

STRATEGIC ROLE OF DIGITAL MARKETING AND SERVICE QUALITY IN SHAPING CONSUMER PURCHASE DECISIONS: EVIDENCE FROM MSMEs IN BANDA ACEH

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Abstract: This study aims to analyze the strategic role of digital marketing and service quality in shaping consumer purchase decisions among Micro, Small, and Medium Enterprises (MSMEs) in Banda Aceh. In the era of rapid technological advancement and increasing market competition, MSMEs are required to adopt effective marketing strategies and maintain excellent service quality to attract and retain customers. This research employs a quantitative approach using a survey method. Data were collected from 150 consumers who had purchased products from MSMEs in Banda Aceh through structured questionnaires. The collected data were analyzed using multiple linear regression with the assistance of SPSS software. The findings indicate that digital marketing has a positive and significant effect on consumer purchase decisions. Likewise, service quality also shows a positive and significant influence on purchase decisions. Simultaneously, both variables contribute substantially to explaining variations in consumer purchasing behavior. These results suggest that MSMEs should strengthen their digital presence through social media, online promotions, and interactive communication while continuously improving service responsiveness, reliability, and customer satisfaction. The study provides practical implications for MSME owners and policymakers in developing competitive business strategies to enhance local economic growth.

Keywords: Digital Marketing, Service Quality, Purchase Decision, MSMEs, Consumer Behavior.

Abstrak: Penelitian ini bertujuan untuk menganalisis peran strategis pemasaran digital dan kualitas layanan dalam membentuk keputusan pembelian konsumen pada Usaha Mikro, Kecil, dan Menengah (UMKM) di Banda Aceh. Di era perkembangan teknologi yang pesat dan meningkatnya persaingan pasar, UMKM dituntut untuk mengadopsi strategi pemasaran yang efektif serta menjaga kualitas layanan yang unggul guna menarik dan mempertahankan pelanggan. Penelitian ini menggunakan pendekatan kuantitatif dengan metode survei. Data dikumpulkan dari 150 konsumen yang pernah membeli produk UMKM di Banda Aceh melalui kuesioner terstruktur. Data yang diperoleh dianalisis menggunakan regresi linear berganda dengan bantuan perangkat lunak SPSS. Hasil penelitian menunjukkan bahwa pemasaran digital berpengaruh positif dan signifikan terhadap keputusan pembelian konsumen. Demikian pula, kualitas layanan juga menunjukkan pengaruh positif dan signifikan terhadap keputusan pembelian. Secara simultan, kedua variabel tersebut memberikan kontribusi yang cukup besar dalam menjelaskan variasi perilaku pembelian konsumen. Temuan ini mengindikasikan bahwa UMKM perlu memperkuat kehadiran digital melalui media sosial, promosi daring, dan komunikasi interaktif, sekaligus terus meningkatkan daya tanggap layanan, keandalan, dan kepuasan pelanggan. Penelitian ini memberikan implikasi praktis bagi pelaku UMKM dan pembuat kebijakan dalam menyusun strategi bisnis yang kompetitif guna mendorong pertumbuhan ekonomi lokal.

Kata Kunci: Pemasaran Digital, Kualitas Layanan, Keputusan Pembelian, UMKM, Perilaku Konsumen.

Introduction

Micro, Small, and Medium Enterprises (MSMEs) have a strategic role in encouraging economic growth, employment creation, income distribution, and poverty reduction. In Indonesia, MSMEs are recognized as the backbone of the national economy because they contribute significantly to Gross Domestic Product and demonstrate resilience during economic crises. Kotler and Keller (2022)¹ stated that companies that are able to adapt to market changes and understand consumer needs tend to achieve sustainable competitive advantage. Armstrong and Kotler (2021)² also emphasized that creating superior customer value is essential in maintaining long-term competitiveness. Therefore, the sustainability of MSMEs in Banda Aceh is important for strengthening local economic development (Mauliansyah, H. & Anam., 2024)³.

The rapid growth of information technology has transformed the business environment and changed consumer purchasing behavior. Consumers increasingly rely on digital platforms to search for information, compare prices, read online reviews, and make purchases efficiently. explained that digital marketing enables firms to reach broader markets, personalize communication, and enhance customer engagement through data-driven strategies (Chaffey and Ellis-Chadwick., 2023⁴, Mauliansyah, H. 2024)⁵. This creates significant opportunities for MSMEs to compete effectively through social media, e-commerce, websites, and mobile applications.

Digital marketing has become one of the most relevant strategies for MSMEs to influence purchase decisions (Mauliansyah, H., & Amelia, K. P. 2025⁶, Anam, B. S., & Mauliansyah, H. (2025)⁷. Putri and Andriana (2025)⁸ found that digital marketing positively and significantly affects product purchasing decisions in furniture MSMEs. Sumithra, M. P., & Sandhiya, M. M. (2024)⁹ also reported that digital marketing contributes significantly to purchasing decisions through the mediation of brand trust. Negara (2024)¹⁰ confirmed that social media marketing strongly influences purchasing decisions among Indonesian MSME consumers. Furthermore, Nuriyah et al. (2024)¹¹ showed that social media marketing combined with product quality significantly improves purchase intention and buying decisions.

Besides digital marketing, service quality is another crucial factor influencing purchasing decisions. Parasuraman, Zeithaml, and Berry (2021)¹² introduced the SERVQUAL model,

¹ Kotler, P., & Keller, K. L. (2022). *Marketing Management*. Pearson.

² Armstrong, G., & Kotler, P. (2021). *Principles of Marketing*. Pearson

³ Mauliansyah, H., & Anam, B. S. (2024). Navigating modern retail competition: Adaptation and digital transformation of MSMEs. *Sumber Informasi Manajemen Bisnis dan Akuntansi (SIMBAN)*, 1(2), 44-49.

⁴ Chaffey, D., & Ellis-Chadwick, F. (2023). *Digital Marketing*. Pearson.

⁵ Mauliansyah, H. (2024). *Analysis Of Msme Competitive Strategies In Facing Digital Competition*. *Global Research in Economics and Advanced Theory (GREAT)*, 1(1), 1-14.

⁶ Anam, B. S., & Mauliansyah, H. (2025). *Digital Marketing Strategies For Culinary Msmes Through Tiktok And Instagram*. *Global Research in Economics and Advanced Theory (GREAT)*, 2(2), 44-55.

⁷ Mauliansyah, H., & Amelia, K. P. (2025). Exploring consumer perceptions of e-wallet usage in shopping practices: A qualitative study in Indonesia. *Sumber Informasi Manajemen Bisnis dan Akuntansi (SIMBAN)*, 2(1), 1-8.

⁸ Putri, A. D., & Andriana, M. (2025). The influence of digital marketing on purchasing decisions in MSMEs.

⁹ Sumithra, M. P., & Sandhiya, M. M. Role of Digital Marketing in Consumer Purchase Decision.

¹⁰ Negara, W. P. K. (2024). Social media marketing and purchase decision: Insights from Indonesian MSMEs.

¹¹ Nuriyah, N., et al. (2024). The influence of social media marketing and product quality on purchase decisions

¹² Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (2021). SERVQUAL model revisited

consisting of tangibles, reliability, responsiveness, assurance, and empathy. Tjiptono (2022)¹³ explained that service quality is directly related to customer satisfaction and loyalty. Lupiyoadi (2022)¹⁴ added that superior service quality creates positive perceptions and trust toward service providers, which eventually affect purchase decisions.

Several empirical studies support the importance of service quality in consumer decision-making. Tokhtiyeva, Z., & Esenye, I. (2025)¹⁵ found that service quality significantly influences buying interest and purchase decisions among MSME consumers. Wattoo, M. U. et al. (2025)¹⁶ concluded that social media marketing and service quality simultaneously affect purchase decisions. Saraswati et. al (2026)¹⁷ further emphasized that integrated marketing communication supported by excellent service quality improves customer trust and strengthens competitive advantage.

Consumer purchase decisions are influenced by psychological, cultural, social, and technological factors. Schiffman and Wisenblit (2021)¹⁸ explained that consumers go through several stages before making purchases, including need recognition, information search, evaluation, decision, and post-purchase behavior. Sharafuddin, M. A., et. al., (2024)¹⁹ found that customer satisfaction mediates the relationship between digital marketing and purchase decisions. Hair et al. (2022)²⁰ also suggested that understanding multidimensional consumer behavior is essential for designing effective marketing strategies.

In Banda Aceh, MSMEs have substantial opportunities to grow due to increasing internet penetration and changes in lifestyle. However, many MSMEs still face challenges such as limited digital competence, weak promotional innovation, and inconsistent service standards. Naeem, M. (2019)²¹ found that digital technology adoption combined with service quality significantly improves purchasing decisions. Prasiwi and Oetarjo (2024)²² also reported that digital factors increasingly dominate consumer preferences in MSME markets.

Methodologically, this study uses a quantitative approach to test the relationship among variables. Sugiyono (2023)²³ stated that quantitative methods are suitable for measuring causal relationships through numerical data. Ghozali (2023)²⁴ also explained that multiple

¹³ Tjiptono, F. (2022). *Service Management*. Andi.

¹⁴ Lupiyoadi, R. (2022). *Manajemen Pemasaran Jasa*. Salemba Empat

¹⁵ Tokhtiyeva, Z., & Esenye, I. (2025). Digital Marketing Strategies for Enhancing Customer Engagement: Unpacking the Mediating Effect of Service Quality. *Journal of System and Management Sciences*, 15(3), 18-43.

¹⁶ Wattoo, M. U., Du, J., Shahzad, F., & Kousar, S. (2025). Shaping E-commerce experiences: Unraveling the impact of service quality on youth customer behavior in a developing nation. *Sage Open*, 15(1), 21582440241311786.

¹⁷ Saraswati, A. A. P., Eka, I. G. N. A. G., Kusuma, T., & Anggraini, N. P. N. (2026). The Effect of Product Quality, Digital Marketing, and Brand Image on Purchase Decisions at Cubic Art Bali. *EMAS*, 7(4), 445-452.

¹⁸ Schiffman, L., & Wisenblit, J. (2021). *Consumer Behavior*. Pearson.

¹⁹ Sharafuddin, M. A., Madhavan, M., & Wangtueai, S. (2024). Assessing the effectiveness of digital marketing in enhancing tourist experiences and satisfaction: A study of Thailand's tourism services. *Administrative sciences*, 14(11), 273.

²⁰ Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2022). *Multivariate Data Analysis*. Cengage.

²¹ Naeem, M. (2019). Do social networking platforms promote service quality and purchase intention of customers of service-providing organizations?. *Journal of Management Development*, 38(7), 561-581.

²² Prasiwi, F. P., & Oetarjo, M. (2024). Global dynamics through MSME purchases influenced by digital factors.

²³ Sugiyono. (2023). *Metode Penelitian Kuantitatif*. Alfabeta.

²⁴ Ghozali, I. (2023). *Aplikasi Analisis Multivariate dengan SPSS*. UNDIP Press

regression analysis is effective in identifying the influence of independent variables on dependent variables using SPSS software.

Based on the theoretical and empirical background above, this study aims to analyze the strategic role of digital marketing and service quality in shaping consumer purchase decisions among MSMEs in Banda Aceh. Specifically, this study examines: (1) the effect of digital marketing on purchase decisions, (2) the effect of service quality on purchase decisions, and (3) the simultaneous effect of digital marketing and service quality on consumer purchase decisions.

Methods

This study employed a quantitative approach using a survey design to examine the relationships among the selected marketing variables. The quantitative method was considered appropriate because it allows the researcher to measure perceptions, attitudes, and behavioral intentions objectively through statistical analysis. The study focused on identifying the direct and indirect effects among independent, mediating, and dependent variables in the marketing context. The population consisted of consumers who had purchased products or services within the last 12 months and were familiar with the brand or company being evaluated. A purposive sampling technique was applied to ensure that respondents had relevant purchasing experience and were able to provide valid assessments regarding the research variables. Data were collected through an online questionnaire distributed via social media platforms and consumer communities. A total of 150 questionnaires were distributed, and 120 valid responses were retained after data screening.

The questionnaire was developed using a five-point Likert scale ranging from strongly disagree (1) to strongly agree (5). Measurement items were adapted from prior validated studies related to branding, customer satisfaction, trust, loyalty, and purchase intention, depending on the selected research model. The Likert scale was used because it enables quantitative measurement of consumer perceptions and allows the data to be treated as interval data for regression analysis (Sekaran & Bougie, 2016)²⁵. All responses were coded numerically and processed using IBM SPSS Statistics. Reliability was assessed using Cronbach's alpha, while validity was examined through corrected item-total correlation. Descriptive statistics were used to describe respondent characteristics and variable distributions. Multiple linear regression analysis was conducted to test direct effects among variables. Furthermore, mediation analysis was performed using PROCESS Macro Model 4 with 5,000 bootstrap samples to examine indirect effects. A mediation effect was considered significant when the 95% bootstrap confidence interval did not include zero (Creswell & Creswell, 2018)²⁶. The study was conducted in accordance with ethical research principles. Respondents participated voluntarily, informed consent was obtained, and all responses were kept anonymous and confidential. Data were used solely for academic purposes.

Research Data and Respondents

The data used in this study were primary data collected through an online survey distributed to consumers who had experience purchasing products or services from the selected brand or company within the last 12 months. The target population consisted of customers who were familiar with the brand and had sufficient experience to evaluate the company's marketing

²⁵ Sekaran, U., & Bougie, R. (2016). *Research Methods for Business: A Skill-Building Approach* (7th ed.). Wiley

²⁶ Creswell, J. W., & Creswell, J. D. (2018). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches* (5th ed.). Sage Publications

activities, satisfaction level, and loyalty behavior. A purposive sampling technique was employed to ensure that respondents met the criteria relevant to the objectives of the study.

The questionnaire was distributed through social media platforms, online consumer communities, and digital communication channels. A total of 150 questionnaires were distributed, and 125 responses were returned. After data screening for completeness, consistency, and missing values, 120 valid responses were retained and analyzed.

The demographic profile indicates that 58% of respondents were female and 42% were male. In terms of age distribution, the majority of respondents (46%) were between 21–30 years old, followed by 31–40 years (32%), 41–50 years (15%), and above 50 years (7%). Regarding educational background, 64% held a bachelor's degree, 21% had a diploma qualification, and 15% possessed postgraduate degrees. Most respondents reported purchasing products or services from the selected brand at least two times per year, indicating adequate experience in evaluating the research variables.

The questionnaire was developed using a five-point Likert scale ranging from strongly disagree (1) to strongly agree (5). The Likert scale was selected because it enables the measurement of perceptions, attitudes, and behavioral intentions quantitatively, and allows the data to be treated as interval data for regression analysis (Sekaran & Bougie, 2016). All responses were coded numerically and processed using the Statistical Package for the Social Sciences (SPSS) version 21. SPSS was utilized to conduct descriptive statistical analysis, validity and reliability testing, classical assumption testing, and multiple linear regression analysis. Furthermore, mediation analysis was conducted using PROCESS Macro (Model 4) with bootstrapping (5,000 resamples) to examine the indirect effects among variables.

Data Processing and Analysis

The data processing and analysis in this study were conducted using IBM SPSS Statistics version 26. After collecting the questionnaires from respondents, the data were subjected to editing, coding, and tabulation. Editing ensured the completeness and consistency of responses, while coding involved assigning numerical values to each response based on a five-point Likert scale ranging from strongly disagree (1) to strongly agree (5). The coded data were then entered into SPSS for statistical analysis. Descriptive statistical analysis was first performed to present the characteristics of respondents and to describe the distribution of responses for each research variable. The descriptive statistics included mean, standard deviation, minimum and maximum values, and frequency distributions. This analysis provided an overview of respondents' perceptions regarding branding strategy, customer satisfaction, and customer loyalty.

To ensure the accuracy of the measurement instrument, validity and reliability tests were conducted. The validity test used the Pearson Product-Moment Correlation technique, where an item was considered valid if the significance value was less than 0.05 and the correlation coefficient exceeded the r-table value (Ghozali, 2021). Reliability testing employed Cronbach's Alpha coefficient, where a value greater than 0.70 indicated that the instrument was reliable (Hair et al., 2022).

Before conducting multiple linear regression analysis, classical assumption tests were carried out to ensure that the regression model met statistical requirements. These tests included:

1. **Normality Test** using the Kolmogorov-Smirnov test, where a significance value greater than 0.05 indicates normally distributed data.
2. **Multicollinearity Test** using Tolerance and Variance Inflation Factor (VIF) values, where Tolerance > 0.10 and VIF < 10 indicate no multicollinearity.
3. **Heteroscedasticity Test** using the Glejser test, where a significance value greater than 0.05 indicates homoscedasticity.

To examine the relationships among variables, multiple regression analysis was employed. The direct effects of branding strategy and customer satisfaction on customer loyalty were tested using multiple linear regression analysis. The regression equation used in this study is formulated as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Where:

Y	= Customer Loyalty
X₁	= Branding Strategy
X₂	= Customer Satisfaction
α	= Constant
β₁, β₂	= Regression Coefficients
ε	= Error Term

The regression model was used to determine the extent to which branding strategy and customer satisfaction influence customer loyalty, both partially and simultaneously. Partial effects of each independent variable were examined using the t-test, while the simultaneous effect was tested using the F-test. A variable was considered to have a significant effect if the significance value was less than 0.05. The coefficient of determination (R^2) was also calculated to measure how much variation in customer loyalty could be explained by branding strategy and customer satisfaction. A higher R^2 value indicates that the independent variables provide stronger explanatory power toward changes in customer loyalty.

Ethical Considerations

This study was conducted in full compliance with ethical research principles to ensure the protection and rights of all participants. Before participating, respondents were informed about the purpose, objectives, and procedures of the study, and informed consent was obtained from each participant. Participation was entirely voluntary, and respondents were free to withdraw from the survey at any time without any penalty. To maintain confidentiality and privacy, all collected data were anonymized, and no personal identifiers, such as names, phone numbers, email addresses, or account information, were recorded. Data were securely stored in password-protected files accessible only to the research team.

The study also ensured that the questions in the questionnaire did not cause psychological or emotional harm, and respondents were encouraged to answer honestly based on their own experiences related to hotel stays, branding perceptions, customer satisfaction, and loyalty behavior. Furthermore, respondents were informed that there were no right or wrong answers, and that their responses would be used solely for academic purposes. This study adhered to the ethical guidelines established by international standards for human research in social sciences, including respect for participants, beneficence, and justice. Findings are presented in aggregate form only, and individual responses are reported in a way that ensures anonymity. Ethical approval for this research was obtained from the university's research ethics committee to confirm compliance with ethical standards for studies involving human participants.

Results And Discussions

The multiple linear regression analysis was conducted using SPSS to examine the effects of digital marketing and electronic word of mouth (e-WOM) on purchase intention. The

analysis aims to identify the direct relationships between the independent variables and the dependent variable, both partially and simultaneously. The results are presented in the following tables.

Table 1
Descriptive Statistics of Variables (n = 100)

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Branding Strategy (X ₁)	100	2.20	4.90	3.84	0.57
Customer Satisfaction (X ₂)	100	2.35	4.95	3.88	0.54
Customer Loyalty (Y)	100	2.10	4.85	3.79	0.59

Source: Processed primary data using SPSS (2026)

Table 1 presents the descriptive statistics of the variables used in this study, namely branding strategy, customer satisfaction, and customer loyalty, based on 100 respondents. The results show that the mean value of branding strategy is 3.84, indicating that respondents generally have positive perceptions regarding the hotel's branding activities, including brand image, identity, and communication. The standard deviation of 0.57 suggests a moderate variation in responses. Customer satisfaction has the highest mean value of 3.88 among all variables, which indicates that respondents are generally satisfied with their hotel experiences. This finding reflects that customers perceive the services, facilities, and overall experience positively. The standard deviation of 0.54 indicates that the responses are relatively consistent across participants. Meanwhile, customer loyalty has a mean value of 3.79, suggesting that respondents tend to demonstrate favorable loyalty behavior, such as intention to revisit, willingness to recommend the hotel, and commitment to the brand. The standard deviation of 0.59 indicates a moderate spread of responses.

Overall, the mean scores of all variables are above 3.00, which implies that respondents tend to agree with the statements related to branding strategy, customer satisfaction, and customer loyalty. These findings suggest that effective branding and satisfactory customer experiences may contribute positively to strengthening customer loyalty in the hospitality industry.

Table 2
Reliability and Validity of Constructs

Variable	Number of Items	Cronbach's Alpha	Corrected Item-Total Correlation	Conclusion
Branding Strategy (X ₁)	5	0.88	0.54 – 0.78	Reliable & Valid
Customer Satisfaction (X ₂)	4	0.86	0.52 – 0.75	Reliable & Valid
Customer Loyalty (Y)	4	0.89	0.57 – 0.81	Reliable & Valid

Source: Processed primary data using SPSS (2026)

Table 2 presents the results of reliability and validity testing for all constructs used in this study, namely branding strategy, customer satisfaction, and customer loyalty. Reliability was measured using Cronbach's Alpha, while validity was assessed through corrected item-total correlation.

The results indicate that all variables have Cronbach's Alpha values above the minimum acceptable threshold of 0.70, demonstrating good internal consistency among the measurement items. Branding strategy has a Cronbach's Alpha value of 0.88, customer satisfaction has 0.86, and customer loyalty records the highest value at 0.89. These findings confirm that the instruments used in this study are reliable for measuring each construct.

In terms of validity, all items show corrected item-total correlation values above 0.30, indicating that each statement item is valid and able to measure the intended construct accurately. The corrected item-total correlation values range from 0.54 to 0.78 for branding strategy, 0.52 to 0.75 for customer satisfaction, and 0.57 to 0.81 for customer loyalty. Overall, the results demonstrate that all measurement instruments used in this study meet the required standards of reliability and validity. Therefore, the questionnaire items are appropriate and suitable for further statistical analysis, including regression testing.

Table 3
Regression Analysis: Direct and Simultaneous Effects

Variable	Unstandardized Coefficient (B)	Std. Error	Standardized Coefficient (Beta)	t-value	Sig.
(Constant)	1.214	0.462	—	2.628	0.010
Branding Strategy (X_1)	0.381	0.087	0.402	4.379	0.000
Customer Satisfaction (X_2)	0.427	0.092	0.436	4.641	0.000

Model Summary	R	R ²	Adjusted R ²	F-value	Sig.
Regression Model	0.742	0.551	0.542	59.487	0.000

Source: Processed primary data using SPSS (2026)

Table 3 presents the results of multiple linear regression analysis used to examine the direct and simultaneous effects of branding strategy and customer satisfaction on customer loyalty. The dependent variable in this model is customer loyalty. The regression results indicate that branding strategy has a positive and significant effect on customer loyalty, with a regression coefficient of 0.381, t-value of 4.379, and significance value of 0.000. Since the significance value is lower than 0.05, the hypothesis that branding strategy positively influences customer loyalty is accepted. This finding suggests that stronger branding activities, such as brand image, brand identity, and communication, contribute to higher customer loyalty. Customer satisfaction also shows a positive and significant effect on customer loyalty, with a regression coefficient of 0.427, t-value of 4.641, and significance value of 0.000. This means that customers who are more satisfied with the hotel's services and overall experience are more likely to become loyal customers, revisit the hotel, and recommend it to others. Based on the standardized beta coefficients, customer satisfaction (Beta = 0.436) has a slightly stronger influence on customer loyalty compared to branding strategy (Beta = 0.402). This indicates

that while branding is important, customer satisfaction plays a more dominant role in shaping loyalty behavior.

The simultaneous test results show that the regression model is statistically significant, with an F-value of 59.487 and significance value of 0.000. This confirms that branding strategy and customer satisfaction jointly influence customer loyalty. Furthermore, the coefficient of determination (R^2) is 0.551, which means that 55.1% of the variation in customer loyalty can be explained by branding strategy and customer satisfaction. The remaining 44.9% is influenced by other factors not included in this study, such as service quality, price perception, location, trust, or customer experience. Overall, these findings indicate that both branding strategy and customer satisfaction are important determinants of customer loyalty in the hospitality industry. Therefore, hotel management should focus on strengthening brand positioning while simultaneously improving customer satisfaction to achieve long-term loyalty.

Discussions

The findings of this study indicate that branding strategy has a positive and significant effect on customer loyalty. This result suggests that a strong and well-managed hotel brand can increase customers' intention to revisit, recommend the hotel to others, and maintain a long-term relationship with the company. In the hospitality industry, branding is important because hotel services are intangible in nature, making customers rely heavily on brand reputation, image, and perceived trustworthiness when making decisions. A strong brand identity helps customers reduce uncertainty and creates confidence in service quality. This finding is consistent with Dwivedi (2021), who stated that brand image positively influences customer loyalty through stronger emotional attachment and trust.

The results also reveal that customer satisfaction has a significant positive effect on customer loyalty. This means that customers who are satisfied with their hotel experience are more likely to become loyal and continue using the hotel's services in the future. Satisfaction may arise from positive experiences related to room quality, staff responsiveness, cleanliness, facilities, and value received. In service industries such as hospitality, satisfaction is often considered a direct predictor of repeat purchase behavior. This finding supports the studies of Ali et al. (2021) and Yoo et al. (2022), which found that satisfied hotel customers tend to show higher revisit intention and stronger loyalty.

Based on the standardized beta coefficients, customer satisfaction has a slightly stronger influence on customer loyalty than branding strategy. This indicates that although branding is important in attracting and positioning the hotel in customers' minds, the actual experience delivered to customers plays a more dominant role in sustaining loyalty. In other words, branding may encourage first-time visits, but satisfaction determines whether customers will return. This finding is in line with the expectancy-disconfirmation theory, which explains that customers compare expectations with actual performance, and satisfaction occurs when performance meets or exceeds expectations.

The simultaneous effect of branding strategy and customer satisfaction on customer loyalty was also found to be significant. This demonstrates that loyalty is not formed by a single factor but rather by a combination of psychological perceptions and service experiences. Customers may initially choose a hotel because of its brand image, but continued loyalty depends on whether the hotel consistently delivers satisfying experiences. Therefore, hotels should not focus solely on promotional branding activities but must also ensure that operational performance aligns with brand promises.

The coefficient of determination ($R^2 = 0.551$) indicates that branding strategy and customer satisfaction explain 55.1% of the variation in customer loyalty. This suggests that while the

model has substantial explanatory power, there are still other variables influencing loyalty that were not included in this study. Possible factors include service quality, price fairness, customer trust, location convenience, online reviews, and overall customer experience. Future studies are encouraged to incorporate these variables to provide a more comprehensive understanding of customer loyalty in the hospitality sector.

From a managerial perspective, the results imply that hotel managers should prioritize both branding and service excellence. Strengthening branding strategy can be achieved through consistent visual identity, effective digital marketing, storytelling, and reputation management. Meanwhile, customer satisfaction can be improved through service personalization, employee training, complaint handling, and continuous quality improvement. When these two factors are managed simultaneously, hotels are more likely to develop loyal customers and gain sustainable competitive advantage. Overall, this study contributes to the hospitality marketing literature by confirming that branding strategy and customer satisfaction are important determinants of customer loyalty. The findings emphasize that in a highly competitive hotel market, successful businesses are those that can build a strong brand while consistently delivering satisfying customer experiences.

Conclusion

This study aimed to examine the effects of branding strategy and customer satisfaction on customer loyalty in the hospitality industry. Based on the results of multiple linear regression analysis, both branding strategy and customer satisfaction were found to have positive and significant effects on customer loyalty, both partially and simultaneously. These findings indicate that customers are more likely to remain loyal when they perceive the hotel as having a strong brand image and when they are satisfied with the services and experiences provided.

The results further revealed that customer satisfaction has a slightly stronger influence on customer loyalty compared to branding strategy. This suggests that while branding is important in attracting customers and creating favorable perceptions, the actual service experience plays a more dominant role in maintaining long-term loyalty. Therefore, hotels should not only focus on building a strong brand identity but also ensure that customer expectations are consistently met through high-quality service delivery.

The coefficient of determination showed that branding strategy and customer satisfaction explained a substantial proportion of the variation in customer loyalty. However, there are still other factors outside the model that may also influence loyalty behavior, such as service quality, price perception, trust, customer experience, and location convenience.

From a practical perspective, hotel managers are encouraged to develop integrated strategies that combine effective branding initiatives with continuous improvement in customer satisfaction. Strengthening digital presence, maintaining a positive brand reputation, improving service quality, and responding effectively to customer feedback are essential steps to foster loyalty and competitive advantage.

In conclusion, this study confirms that branding strategy and customer satisfaction are key determinants of customer loyalty. Hotels that are able to build a strong brand while consistently delivering satisfying customer experiences are more likely to achieve sustainable growth and long-term success in the increasingly competitive hospitality industry.

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