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The Effect of Customer Satisfaction, Customer Retention, and Its Impact on the Tourism Sector in Lampung Beach

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ABSTRACT

This study investigates the dynamics of customer satisfaction and retention within the beach tourism sector of South Lampung, Indonesia. The tourism industry in this region faces challenges such as inadequate service quality, limited facilities, and ineffective promotional strategies, which hinder customer satisfaction and retention. The primary purpose of this research is to analyze how service quality, promotion, and destination image influence customer satisfaction and, subsequently, customer retention in the context of beach tourism. To achieve this, the study employs a quantitative research methodology utilizing a Random Sampling technique, with a sample size determined by Slovin's formula to ensure accuracy. Data were collected through questionnaires and analyzed using validity and reliability tests, alongside Structural Equation Modeling (SEM) via SmartPLS4 software. The research involved 360 respondents, providing a robust dataset for analysis. The findings reveal that while service quality does not significantly affect customer satisfaction ($p\text{-value} = 0.277$), promotion has a significant positive impact on customer satisfaction ($p\text{-value} = 0.000$). Additionally, customer satisfaction serves as a mediator in the relationship between promotion and customer retention, indicating that effective promotional efforts can enhance customer retention. However, the study also highlights that the destination image has a less significant effect on customer retention ($p\text{-value} = 0.10$). These insights suggest that beach managers in South Lampung should focus on improving promotional strategies and service quality to enhance customer satisfaction and retention, ultimately advancing the region's tourism sector.

Keywords: Customer Retention, Customer Satisfaction, Destination Image, Promotion, Service Quality

INTRODUCTION

Customer retention refers to a customer's loyalty to a company, demonstrated through repeated purchases over time and their inclination to share positive experiences through word of mouth. This loyalty is crucial as it offers significant advantages, such as reduced operational costs and increased revenue from referrals. Consequently, companies prioritize strategies for retention since acquiring new customers is more expensive than retaining existing ones (A. Barusman & Rulian, 2020).

T. M. Barusman et al. (2021) further suggest that customer retention includes dimensions such as the intention to repurchase, willingness to recommend to others, and overall satisfaction. Factors influencing customer retention include service quality, promotional efforts, destination image, and customer satisfaction. Service quality plays a crucial role in shaping customer perceptions and satisfaction. Tawinunt et al. (2015) highlight the SERVQUAL model as one of the most widely recognized frameworks for evaluating service quality, which is essential for enhancing customer retention.

Apart from service quality, destination image also influences customer retention. T. M. Barusman et al. (2021) describe destination image as an interactive system comprising thoughts, beliefs, ideals, images, opinions, visuals, feelings, and intentions related to a tourist destination. When the destination image meets customer expectations, it can foster customer retention.

Similarly, promotional efforts contribute to retention. Alexandrescu & Milandru (2018) describe promotion as a technical expression involving various marketing strategies that distinguish it from advertising. Effective promotions can capture customer interest and enhance retention.

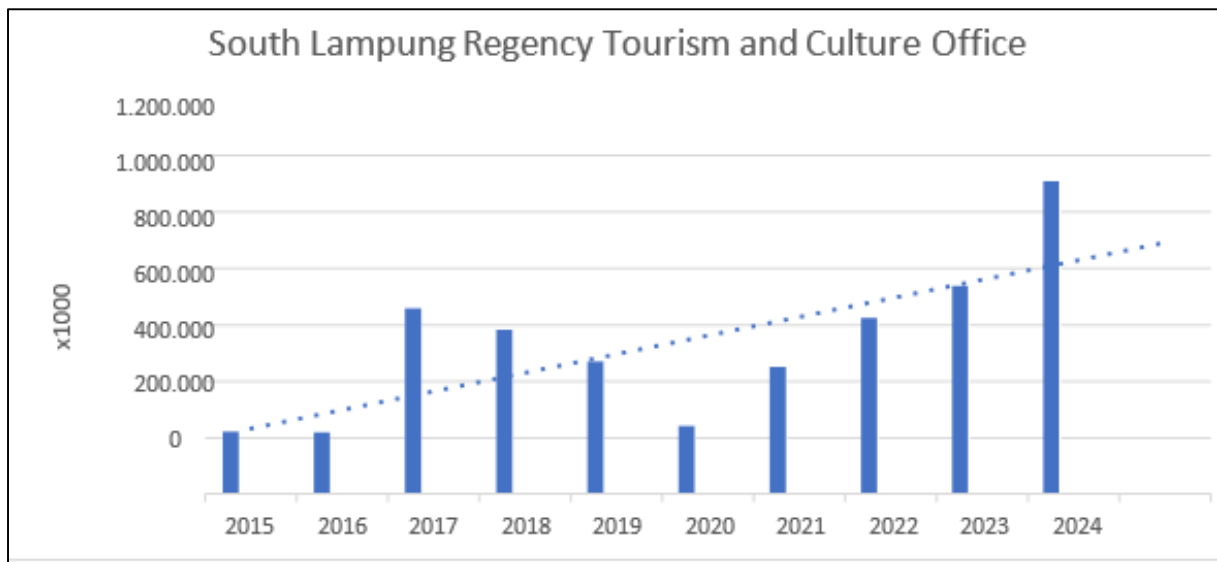
Customer satisfaction also plays a pivotal role in customer retention. A. Barusman & Rulian (2020) describe satisfaction as an affective and cognitive evaluation resulting from comparing expectations with actual performance. When outcomes exceed expectations, positive disconfirmation occurs, leading to customer satisfaction. Attributes of satisfaction include the willingness to repurchase and recommend services, which contribute to retention.

This study focuses on beach tourism in South Lampung, specifically at Stigi Heni Beach, Rio Beach, and Sanggar Beach. These locations were selected to examine the influence of service quality, promotion, destination image, and customer satisfaction on customer retention, with the aim of advancing South Lampung's beach tourism sector. The study addresses key issues such as service quality, limited facilities, and ineffective promotional activities. Improvements in public infrastructure, well-maintained beach facilities (toilets, parking lots, gazebos), and effective marketing strategies are essential for enhancing customer satisfaction and retention.

Based on suggestions from T. M. Barusman et al. (2021) future research should explore new variables not examined in previous studies and provide insights into tourist behavior. Further exploration of nature-based tourism types, including marine tourism, ecotourism, and adventure tourism in Lampung Province, is recommended, with a focus on aspects such as accessibility, tourist facilities, and natural attractions.

Indonesia is a maritime nation with 70% ocean territory and 30% land, comprising over 17,000 islands and a coastline of 99,000 kilometers (Idris, 2023). Data from 2015 to October 2024 show fluctuating tourist numbers. Despite the decline during the COVID-19 pandemic, there has been a strong recovery in domestic tourism, with 1,100,680 local tourist visits recorded in October 2024. This highlights the growing interest in maritime tourism destinations across Indonesia.

Chart 1. South Lampung Beach Tourism Visitor Growth 2015-2024



Source: *Kunjungan Wisata Di Lampung Selatan Mengalami Peningkatan (2024)*

The data above shows a decline in visitor numbers from 2019 to 2021 due to the COVID-19 pandemic. However, during the new normal era, visitor numbers began to rise again.

Beach tourism plays a crucial role in fostering economic development and job creation, contributing approximately 10% to the global GDP. Globally, France, Spain, and the United States are the most popular tourist destinations, while Egypt, Morocco, and South Africa lead in Africa. In Tanzania, nature-based tourism is gradually increasing due to tourism policy reforms. International tourist arrivals in Tanzania grew from 782,699 in 2010 to 1,527,230 by 2019 but dropped to 620,867 due to the COVID-19 pandemic. In 2018, tourism accounted for 29% of all goods and services exports and contributed about 11% to Tanzania's GDP. The economic impact is particularly significant in Zanzibar, where tourist arrivals increased from

311,891 in 2014 to 520,809 in 2018. Tourism in Zanzibar contributes 22% of its GDP and provides about 22,000 direct and 48,400 indirect jobs.

Despite these economic benefits, prior research indicates that tourism's positive impacts are not evenly distributed among residents. Studies show that community perceptions of tourism effects are shaped by economic, socio-cultural, and environmental factors. Understanding these perceptions is essential for developing effective strategies and fostering positive community attitudes (Timothy & Said, 2023).

Othman et al. (2020) observe that research on local perceptions and acceptance levels in Sub-Saharan Africa remains limited. They note that resident perspectives on tourism impacts vary based on factors such as length of residence, occupation, gender, age, marital status, education, and income. The relationship between service quality and customer retention is also highlighted as a critical area in service literature. High service quality is essential for achieving a competitive advantage by retaining customers and fostering loyalty. Recent studies consistently show a positive correlation between service quality and customer retention.

Some studies focus on how different dimensions of service quality influence customer retention. For example, research on Malaysian banks found that dimensions such as empathy, reliability, satisfaction, and responsiveness had little impact on customer retention, while tangible aspects were more influential. Meanwhile, studies on Islamic banks in Malaysia using the PAKSERV model found that dimensions like assurance, honesty, customization, and formality were crucial for customer retention, whereas reliability was less impactful.

A notable research gap exists as no previous studies have examined the same variables in the context of the selected research location. This study focuses on beach cafés in South Lampung to investigate the relationship between service quality, promotion, destination image, and customer satisfaction in fostering customer retention. Sustainable development in tourism requires effective customer retention strategies that emphasize customer satisfaction.

The study will focus on the following beaches:

1. Stigi Beach

Located in the Kalianda coastal area of South Lampung, Stigi Beach offers comfortable café facilities. For an entrance fee of Rp100,000, visitors receive access to helmet lockers, gazebos, and a Rp50,000 dining voucher. With views of Mount Krakatoa and Setiga Island, as well as stunning sunsets, the beach is safe for swimming due to its gentle waves. Stigi Beach also features the Batok Kelapa café, offering meals, snacks, and drinks. Promotions are conducted through social media platforms such as Instagram and TikTok.

2. Sanggar Beach

Situated in the heart of Kalianda City, Sanggar Beach offers horseback riding and ATV rentals. The gazebos are strategically placed to face the

sunset, providing visitors with perfect photo opportunities. The café serves a variety of food, from light snacks like bento boxes to hearty dishes such as steaks, along with beverages ranging from coffee to mojitos. Promotions are conducted via Instagram and TikTok, and the beach hosts events such as the Koplo Festival during New Year celebrations.

3. Rio Beach

Located on Jl. Wisata Marina, Pekon Bulok, Kec Kalianda, Rio Beach was established in March 2024. It distinguishes itself with a large stage for live music performances and events such as Terror Night for Halloween and phone strap workshops. The entrance fee is Rp35,000, and the beach offers facilities including a large parking area, gazebos, and a café. Promotions are conducted via Instagram and TikTok, and weekend parties often feature guest DJs.

Therefore, this research aims to explore the influence of service quality, promotional activities, and destination image on customer satisfaction and retention within the context of beach tourism in South Lampung.

Service Quality and Customer Satisfaction

Othman et al. (2020) define service quality as an international benchmark for evaluating excellence, encompassing attitudes and perceptions regarding service delivery. They emphasize that service quality is crucial in delivering high-quality learning services, a view supported by various academics. Similarly, Yebron et al. (2022) highlight that customer satisfaction plays a significant role in boosting product sales, enhancing individual effectiveness, and promoting attractions. Customer satisfaction indicates how well a company's products and services meet customer expectations. When service quality aligns with these expectations, it fosters higher satisfaction levels. Based on this, H_1 is proposed as follows:

H_1 : Service quality positively impacts customer satisfaction.

Promotion and Customer Satisfaction

Alexandrescu & Milandru (2018) define promotion as the strategic use of specific techniques to communicate product information and distinguish it from advertising. It involves various marketing and communication strategies designed to drive sales and capture the attention of potential buyers through information, trust-building, and engagement. Yebron et al. (2022) emphasize that customer satisfaction significantly boosts product sales and fosters customer interest. When promotional efforts are compelling and meet or exceed customer expectations, they contribute to increased customer satisfaction and retention. Therefore, H_2 is proposed as followings:

H_2 : Promotion positively impacts customer satisfaction.

Destination Image and Customer Satisfaction

T. M. Barusman et al. (2021) describe destination image as an interactive system encompassing thoughts, beliefs, ideals, images, opinions, feelings, visualizations, and intentions related to a tourist destination. Destination image plays a significant role in influencing tourists' destination choices. Dangaiso et al. (2024) emphasize that customer satisfaction and loyalty have been extensively studied in the service industry. When a destination's image meets or exceeds customer expectations, it results in increased customer satisfaction. Therefore, H₃ is proposed as followings:

H₃: Destination image positively impacts customer satisfaction.

Customer Satisfaction and Customer Retention

Customer satisfaction is widely recognized as essential for business success. Numerous studies in the service industry have linked customer satisfaction to customer loyalty. Research in internet banking also demonstrates that electronic customer satisfaction positively influences electronic customer retention, as satisfied customers are more likely to maintain long-term relationships (Dangaiso et al., 2024). Therefore, H₄ is proposed as followings:

H₄: Customer satisfaction positively impacts customer retention.

Service Quality and Customer Retention

The relationship between service quality and customer satisfaction has been a key focus in service literature. High-quality services help companies gain a competitive advantage by promoting customer retention and increasing profitability. Recent studies have consistently shown a positive correlation between service quality and customer retention (Othman et al., 2020). Therefore, H₅ is proposed as followings:

H₅: Service quality positively impacts customer retention.

Promotion and Customer Retention

Alexandrescu & Milandru (2018) describe promotion as a set of techniques and strategies to communicate product information and distinguish it from advertising. Effective promotional strategies can attract potential customers and increase sales.

Othman et al. (2020) define customer retention as a business's ability to maintain customer loyalty by meeting their needs. Retention encompasses attachment, involvement, confidence, and readiness to repurchase. Effective promotions that capture tourists' interest can foster long-term customer retention. Therefore, H₆ is proposed as followings:

H₆: Promotion positively impacts customer retention.

Destination Image and Customer Retention

Barusman et al. (2021) highlight that destination image is an interactive system involving beliefs, opinions, and visual perceptions associated with a place. Destination image is a critical factor in tourists' destination choices. When a destination's image meets tourists' expectations, it fosters satisfaction and long-term retention. Therefore, H₇ is proposed as followings:

H₇: Destination image positively impacts customer retention.

LITERATURE REVIEW**Customer Retention**

Customer retention is defined as the loyalty of customers to a company, demonstrated through their continued engagement and support, purchases, and the likelihood of sharing positive experiences within their social networks. According to Barusman et al. (2020) to achieve customer retention, companies must create positive impressions and deliver excellent services and experiences. Retaining customers can yield significant benefits for businesses, such as lowering operational costs and boosting revenue through referrals. Therefore, companies prioritize customer retention, as acquiring new customers is typically more expensive than maintaining relationships with existing ones. Barusman et al. (2020) also highlight that several factors influence customer retention, including customer service, service quality, promotions, destination images, and overall customer satisfaction. They explain that customer satisfaction arises from cognitive and emotional evaluations where actual performance is compared to expected standards, often described as a disconfirmation paradigm. If the actual performance surpasses expectations, it leads to positive disconfirmation, resulting in higher levels of satisfaction and increasing the chances of repeat purchase and recommendation. Service quality is a critical element influencing both customer satisfaction and retention. It encompasses customer perceptions and includes five dimensions: tangibility, reliability, responsiveness, assurance, and empathy. These dimensions interact within the context of tourism quality, where travelers might be willing to spend more on travel services yet remain discerning in their selections. To foster long-lasting connections with clients, numerous firms engage in customer relationship management (CRM). By integrating processes, personnel, technologies, and organizational strategies, CRM aims to deepen our comprehension of customers' needs. The tourism industry can leverage CRM as a strategic approach to elevate visitor experiences. Essential indicators impacting customer retention encompass word-of-mouth (WOM) marketing, retention rates, and customer loyalty.

Customer Satisfaction

Customer satisfaction is something that must meet customer needs. Customer satisfaction affects service attitudes. The goal of a hotel to meet customer

satisfaction is to try to change customer attitudes towards a particular product or service. Loyal customers exhibit strong purchasing behavior that is determined after consideration. Indicators that affect customer satisfaction are: conformity expectation, willingness to repurchase, willingness to recommend (Li et al., 2021).

Service Quality

Service quality is typically defined as the difference between customer expectations, refers to the gap between what customers anticipate and what they actually experience when interacting with a business, and actual service delivery, the actual services provided by organizations and their employees. This concept is based on the Nordic model, which identifies two main dimensions: technical quality, referring to "what customers receive," and functional quality, concerning "how they receive it." Research by Behera characterizes "what consumers receive" as their relationship with a service provider, while functional quality pertains to the delivery of that technical quality. Behera also found that both technical and functional service quality influence a company's image. The factors affecting service quality include the five dimensions of SERVQUAL: tangibles, reliability, responsiveness, assurance, and empathy (Othman et al., 2020).

Promotion

Promotion is a technical expression where a general character is given and makes it different from advertising. Promotion is viewed as a collection of marketing techniques and practices aimed at enhancing sales. It involves various marketing actions and informational strategies designed to capture the attention of potential buyers. By providing sales information and building trust, promotion seeks to attract customers and maintain their interest in the offerings. Indicators that influence promotion are promotional engagement, market share, and promotional messages (Alexandrescu & Milandru, 2018).

Destination Image

Destination image is a complex framework of thoughts, beliefs, ideals, perceptions, visuals, emotions, and intentions associated with a tourist destination, connecting it to a specific location. Factors that influence tourists when choosing a destination. Indicators that influence destination image are cognitive destination image, affective destination image, conative destination image (Barusman et al., 2021).

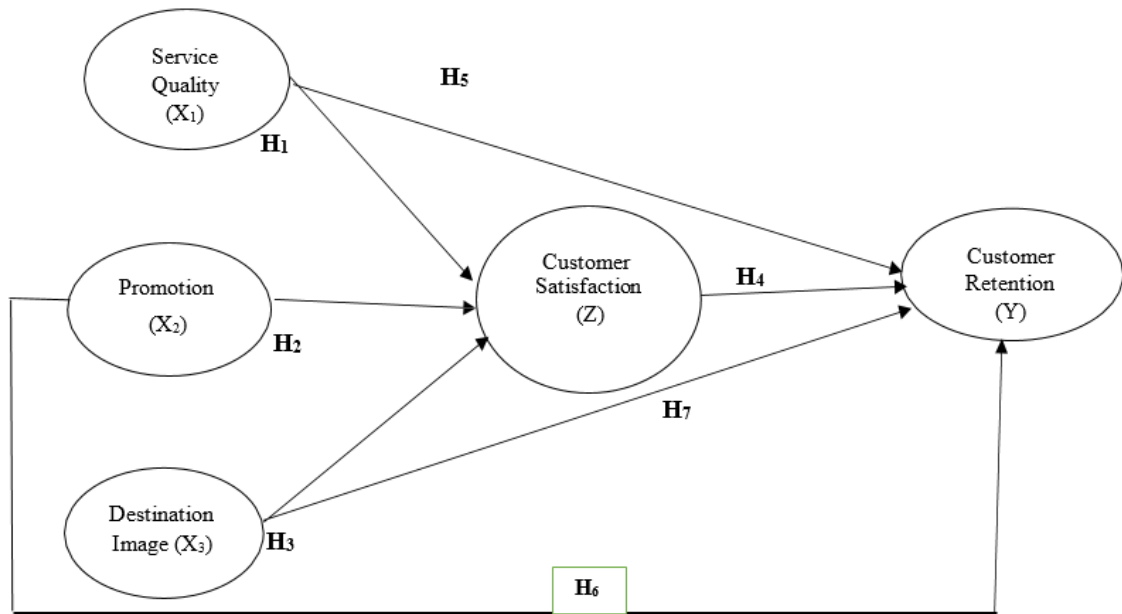


Figure 1. Research Framework
Source: Proposed by Researchers

RESEARCH METHODOLOGY

This research adopts a quantitative approach aimed at testing hypotheses. The study follows a cross-sectional design, conducted within a single period. The research focuses on prediction, with individuals as the units of analysis, and utilizes both human and natural resources. The research variables are measured using a questionnaire containing closed-ended questions designed to align with the study's objectives.

The study employs a Random Sampling technique, where participants are selected randomly from the population. The sample size is determined using Slovin's formula, which helps ensure accurate sampling by minimizing errors associated with excessively small or large samples. Data collected through the questionnaire are analyzed using validity and reliability tests, as well as Structural Equation Modeling (SEM) through the SmartPLS4 software.

Slovin's formula, a statistical tool applicable to both probability and non-probability sampling techniques, is used to calculate the required sample size and reduce potential sampling errors. The formula is expressed as follows:

$$n = N / (1 + N * e^2)$$

Where:

- n = Sample size
- N = Population size (3,532 active students of Bandar Lampung University)
- e = Margin of error (5% or 0.05)

Based on this formula, the sample size for the study is 360 respondents. The study examines three beach locations and includes criteria for participant selection, such as the frequency of beach visits, age, and gender.

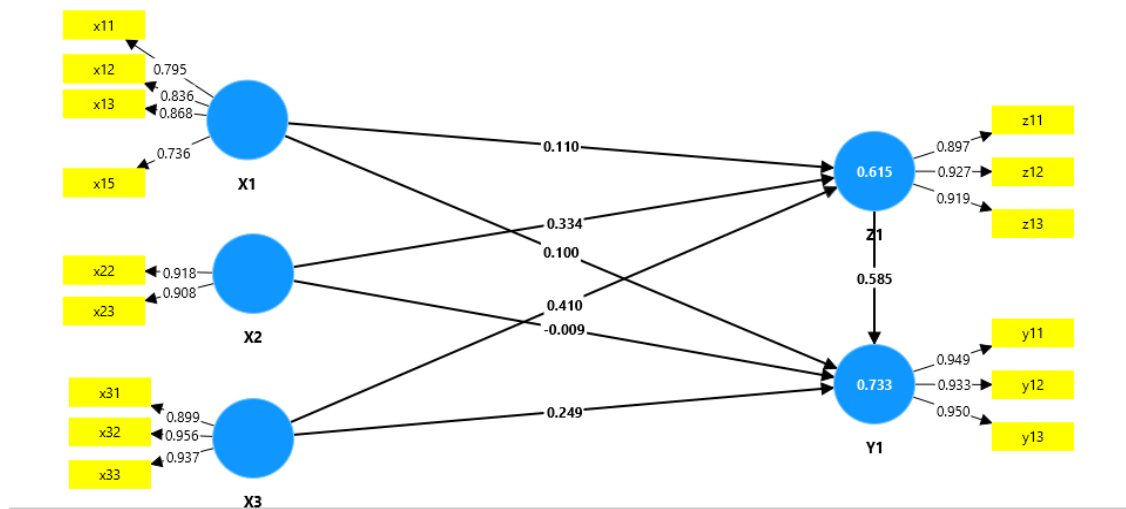


Figure 2. Structural Equation Modeling (SEM)

Source: Proposed by Researchers

Notes:

X₁: Service Quality (SQ)

X₂: Promotion (P)

X₃: Destination Image (DI)

Z: Customer Satisfaction (CS)

Y: Customer Retention (CR)

Variable X (exogenous); latent variable Y (endogenous) variable Z (mediation). The effect of exogenous variables on endogenous variables that are influenced by mediating variables.

RESULT AND DISCUSSION

Table 1. Outer Loading Table, Cr, Ca, Ve

Variable	*Outer Loading > 0.70	Error	*Cronbach Alpha	*Composite Reliability	VE	Conclusion
Customer Service			0.824	0.833	0.657	Reliable
X ₁ (Tengibles)	0.795	0.205				Valid
X ₂ (Reliability)	0.836	0.164				
X ₃ (Responsivness)	0.868	0.132				

X ₅ (Emphaty)	0.736	0.264				
Promotion			0.800	0.802	0.833	Reliable
X _{2.2} (Market Share)	0.918	0.082				Valid
X _{2.3} (Promotion Message)	0.908	0.092				
Destination Image			0.923	0.924	0.866	Reliable
X _{3.1} (Cognitive Destination Image)	0.899	0.101				Valid
X _{3.2} (Affective Destination Image)	0.956	0.044				

Source: Processed Data by Researchers

Table 1 demonstrates that the indicators are valid and reliable, meeting the following criteria: Outer Loading > 0.70, Construct Reliability (CR) > 0.70, Cronbach's Alpha > 0.70, and Variance Extracted (VE) > 0.50. This confirms the validity and reliability of the structural equation model.

The study identifies three exogenous variables. First, the service quality variable consists of indicators such as tangible aspects, reliability, responsiveness, and empathy. Among these, responsiveness has the highest outer loading (0.868), with the statement "Beach employees convey information, promos, and payments clearly and provide good and appropriate service" being a key contributor. Conversely, the tangible indicator has the lowest outer loading (0.795), highlighting the need to improve beach facilities to be clean, attractive, and adequate.

Second, the promotion variable includes market share and promotional messages. Market share has the highest outer loading (0.918), with respondents noting that "I get information about the beach through social media." Promotional messages follow closely (0.908), with the statement "I am interested in the beach because I understand the promotion of the beauty of the beach." Both indicators significantly influence customer satisfaction and retention, emphasizing the importance of maintaining effective promotional efforts.

Third, the destination image variable comprises cognitive, affective, and conative destination image indicators. The affective destination image has the highest outer loading (0.956) with the statement "I visit the beach because it has a calm environment," while the conative destination image has the lowest outer

loading (0.899). All three indicators must be maintained as they significantly impact customer satisfaction and retention.

The endogenous variable, customer retention, is characterized by indicators such as word of mouth (WOM), retention, and loyalty. WOM has the highest outer loading (0.949), while retention has the lowest (0.933). These indicators collectively demonstrate that customer retention plays a critical role in increasing tourist visits to South Lampung's beach destinations.

Lastly, the mediating variable, customer satisfaction, includes indicators for conformity to expectations, willingness to repurchase, and willingness to recommend. Conformity to expectations has the highest outer loading (0.927), while willingness to repurchase has the lowest (0.898). Customer satisfaction is pivotal in enhancing customer retention and should be prioritized for sustainable tourism growth.

Discriminant Validity

Table 2. Discriminant Validity

	X ₁	X ₂	X ₃	Y ₁	Z ₁
X ₁	0.810				
X ₂	0.733	0.913			
X ₃	0.749	0.737	0.931		
Y ₁	0.668	0.668	0.750	0.944	
Z ₁	0.662	0.716	0.738	0.829	0.915

Source: Processed Data by Researchers

The assessment of discriminant validity should be conducted using the Fornell-Larcker criteria. Discriminant validity evaluates whether variables are theoretically distinct and is validated through statistical testing. According to the Fornell-Larcker criterion, the square root of the Average Variance Extracted (AVE) for the tangible variable should demonstrate a stronger correlation (0.810) with reliability (0.733) responsiveness (0.749) wom (0.668) and conformity expectation (0.662). The root AVE of the reliability variable (0.913) has a greater correlation than responsiveness (0.737) wom (0.688) and conformity expectation (0.716). The root AVE of responsiveness (0.931) is greater than WOM (0.750) and conformity expectation (0.738). The root AVE of WOM (0.944) is greater than Z. These results indicate that the validity of the variables meets discriminant validity.

Direct Effect (Path Coefficient)**Table 3.** Direct Effect

Hypothesis	Path Coefficient	P value	Lower Limit	Upper Limit	F Square	T Value
Service Quality and Customer Satisfaction	0.110	0.277	-0.090	0.302	0.012	1.006
Promotion has a Positive Effect on Customer Satisfaction	0.334	0.000	-0.080	0.318	0.111	1.086
In and Customer Satisfaction	0.410	0.001	-0.239	0.222	0.158	0.073
Customer Satisfaction and Customer Retention	0.585	0.000	0.163	0.501	0.494	3.927
Service Quality and Customer Retention	0.100	0.315	0.030	0.547	0.014	1.685
Promotion and Customer Retention	-0.009	0.942	0.173	0.639	0.000	3.424
Destination Image and Customer Retention	0.249	0.092	0.299	0.832	0.073	4.370

Source: Processed Data by Researchers

The analysis of the hypotheses reveals the following findings:

The first hypothesis is rejected, indicating that service quality does not significantly affect customer satisfaction. This is evidenced by a path coefficient of 0.110 and a p-value of 0.277, which is greater than 0.05. Although service quality is a component of customer satisfaction, other factors may play a more significant role in influencing purchasing decisions. The effect size is small (F Square = 0.012). However, research by Long & Lijia (2024) found a significant relationship between service quality and customer satisfaction (p-value $0.012 < 0.05$).

The second hypothesis is accepted, showing a significant effect of promotion on customer satisfaction, with a path coefficient of 0.334 and a p-value of 0.000 (< 0.05). This suggests that each promotional effort enhances customer satisfaction, although the effect size remains low (F Square = 0.111). Similar findings were reported by Sarno et al. (2022), who highlighted the significance of service and promotion variables.

The third hypothesis is accepted, as destination image significantly influences customer satisfaction, with a path coefficient of 0.410 and a p-value of 0.001. This implies that enhancing the destination image contributes to increased customer satisfaction. The effect size is moderate (F Square = 0.158). Teviana et al. (2017) similarly found that destination image positively impacts customer satisfaction.

The fourth hypothesis is accepted, revealing that customer satisfaction significantly affects customer retention, with a path coefficient of 0.585 and a p-value of 0.000 (< 0.05). The effect size is high (F Square = 0.494). Aityassine (2022) also found a significant relationship between customer satisfaction and customer retention.

The fifth hypothesis is rejected, as service quality does not significantly affect customer retention (path coefficient 0.100, p-value 0.315 > 0.05). Although service quality is relevant, other factors may have a stronger influence. The effect size is small (F Square = 0.014). This finding contrasts with research by Saputro et al. (2020) which found a significant relationship between service quality and customer retention.

The sixth hypothesis is rejected, as promotion does not significantly affect customer retention (path coefficient -0.009, p-value 0.942 > 0.05). The effect size is negligible (F Square = 0.000). Conversely, Kurniati & Nurkhasanah (2022) found a significant effect of promotion on purchasing decisions.

The seventh hypothesis is rejected, as destination image does not significantly influence customer retention (path coefficient 0.249, p-value 0.092 > 0.05). The effect size is small (F Square = 0.073). However, research by Nghiêm-Phú (2015) found that affective destination image significantly influences revisit intentions and recommendations.

These findings highlight the complexity of factors affecting customer satisfaction and retention, underscoring the need for a multifaceted approach to tourism management and service quality enhancement.

Indirect Effect

Table 4. Indirect Effect

	Original Sample (O)	P value	T statistic	Description
Service Quality → Customer Retention	0.064	0.309	1.018	Not Significant
Promotion → Customer Retention	0.195	0.002	2.136	Significant
Destination Image → Customer Retention	0.240	0.010	2.589	Not Significant

Source: Processed Data by Researchers

Based on the table above, it is known that the p-value for the effect of service quality on customer retention through customer satisfaction is 0.39 > 0.05 (not significant). This indicates that customer satisfaction is a less effective mediator of customer retention. For the p-value of promotion on customer retention mediated by customer satisfaction, namely 0.002 < 0.005 (significant). This means that

promotion can increase customer retention, which attracts tourists. For the P value of destination image on customer retention mediated by customer satisfaction, namely $0.10 > 0.005$ (not significant), this shows that destination image is less effective on customer retention.

CONCLUSION AND SUGGESTION

Conclusion

Understanding customer needs is essential for achieving customer satisfaction, which in turn fosters customer retention. Key factors influencing customer retention include service quality, promotion, destination image, and customer satisfaction. The Lampung provincial government can enhance these aspects by prioritizing beach security, improving facilities, and maintaining cleanliness to deliver superior service quality.

Suggestion

Beach managers in South Lampung are encouraged to enhance promotional efforts, deliver high-quality services, and develop new facilities to improve the destination's image and attract more visitors. Future research is expected to identify additional variables that could strengthen customer retention, helping these beaches compete with Indonesia's top vacation destinations. Moreover, exploring new research topics could provide valuable insights for further development and improvement of South Lampung's beach tourism.

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