

Effects Of Customer Relationship Management On Customer Loyalty

Isra Hayati¹ and Uun Dwi Al Muddatstsir²
{israhayati@umsu.ac.id¹, Uundwi@gmail.com² }

¹Muhammadiyah University of North Sumatera, Medan, Indonesia

²IAIN Langsa, Aceh, Indonesia

Abstract: The purpose of this study was to determine the effect of customer relationship management on customer loyalty. The results of this study indicate that Customer Relationship Management has a significant effect on Customer Loyalty, this is based on the result of $t_{count} 18,806 > t_{table} 2,068$ with probability sig. $0,0005 < 0,05$ indicates that H_0 is rejected and H_a is accepted. Based on the Determination test the value of R Square is 0.939 or 93.9% shows that about 93.9% of the Customer Loyalty (Y) variables are influenced by Customer Relationship Management (X). While the remaining 6.1% is influenced by variables not examined in this study. So the authors draw conclusions in this study Customer Relationship Management variables have a positive influence of 93.9% on Customer Loyalty at BMT El-Munawar Medan.

Keywords: Customer Relationship Management, Customer Loyalty and Trust.

1. Introduction

As the existing business grows, there is also increasing competition among business people, the amount of marketing carried out by business people to get the highest results, by acquiring new customers and retaining existing customers. In addition, the trend that occurs in consumer behavior patterns today is that consumers no longer have high loyalty to a particular product, service or brand. Many consumers begin to dare to try and not hesitate to switch to new products, services or brands. In addition, consumers need a long time to decide on a purchase or make a choice because consumers are confused by the large number of products or services offered today. customer relationship management refers to the soft ware system that is considered very good for storing customer data for the needs of each company in maintaining customers (Costanzo, 2003)

The customer relationship management program is often used by companies in the context of long-term relationships. This customer relationship management strategy develops a program to meet the type of relationship with the wishes of the customer with the company in the form of a relational relationship. This relational relationship management activity is actually intended to foster strategic customers. Strategic customers are loyal customers in the long term, so they can provide greater profitability on an ongoing basis (Assauri, 2013).

Customer relationship management is a business approach based on managing relationships or relationships with customers. Customer relationship management focuses more on what customers value rather than on products that the company wants to sell. Through the implementation of customer relationship management, the company is expected to build good communication and relationships with its customers so that in producing a product the company does not only sell and market a product of good quality or competitive prices but also can respond to the wishes and needs of consumers (Imasari, 2011).

Customer loyalty has an important role in a company, maintaining them means improving financial performance and maintaining the survival of the company, this is the main reason for companies to attract and retain them. Efforts to get loyal customers cannot be done at once, but through several stages ranging from finding potential customers to obtaining partners. For this reason, companies are required to be able to foster each other's competitive advantage through creative, innovative and efficient efforts, so that it becomes the choice of many customers who in turn are expected to be loyal (Sari, 2017). (Oliver, 1997) revealed that customer loyalty is a commitment that must be maintained by the company so that consumers continue to survive to be able to buy back to the same company, not move to products from other companies. Other studies have found that it is more beneficial to retain old consumers than to get new customers, because old customers are considered to be more minimizing the promotional costs that the company will incur (Bowen and Chen, 2001).

(McIlroy and Barnett, 2000) revealed that loyalty is important as an indicator, but that condition is not enough to prove customer loyalty, meaning that we can have customer satisfaction without loyalty.

Building customer loyalty is not an easy thing, especially hoping to be done with an instant process. Customer loyalty is very important for companies in this era of increasingly tight business competition. Loyalty is an important factor for a company to be able to survive in business competition, many companies hope to maintain its customers in the long run. Even if possible forever.

An indication of success in maintaining customer loyalty cannot be separated from how to maintain a good, sustainable relationship and be able to survive in the long run. The main objective of the company is to maintain customer loyalty and provide trust in the services or products provided by the company. Companies should have realized the importance of the quality of the relationships formed as competitive advantage in the face of business competition. Companies need to build, manage and maintain good relationships with customers as business competition is tight.

Islamic financial institutions are one of the institutions engaged in services. The amount of competition makes financial institutions compete to establish good relationships with customers whose purpose is to increase customer confidence in the financial institution. The level of customer trust in financial institutions will be a distinct advantage, because thus customer loyalty will grow and the level of use of financial institutions will be higher. One of the Islamic financial institutions namely BMT El-Munawar Medan.

Based on observations made by the author at BMT El-Munawar Medan, there were problems that showed loyal customers due to customers not actively depositing funds at BMT El-Munawar Medan and some customers did not carry out payment obligations to the company after obtaining financing. Therefore, research needs to be done in managing customer loyalty.

2. Theory

2.1 Customer Relationship Management

Customer relationship management is the process of managing detailed information about each customer and carefully managing all customer "touch points" to maximize customer loyalty (Keller, 2007). In a broader sense customer relationship management is the whole process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. This process relates to all aspects to reach, maintain and grow customers.

Customer relationship management at three levels, namely strategic, operational and analytical levels. The strategic level has a top-down view of customer relationship management as the most important business strategy that prioritizes consumers and aims to attract and retain profitable customers. Operational level is a view of customer relationship management that focuses on service automation projects, automation of sales and marketing automation fleets. An analytical level which is a view of customer relationship management that focuses on data mining activities for strategic objectives(Buttle, 2008).

2.2 Customer Relationship Management Indicators

The indicator of customer relationship management is(Maidi, 2014):

- Continuity marketing
That is to maintain and increase customer loyalty through special services that are long-term to increase value through learning each other's characteristics.
- One to one marketing
That is the technique of marketing products by providing products or services to customers in accordance with the results of identification of their respective needs and preferences.
- Partnering program
That is the partnership relationship between the customer and the marketer to serve the needs of consumers, the cooperation carried out by the company can grow and maintain a long-term relationship between employees and customers.

2.3 Customer Loyalty

Customer loyalty is the loyalty of customers to shop at certain company locations. Some grounds for maintaining competitive advantage also help attract attention and retain loyal customers. Having loyal customers is an important method of maintaining profits from competitors, given that having a loyal customer means that customers have an unwillingness to become competitors of a competing company(Utami, 2006). Loyalty is used in a business context, to describe the willingness of customers to always use the company's products in the long run, especially if they use it exclusively and recommend company products to their friends(Christopher Lovelock, 2010).

2.4 Customer Loyalty Indicators

Indicators of customer loyalty are as follows(Maidi, 2014):

1. Make regular purchases or repurchase.
2. Purchasing other products is not one product
3. Recommend products or services to others.
4. Consumers do not easily switch to competing products.

(Smith, M., 2010)revealed in the research indicators that they use in the same research that has four indicators in measuring customer loyalty, namely, product quality, service quality, product innovation and the good name of the company.

Previous research by (Coulter, 2002),(Brown, 2002),(Szczepanska and Gawron, 2011),(Wattilete, Pagemanan and Pandowo, 2013). and(Hanley, 2008)found that one of the main factors in increasing consumer loyalty was the role of the kasrywan in providing services to consumers. employees are considered very necessary to build relationships with customers, besides having to be polite, they also need to know the information about the products being sold.

2.5 Method Of Research

This research approach used is quantitative research, namely research that is not carried out in depth, generally investigating the surface only and requires a relatively shorter time (Cholid, 2012). The population used is all customers of BMT El-Munawar Medan, the number of active customers of BMT El-Munawar Medan until 2017 is 2,050 customers. While the sampling technique uses accidental sampling technique which is a technique of determining samples based on chance to meet with the research and members of the sample taken are not planned in advance but obtained or encountered suddenly and the number of samples to be examined are 25 respondents. Data collection uses questionnaires, and data quality testing is carried out by means of validity and reliability, data normality test, simple regression test, hypothesis testing is done by determinant test.

3. Result And Discussion

3.1 Result

The results of this study were analyzed using hypothesis testing for conclusions by testing the data below:

3.1.1 Normality Testing

If the data spread around the diagonal line and follow the direction of the diagonal line then the regression model meets the assumption of normality.

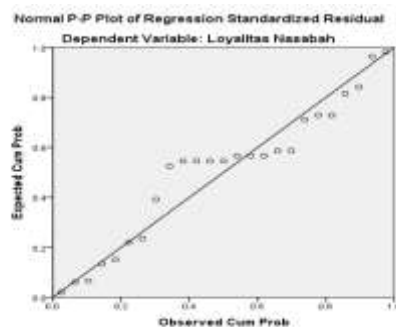


Fig.1. Uji Normalitas

3.1.2 Heteroscedasticity Test

The basis for heteroscedasticity test decision making is: if certain patterns, such as points (points) that form a certain pattern that is regular, heteroscedasticity occurs. If there is no clear pattern, and the points (points) spread below 0 on the y axis there is no heteroscedasticity.



Fig.2. Heterokedastisitas

3.1.3 Autocorrelation Test

This test is used to test whether in a linear regression model there is a correlation between confounding errors in period t to the error in period $t-1$ (before). If there is a correlation, it is called the autocorrelation problem. A good regression model is free of autocorrelation.

Table 1. Uji Autokorelasi

Model Summary^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Sig. F Change	Durbin - Watson
1					R Square Change	F Change	df1	df2		
1	.969 ^a	.939	.936	2.25773	.939	353.667	1	23	.000	1.858

In the table above shows that the value of Durbin Watson is 1,858. Thus there is no autocorrelation in the regression model.

3.1.4 Simple Linear Regression

Based on the data processed, it can be seen that the model of the relationship of simple linear regression analysis can be seen from the following table:

Tabel 2. Uji Regresi Linear Sederhana

Coefficients^a				
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Beta		
	Std. Error			
Constant	4.8055		2.523	.019

Customer Relationship Management	882	047	96	18.8	00
			9	06	0

The equation above shows that the variable X (Customer Relationship Management) has a positive coefficient, meaning that the independent variable has a direct effect on the variable Y (Customer Loyalty). The research model in the form of simple regression equations above can be interpreted as follows:

- If Customer Relationship Management is assumed to be zero then customer loyalty is valued at 4.805
- If Customer Relationship Management is raised by one unit, it will be followed by an increase in customer loyalty by 0.882 assuming other variables do not change.

3.2 Hypothesis testing:

3.2.1 Partial Test (t test)

In Table IV. 2 above there is the effect of customer relationship management on customer loyalty by obtaining $t_{count} 18,806 > t_{table} 2,068$ with probability sig. $0,0005 < 0,05$. The null hypothesis (H_0) is rejected and it can be concluded that customer relationship management (X) partially has a significant influence on customer loyalty (Y) at BMT El-Munawar Medan.

3.2.2 Uji Determination

To determine the level of reliability in the variable customer relationship management and customer loyalty can be seen in the calculation below:

$$\begin{aligned}
 D &= (R)^2 \times 100\% \\
 &= (0,969)^2 \times 100\% \\
 &= 93,9\%
 \end{aligned}$$

From the results of the determination test above can be concluded that customer relationship management affects customer loyalty by 93.9% while 6.1% is influenced by other variables.

3.3 Discussion

From the results of the above research it can be seen that the independent variable has an influence on the dependent variable. The application of a customer relationship management strategy is needed, which in addition to improving service but also improving and managing customers according to expectations. The results of this study indicate that there is a positive and significant influence between the variable X (customer relationship management) on the variable Y (customer loyalty). This is seen from the $t_{count} 18,806 > t_{table} 2,068$, and sig. $0,000 < 0,05$ indicates that H_0 is rejected and H_a is accepted, meaning customer relationship management has a significant effect on customer loyalty.

This result supports the research conducted by WindaMelanta which states that customer relationship management is proven to be able to realize and have a significant effect on customer loyalty of PT ShafiraLarasPersada. This result is also in line with research conducted by Imasari which states that customer relationship management is proven to influence customer loyalty to PT BCA Tbk.

Seeing from previous research and according to experts in this study prove that customer relationship management conducted by BMT El-Munawar Medan is able to realize and increase customer loyalty, where customer expectations can be realized or confirmed by the BMT El-Munawar Medan, this is what is proven very able to make the level of customer loyalty increase.

4. Conclusions

The results of research and discussion conducted by the author regarding the effect of customer relationship management on customer loyalty at BMT El-Munawar Medan, it can be concluded as follows: customer relationship management affects customer loyalty which is stated by the calculation results $t_{count} > t_{table}$ is $18.806 > 2.068$ so it can be concluded that the count is in rejection of H_0 and H_a is accepted.

Acknowledgements

The researcher would like to thank all mentors who have provided input on the results of this study. Hopefully this research can provide input to the company in maintaining customer loyalty.

References

- [1] Assauri, S. (2013) *Strategic Marketing*. Jakarta: Rajawali Press.
- [2] Bowen and Chen (2001) 'The Relationship between Customer Loyalty and Customer Satisfaction.', *International Journal of Contemporary Hospitality Management*. England: MCB UP Ltd.
- [3] Brown (2002) 'Performance Driven CRM: How to Make Your Customer Relationship Management Vision A Reality. Ontario: John Wiley.'
- [4] Buttle, F. (2008) *Customer Relationship Management*. Jakarta: Bayumedia.
- [5] Cholid, N. (2012) *Research Methodology*. Jakarta: Bumi Aksara.
- [6] Christopher Lovelock, J. W. and J. M. (2010) *Marketing of Human Services, Technology, Seventh Edition Indonesian Perspective Strategy*. Jakarta: Erlangga.
- [7] Costanzo (2003) 'American Banker', *New York, N.Y.*, Vol. 168,.
- [8] Coulter (2002) 'Determinant of Trust in a Service Provider: The Moderating role of Length of Relationship.', *Journal of Service Marketing*.
- [9] Hanley (2008) 'The Effectiveness of Relationship Marketing Strategies in Department Stores.', *International Journal of Business Management*, pp. 133–140.
- [10] Imasari, K. (2011) 'The Influence of Customer Relationship Management on Customer Loyalty at PT BCA Tbk', *Economic Focus*, Vol. 10, No. 3.
- [11] Keller, P. K. and K. L. (2007) *Marketing Management 12. Edition*. Jakarta: PT Index.
- [12] Maldi (2014) 'Influence Customer Relationship Management to Customer Loyalty PT. Moga Djaja in Surabaya', *the Journal of Science and Research*, Vol. 3 No. 8.
- [13] McIlroy and Barnett (2000) 'Building Customer Relationships: Do Discount Cards Work?.', *Managing Service Quality*, (10(6), 347-355.).

- [14] Oliver (1997) 'Customer delight: Foundations, findings, and managerial insight.', *Journal of Retailing*, Vol. 3, No.
- [15] Sari, W. (2017) 'The Influence of Customer Relationship Management on Customer Loyalty at PT Bumi Putera Muda 1967 General Insurance Branch of Pekan Baru', *Jom Fisip*, Vol. 4, No.
- [16] Smith, M., C. (2010) 'Improving customer outcomes through the implementation of customer relationship management evidence from Taiwan. 2009 Asian', *Global Journal of Business Research*, Vol. 3, No.
- [17] Szczepanska and Gawron (2011) 'Change in Approach to Customer Loyalty. ', *Contemporary Economics*, p. 5(1): 60–69.
- [18] Utami, C. W. (2006) *Retail Management, Strategy and Modern Retail Implementation*. jakarta: Salemba Empat.
- [19] Wattilete, Pagemanan and Pandowo (2013) 'The Impact of Customer Relationship Management to Customer Loyalty Through Customer Satisfaction in Cabal Dining Manado.'