

# Word of Mouth effect of Customer Relationship Marketing in Perspective of Brand Equity Budget Hotel: Conceptual Paper

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## ABSTRACT

Word of Mouth is a trustworthy source a form of customer loyalty. Word of mouth has a concept of influencing and persuasive power. Concept Word of Mouth can be related to service-oriented like a hospital, tourism industry, and soon. The purpose of this paper is to explore the effect of word of mouth on customer relationship marketing and brand equity in a budget hotel. This study finds word of mouth positively impacts customer relationship marketing in the service process to build brand equity in a budget hotel. The concept of brand equity in the hotel sector has been discussed by researchers and practitioners in the marketing field over the last decade and is still an important issue that must be developed. Many previous studies have examined brand equity in the luxury hotel sector, but the budget hotel sector is still limited especially in Indonesian budget hotels. The factors that affect customer relationship marketing's ability to increase brand equity are discussed in this study. based on specific references in peer-reviewed publications, such that well-managed customer connections with or without a favorable word of mouth can help establish budget hotel brands in Indonesia. Another goal is to serve as a reference for theoretical frameworks and future research discussions to examine brand equity in the setting of budget hotels in greater detail.

**Keywords:** Word of Mouth; Customer Relationship Marketing; Brand Equity; Budget Hotel.

## INTRODUCTION

Today's widespread use of hotel facilities and the type of hotel whose development is in demand by the public is one of the budget hotels. Budget hotels were first recognized in the 1920s in the US (Hua et al., 2009). Budget hotels have services that are almost the same as other star hotels. The only difference is the limited facilities and the low-cost (Hua et al., 2009; Sandri & Ghani, 2023). The facilities provided are only limited to bed and breakfast, therefore budget hotels are identical to cheap hotels.

Long-term prospects are bright for Indonesia's hospitality industry, which has been expanding since 2019. This sector has become monopolized as a result of the quick growth of cheap hotels. People rate cheap hotels through traditional and digital channels depending on their guests' experiences, which makes it difficult to draw in new business and keep hold of existing customer. (King, 2017; Shang et al., 2020).

In order to maintain customer loyalty, the management of budget hotels must be able to focus on client service. Given that there is intense rivalry in the supply of services and that consumers are now more discerning when choosing services based on past customer experiences (Ngoma & Ntale, 2019).

The phenomenon of customer displacement, whereby customers can change from one low-cost hotel to another based on the verbal reviews of previous guests, raises the question of whether the business can