

ABSTRACT

Relationship marketing basically is relationship and long term connection between producer, consumer, supplier, and other parties. Relationship marketing essence connected with steady relationship and exchange in continuum based on trust and dependency. Relationship marketing focused on long term approach, whereas different with transactional marketing approach that focused that short term oriented. The purpose of transactional marketing is to gain customer solely, where the purpose of relationship marketing is to gain and retain customer.

To retain potential customer, Shangri-La Hotel at Surabaya applied relationship marketing program. The application of relationship marketing program is aimed to make customer more loyal so the relationship is not about buyer and seller, but more toward to partnership. Relationship marketing program in Shangri-La Hotel at Surabaya is called Golden Circle.

Relationship marketing concept used in this research is according to Kotler and Armstrong (2007:579-582), consist of: *financial benefit*, *social benefit*, and *structural ties*. Customer loyalty concept used in is according to Griffin (2005: 31), consist of: *makes regular repeat purchases*, *purchases across product and service lines*, *refer others*, and *demonstrates an immunity to the pull of the competition*.

This research resulted few founds, those are: research hypothesis is accepted, or relationship marketing effected customer loyalty Shangri-La Hotel at Surabaya. The relationship between relationship marketing and customer loyalty is positive, or if there are more relationship marketing, then customer become more loyal, vice versa.

Keywords: *Relationship marketing*, *makes regular repeat purchases*, *purchases across product and service lines*, *refer others*, dan *demonstrates an immunity to the pull of the competition*.