Customer Relationship Management and Service Quality in Assessing Customer Loyalty

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ABSTRACT

Purpose: The purpose of this study is to analyze and increase customer loyalty through customer relationship management and good service quality.

Design/methodology/approach: This study uses a quantitative descriptive method, with a sampling technique in the form of purposive sampling. Analysis using multiple linear regression.

Findings: The results showed that customer relationship management is able to provide an important role in increasing customer loyalty. Providing good service quality is also able to increase customer loyalty.

Research limitations/implications: This research has implications for the problems that exist in UD. Batik Manggur Probolinggo in overcoming customer loyalty problems.

Practical implications: For investors or interested parties in overcoming customer loyalty, customer relationship management practices and service quality need to be maintained properly.

Originality/value: This paper is original

Paper type: Research paper.

Keyword: Customer Loyalty, Customer Relationship Management, Service Quality.

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I. INTRODUCTION

For companies, marketing is seen as important as an integrated effort to sell products to meet customer needs where marketing is in charge of introducing these products to customers, which will enable customers to meet their needs at the right time and place. One of the requirements of a company's competitive strategy to achieve a sustainable competitive advantage in business is a focus on customers. In this case, companies need profile information from their customers, customer wants and needs, how to make customers satisfied, and other factors related to customers. Customer relationship management (CRM) is a strategy on how to optimize profitability through good relationships with customers and the creation of customer satisfaction (Juanamasta et al., 2019).

Business people have a strong motive for maintaining relationships with customers, (Sulistyan & Paramita, 2021; Sulistyan, Pradesa, & Kasim, 2017) even the perception of the quality of a service is closely related to how good the relationship (Sulistyan et al., 2017). Service quality is a service that can be interpreted as an effort to fulfill consumer needs and desires as well as delivery provisions in balancing consumer expectations (Tjiptono, 2014). To meet customer needs, we need an information system that applies the Customer Relationship Management (CRM) method. CRM is a cooperative relationship between
providers and customers so that both parties are mutually beneficial (Alma, 2016). CRM which is a company strategy used to pamper customers so they don't switch to competitors. CRM which is a company strategy used to pamper customers so they don't switch to competitors. CRM is a business philosophy that describes the client placement strategy as the center of the process, activity and culture (Farida, 2016). According to Dyantina, Afrina, and Ibrahim (2012) the application of Customer Relationship Management (CRM) by providing more interaction to customers regarding information such as promotions and so on and can provide criticism and suggestions so that owners can view monthly sales reports, best-selling product reports, and reports. best seller. The existence of customer relationship management activities can increase loyalty, as explained by Kotler and Keller (2012) that customer relationship management is carried out to maximize loyalty.

Another factor that can affect loyalty is service quality, which can be interpreted as an individual's assessment of the superiority or goodness of the service as a whole. Customer loyalty is a deep commitment to repurchase or subscribe to a product and service consistently in the future, so that it can lead to repeat purchases despite the influence of the situation and various marketing efforts that have the potential to cause product switching. According to Priansa (2017) customer loyalty is a set of behaviors that are able to generate income, buy, repurchase and buy other products and recommend to others.

To get customer loyalty or loyalty, the right marketing strategy is needed. This is an opportunity for UD. Batik Manggur Probolinggo to meet the needs of the community so that it is expected to create demand. Customer loyalty and customer satisfaction are the core of every business. This concept also applies to UD. Batik Manggur Probolinggo in winning the competition on its products.

II. METHODOLOGY

The form of analysis used in this research is descriptive quantitative, with a population of 51 customers. By using purposive sampling technique (Sugiyono, 2016), all populations were used as research samples. Sources of data used in this study are primary data and secondary data. The questionnaire was tested on 30 respondents and tested for validity and reliability. The analytical tool used is the classical assumption test, multiple linear regression test. The concept of how to maintain good relations with customers and provide good service quality uses a social exchange theory approach (Blau, 1964; Sulistyan, 2020; Sulistyan, Ermawati, & Ariyono, 2019).

III. RESULTS AND DISCUSSION

This validity test is carried out by comparing the calculated r value from the output (corrected item-total correlation) with the r table. If r count is greater than r table, then the statement item is said to be valid. Otherwise, it is said to be invalid. After testing the validity, all rcount values are greater than 0.3202 (r table n=51, =5%), thus the statement items on the customer relationship management variables, service quality, and customer loyalty are all declared valid.

From the reliability test, the results obtained that all Cronbach's Alpha values for the variables of Customer Relationship Management (CRM), Quality of Service, and Customer Loyalty are greater than 0.60. From the results of this reliability test, it is concluded that all lists of statements (instruments) used are reliable, and can be used. used for further analysis.

Classical assumption test is done by normality test, multicollinearity, and heteroscedasticity test. The test results are shown in Figure 1.
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From the results of the histogram graph, a normal curve line is obtained, this means that the data studied above are normally distributed, as well as from the probability plot image above, it can be seen that the data spreads around the diagonal line and follows the direction of the diagonal line, this means that the distribution pattern is normal. The multicollinearity test shows that the overall VIF value is less than 10, and the tolerance value is above 0.1. The results of the heteroscedasticity test are shown in Figure 2.

The analysis of the results of the SPSS scatterplot output above is shown by the points that spread and do not gather in one place. So it can be concluded that the independent variable above does not occur heteroscedasticity.

Regression test results show that all variables have a significant effect on customer loyalty. The test results can be seen in the following table:

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>Sig</th>
<th>F</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constanta</td>
<td>3.401</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Relationship Management</td>
<td>0.404</td>
<td>0.001</td>
<td>40.080</td>
<td>0.625</td>
</tr>
</tbody>
</table>
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Service quality 0.434 0.001

Source: Primary Data Processed, 2020

The feasibility test of the model shows that the model of CRM and service quality is a good and feasible model. The coefficient of determination shows that 62.5% of customer loyalty is explained by CRM and service quality.

Customer Relationship Management (CRM) is able to provide an important role in increasing customer loyalty. The concept proposed in this case is how to establish good communication with customers. Give good information about UD Batik Mgr Probolinggo, make customers feel that when they hear about batik production, the only thing that comes to their mind is good production from UD Batik Mgr Probolinggo. Maintaining a good relationship supported by the provision of good service quality will also increase customer loyalty. The concept of social exchange theory is applied where there is a reciprocal social relationship (Blau, 1964; Cropanzano & Mitchell, 2005; Sulistyan, 2020) between what has been given by the company to customers and loyalty to the company will be formed.

IV. CONCLUSION

Customer Relationship Management (CRM) and service quality can increase customer loyalty with several indicators analyzed. The implication of this research is to overcome the problem of customer loyalty at UD Batik Manggu Probolinggo, the most important thing is how to maintain good relations with customers. This good relationship will later be used as a benchmark for the extent to which the customer is loyal to the company. Supported by good service quality, it is very necessary to make customers feel at home and loyal.

REFERENCES

