a Cronbach's Alpha value far exceeding the minimum threshold of 0.700, indicating that the measurement items are consistent and dependable. Customer Relation (0.983), Marketing Communication (0.974), Competitive Advantage (0.982), and Customer Loyalty (0.958) are all categorized as reliable, confirming that the instruments used are stable and suitable for further statistical

analysis. To see whether the model obtained has met the model accuracy measures (Goodness of fit measures/GOF), so that it can be said that the model obtained from the comparison between the data and the model is good, as can be seen in Table 3.

Table 3. Variable Measurement Analysis

Goodness Of Fit Measurement	Estimation	Result	Terms
Statistik Chi-Square (X^2)	6.4057	Good Fit	
P-Value	0.0537	Good Fit	>0.05
Goodness-of-fit Index(GFI)	0.9012	Good Fit	>= 0.90
Root mean square error of approximation (RMSEA)	0.1121	Good Fit	>=0.05
Expected cross-validation index (ECVI)	0.3308	Good Fit	~1
Tucker-Lewis Index (TLI) atau Non-Normed Fit Index (NNFI)	0.9256	Good Fit	>= 0.90
Normed Fit Index (NFI)	0.9367	Good Fit	>= 0.90
Adjusted Goodness of Fit Index (AGFI)	0.8370	Good Fit	>= 0.90
Incremental Fit Index (IFI)	0.9461	Good Fit	>= 0.90
Comparative Fit Index (CFI)	0.9459	Good Fit	>= 0.90
Parsimonius Goodness of Fit (PGFI)	0.9462	Good Fit	~1
Parsimonious Normed Fit Index (PNFI)	0.9213	Good Fit	~1

Table 3 shows that all fit indices meet or exceed the recommended thresholds. The model is considered excellent and reflects the empirical data very well. Therefore, interpretations of path coefficients can be carried out with high confidence. The questionnaires about customer relations, marketing communication, competitive advantage, and customer loyalty are declared to be valid, reliable, and normally distributed. Goodness of Fit Measurement indicates that the obtained models fulfilled all the criteria of Goodness of Fit measures.

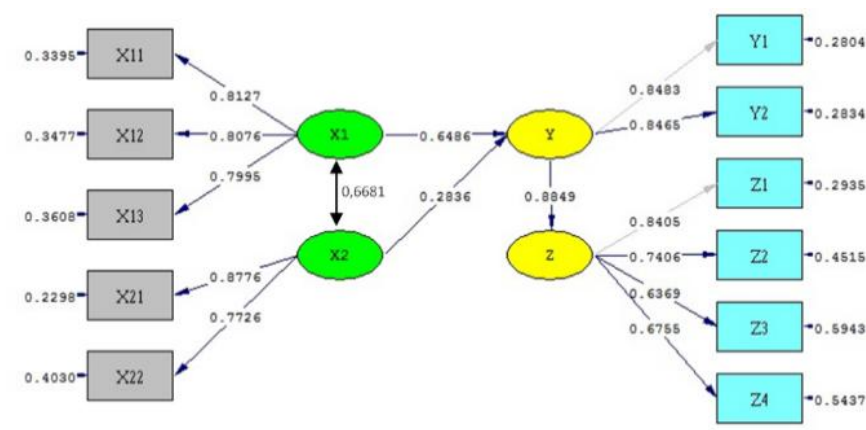


Figure 2. Relation Structure of All Variables

Based on Figure 2, two dimensions of competitive advantage consist of cost advantage and differentiation, where cost advantage becomes the largest supporter of competitive advantage with a loading value of 0.8483. Customer loyalty has four dimensions: repeat purchase, referral, product line purchase, and immunity to competitors. Repeat purchase is the strongest contributor to the customer loyalty variable, with a loading value of 0.8405. Therefore, the second conceptual hypothesis submitted is tested and can be accepted. The coefficient correlation between customer relation management and integrated marketing communication has a correlation value of 0.6681. Three dimensions of customer relationship management are commitment, credibility, and human resources and information technology reliability, in which the commitment dimension becomes the largest supporter of customer relationship management, with a loading value of 0.8127. Two dimensions of integrated marketing communication are personnel and non-personnel communication, with personnel communication accounting for the largest share, with a loading value of 0.8776. Such a correlation value is considered strong.

Table 4. Hypothesis Testing

Structure	Path Coefficient	t-statistic	t-table	Conclusion
Customer Relation (X1) → Competitive Advantage (Y)	0.6486	9.8322	1.9660	H2 is accepted
Marketing Communication (X2) → Competitive Advantage (Y)	0.2836	4.5280	1.9660	H3 is accepted
Competitive Advantage (Y) → Customer Loyalty (Z)	0.8849	6.3334	1.9660	H4 is accepted

Based on Table 4, customer relation has a strong positive and significant effect on competitive advantage (path coefficient = 0.6486, t-statistic = 9.8322 > 1.966). Marketing communication also exerts a positive and significant influence on competitive advantage (path coefficient = 0.2836, t-statistic = 4.5280 > 1.966), although its effect is weaker compared to customer relations. Competitive advantage has a very strong positive and significant impact on customer loyalty (path coefficient = 0.8849, t-statistic = 6.3334 > 1.966). Among all structural paths, the relationship between competitive advantage and customer loyalty exhibits the highest path coefficient (0.8849), confirming that competitive advantage is the most powerful driver of customer loyalty in the hotel industry, from the result of Structural Equation Modelling using LISREL 8.7.

$$Y = 0.6486X1 + 0.2836X2 + 0.2532e$$

(0.06596) (0.06264) (0.04270)

Based on the equation above, it can be explained that the competitive advantage variable is positively influenced by customer relationship management, with a path coefficient of 0.6486, and integrated marketing communication, with a path coefficient of 0.2836. The equation has a determination coefficient value of $R^2 = 0.7468$, explaining 74.68% of the variance in competitive advantage.

$$Z = 0.8849Y + 0.2169e$$

(0.05948) (0.1107)

Based on the equation above, it can be explained that the customer loyalty variable is positively influenced by competitive advantage with a coefficient path of 0.8849. The equation has a determination coefficient value of $R^2 = 0.7831$, explaining 78.31% of the variance in customer loyalty. In order to test the influence simultaneously, a calculation with the following equation is carried out:

$$F = \frac{(n - k - 1)R_{yxk}^2}{k(1 - R_{yxk}^2)}$$

$$F = \frac{(400 - 2 - 1)0,7469}{2(1 - 0.7469)} = 585.7611$$

According to the calculation, it was obtained that the value of the F-statistic is 585.7611, where the criteria for rejecting H_0 is if the F-statistic is larger than the F-table or $F_0 > F\text{-table}$, with free degrees of $V_1=2$ and $V_2 = 400-2-1$, and the confidence level is at 95%. Then from the F distribution table the value of F_{table} for $F_{0.05,2,400} = 3.0184$.

Table 5. F-Test

Statistics	Value
F-statistic	585.7611
F-table	3.0184

Table 6 presents the results of the simultaneous F-test to examine the combined effect of Customer Relation (X1) and Marketing Communication (X2) on Competitive Advantage (Y). The calculated F-value is 585.7611 with degrees of freedom of 2 and 397 at a significance level of 0.05. The critical F-table value under these conditions is 3.0184. Since the calculated F-value (585.7611) far exceeds the F-table value (3.0184) and the p-value is less than 0.001, the null hypothesis (H0) is rejected. This indicates that customer relation and marketing communication together have a highly significant simultaneous influence on competitive advantage.

DISCUSSION

The findings indicate that customer relationship significantly influences competitive advantage, with the strongest support coming from the commitment dimension. This result reinforces the perspective that strong relational attributes, such as trust, credibility, and reliability, are critical for establishing superior value in competitive markets (Al-Shibly & Alkhaldeh, 2017). Commitment as the largest contributor suggests that long-term dedication to customers not only enhances satisfaction but also drives firms to develop unique advantages that competitors find difficult to replicate. Prior research has similarly emphasized that customer relationship management increases customer trust, which in turn improves repeat purchases and competitiveness (Rajab et al., 2014). Thus, the result highlights that effective relationship management serves as a cornerstone for building cost and differentiation advantages.

The results also confirm that marketing communication positively affects competitive advantage, with personal communication being the strongest dimension. This aligns with the idea that communication is a central instrument in customer relations, enabling firms to deliver messages that build trust, credibility, and understanding (Ekhlasi, 2012). As Kotler and Keller (2016) note, marketing communication provides consumers with essential information about product usage, benefits, and value, thereby shaping perceptions of superiority. Moreover, when considered simultaneously, customer relationship management and marketing communication jointly exert a significant effect on competitive advantage, indicating that relational and communicative strategies must work together to create superior value for customers. The dominance of personal communication over non-personal channels reflects the importance of direct interactions in service industries like hospitality, where personalized engagement fosters differentiation and customer confidence. This finding also supports earlier studies, which argued that effective communication becomes a distinguishing factor in meeting customer needs and enhancing efficiency (Nwabueze & Mileski, 2018).

A major contribution of this study is the evidence that competitive advantage strongly drives customer loyalty, with cost leadership emerging as the most influential factor. This supports the notion that firms can achieve loyalty by either providing superior quality or offering lower prices than their competitors (Kotler & Keller, 2016). In this research, repeat purchase was identified as the strongest indicator of loyalty, confirming that satisfied customers are more likely to remain committed and continue buying (Liu, 2007). Previous studies in the hotel and airline industries have shown that competitive advantage derived from facilities, innovation, and cost strategies significantly impacts loyalty (Kandampully & Suhartanto, 2000; Sihite et al., 2014). The results here reinforce that sustainable loyalty depends on delivering consistent value advantages, whether through efficiency in costs or through differentiated offerings.

From a theoretical standpoint, the findings validate prior literature that positions competitive advantage as a mediating variable between customer relationship, marketing communication, and loyalty. The significant path coefficients and simultaneous effects confirm that both relational and communicative strategies must work in tandem to generate superior value, which in turn cultivates long-term loyalty (Hassan & Rehman, 2016). This aligns with the strategic view of competitive advantage, which suggests that both internal efficiencies and external differentiation are necessary for sustainable performance (Barney & Hesterly, 2015).

Practically, the study offers valuable insights for managers in the hospitality industry. First, investing in commitment-driven customer relations helps build credibility and strengthens trust, creating conditions for sustainable competitive advantage. Second, prioritizing personalized marketing communication can enhance differentiation and provide superior experiences, particularly in service sectors where customer engagement is crucial. Finally, firms must strike a balance between cost leadership and differentiation strategies, as both contribute to the creation of loyalty. Cost efficiency ensures affordability, while differentiation secures uniqueness and added value. Overall, the study underscores that customer loyalty is not achieved directly, but rather through the interplay of customer relations, effective marketing communication, and the resulting competitive advantage. This reinforces the importance of integrated relational and communicative strategies in securing long-term customer commitment and sustaining competitiveness.

CONCLUSION

This study confirms that customer relationship and marketing communication significantly influence competitive advantage, while competitive advantage itself plays a central role in fostering customer loyalty. Among the examined dimensions, commitment and personal communication emerge as the strongest contributors, whereas cost leadership proves to be the most decisive driver of competitive advantage. Repeat purchase, as an indicator of loyalty, reflects how effective relational and communicative strategies translate into sustainable customer behavior. Importantly, the results demonstrate that competitive advantage mediates the relationship between customer relationship, marketing communication, and loyalty, thereby validating the theoretical model proposed in this research.

The findings successfully address the research objective of analyzing the causal relationships among customer relationship, marketing communication, competitive advantage, and customer loyalty in the hotel industry. The study enriches the literature on customer relationship management and integrated marketing communication by showing how both factors interact to generate sustainable competitive advantage. The results provide guidance for hotel managers to strengthen commitment-based customer relations, prioritize personalized communication, and combine differentiation with cost efficiency strategies to ensure long-term customer loyalty.

Despite these contributions, the study also leaves room for further investigation. Future research could expand the scope to other service or manufacturing industries, employ longitudinal designs to observe the long-term effects of customer relations and communication, or integrate additional variables such as digital marketing, innovation, or brand image. Cross-cultural comparisons may also reveal different loyalty formation patterns in diverse contexts. This research highlights that loyalty is not merely the outcome of customer satisfaction but is rooted in a firm's ability to build trustful relationships, communicate effectively, and sustain competitive advantage.

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