Effect of Customer Relationship Management on Customer Satisfaction and Loyalty at Pt. Harmoni Permata Gianyar, Bali

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Abstract:
A highly competitive market makes companies need to maintain a positive relationship with their customers. A good CRM (customer relationship management) program will help the company to satisfy its customers. This research will explore various methods and techniques to build effective customer relationship management to satisfy customers. The purpose of this study is to examine the effectiveness of customer relationship management in maintaining and satisfying customers. This research shows that customer relationship management has a significant effect on customer satisfaction and loyalty. The variable also has a positive relationship. The company makes CRM as a capital to make customers more satisfied and stick with the company. This study concludes that CRM plays a major role in improving customer satisfaction, deep customer knowledge and customer loyalty. A better CRM will have clear information about what customers want, what their needs are, and what will make them more satisfied.

Kata kunci: Customer relationship management (CRM), customer satisfaction, dan customer loyalty

I. Preliminary:
Changes in an increasingly fast business world require companies to respond to changes that occur. The main problem facing companies today is how companies can attract customer and keep them in order to survive and grow. The goal will be achieved if the company is doing the process of pemasaran well. IT companies in Indonesia are increasingly pushing to further strengthen their strategic bases with concepts such as customer focused or market oriented culture to continue to gain access to their markets profitably and ensure sustainable growth (Ferdinand, 2005).

Marketing is one of the main activities undertaken by the company to maintain its survival. But in modern marketing like this marketing paradigm has shifted a lot. Not only create transactions to achieve marketing success but the company must also establish relationships with customers for the creation of customer satisfaction and loyalty.

Customer satisfaction is a dynamic state, which affects the dynamics of loyalty. One of the contributing factors is customer expectation to form satisfaction always move increasing, while ability of company to fulfill expectation very limited. The relationship of satisfaction with loyalty is also often...
inconsistent. Although some empirical studies show a significant relationship between satisfaction and customer loyalty despite a positive relationship between customer satisfaction and loyalty but variants are described only with small value satisfaction (Kumar et al, 2013).

Customer loyalty is an important target of marketing programs. Achieving customer loyalty through satisfactory service and products is a condition that is expected by all companies. The cost of reaching new customers is much greater than maintaining existing customers. Various efforts are made by all companies to achieve these goals that lead to competition. Building loyalty is a complex, sustainable model development required in a variety of ways. One of them by entering the variable customer relationship management or commonly abbreviated as CRM. The results of various studies show that CRM has proven to be able to build customer satisfaction which further affects positively customer loyalty (Tahir et al, 2013; Wang, 2013; Kamrul and Rahman, 2015).

Customer Relationship Management (CRM) is a strategy on how to optimize profitability through customer satisfaction development. CRM is a strategy that focuses on all things related to customer focus. Yuang and Chang (2001) argue that customer knowledge is the key to CRM's success. Without the knowledge of the customers who spread to the entire company, then the company can fail to meet customer desires.

One of the companies that implement CRM practice is PT. Harmoni Permata in Gianyar Bali. With the increasing competition of IT business world in Indonesia especially Bali, PT. Harmoni Permata seeks to increase sales and service quality to the community. PT. Harmoni Permata is an information technology company (IT) based on profitable business which is quite famous in Indonesia especially Bali. This company has been established since 2007 ago and still consistently confirmed the business in the IT world to date. PT. Harmoni Permata has made many customer service innovations. One of them is information technology needs of customer information system Customer Relationship Management (CRM).

Field phenomenon that occurs today at PT. Harmoni Permata cannot be separated from problems related to customer satisfaction. It can be seen from the number of customer complaints from September 2015 to August 2016 in the following table:

| Period  | Number of customer complaints | Change (%) |
|---------|-------------------------------|------------|
| Sep – 2015 | 23 | - |
| Okt – 2015 | 25 | 8.7 |
| Nov – 2015 | 18 | (28.0) |
| Des – 2015 | 27 | 50.0 |
| Jan – 2016 | 19 | (29.6) |
| Feb – 2016 | 22 | 15.8 |
| Mar – 2016 | 26 | 18.2 |
| Apr – 2016 | 31 | 19.2 |
| Mei – 2016 | 20 | (35.5) |
| Jun – 2016 | 23 | 15.0 |
| Jul – 2016 | 28 | 21.7 |
| Agus – 2016 | 36 | 28.6 |

Source: PT. Harmoni Permata 2015-2016
Based on the above complaints data, it is known during the period of September 2015 to August 2016 there was an increasing number of complaints of customers of PT. Harmoni Permata continuously for the last 3 months. The increase in the number of customer complaints indicates the increasing number of customers who are not satisfied with the product, service and lack of clarity of employees in conveying information to customers. PT. Harmoni Permata should take advantage of competitive advantage in improving customer satisfaction that will ultimately increase loyalty and keep trying to minimize the weaknesses that can not be utilized by competitors. Therefore, this research is very important to do.

In addition, there is also a research gap from previous researcher researchers between the relationship of CRM variables, customer satisfaction, and customer loyalty as follows: Positive influence according to Moon-Koo Kima (2004), Dr. Zakaria Ahmad (2014), Nidyatantri (2013). However, there are several contradictory research results, according to Anggita Putri (2015), Dzikiryati Yuni Ersi (2014).

This study was conducted based on two reasons, namely: (1) the existence of a research gap that has been disclosed in the previous paragraph. (2) the existence of a research problem found in the field. Thus this research takes the title "Influence Customer Relationship Management Against Satisfaction And Customer Loyalty At PT. Harmoni Permata Gianyar Bali ".

2. Review of Literature:
2.1 Customer satisfaction:
Rangkuti (2006: 30) defines customer satisfaction as a customer response to a discrepancy between the level of prior importance and the actual performance it perceives after usage. Satisfaction is a function of perception or impression on performance and expectation (Lupioyadi, 2006). Customer satisfaction has indicator of success, according to Ellitan (2006) indicator of customer satisfaction that is:

A. Overall customer satisfaction
B. Product suitability with customer expectations
C. Customer satisfaction with the company
D. Assessment of benefits

2.1 Customer loyalty:
Consumer loyalty as a consumer mindset that holds a favorable attitude toward a company, commits to buy more products / services of the company and recommends those products / services (Parasuraman et al., In and Parvez, 2009: 27). Griffin (2009: 31) states there are four aspects in the measurement of loyalty, namely:

a. Re-buy
b. Discuss positive things to others
c. Recommend to other customers
d. Not moving to other competitors

2.3 Customer Relationship Management (CRM):
CRM is the use of offensive marketing and defensive marketing. Offensive marketing illustrates gaining new customers and increasing the frequency of customer purchases, focusing on unleashing unsatisfied customers from competitors and generating new customers. CRM is the process of identifying customers, creating customer knowledge, building customer relationships, and shaping customer perceptions of the organization and its solutions (Solang et al, 2014; Tjiptono, 2007). Kotler and Keller (2007: 189). Customer relationship management is the process of managing detailed information about each customer and carefully managing all the "touch points" of customers in order to maximize customer loyalty. Luke (2001), said that the success of CRM is determined by three main factors: technology, people, process, and knowledge and insight.

In accordance with the study of literature and empirical, it can be developed hypotheses in this study with exposure as follows:

1. The Influence of CRM on Customer Satisfaction:
Meeting the needs and desires and value of service quality expected by consumers is determined by the quality of service. According to Sureshchandar et al. (2002) in Yeop et al., (2009: 67), unsatisfactory services will lead to reduced subscriber or even disappearance as customers move to other services, so there is little doubt as to the importance of service quality as the ultimate destination of service providers around the world. This is supported by research results Pradhana (2015) Budiyanto (2013)
and Setyani (2014). Based on these findings, the hypothesis of this research is:

**H1: CRM has a positive effect on customer satisfaction**

2. The Influence of CRM on Customer Loyalty

Quality of service has a positive effect on trust according to Elrado (2014). Supported by research results Pramana and Rastini (2016) Agung (2006) and Fajarini (2016). Based on these findings, the hypothesis of this research is:

**H2: CRM has a positive effect on loyalty**:

3. The Effect of Customer Satisfaction against Customer Loyalty:

Kotler in (Utari, 2010: 139) states that customer satisfaction becomes one demand on service companies. Murtiyanto (2014) in his research stated that customer satisfaction has a positive and significant impact on customer loyalty. In line with the results of research Pramudyo (2012, Ramenusa (2013) and Darmawan (2017). Based on the findings, the hypothesis of this study are:

**H3: Customer satisfaction positively affects customer loyalty**

3. Research Methods:

3.1 Research Design:

The research design is the flow of research activities to provide solutions using a powerful approach (Margono, 2010). Based on the hypothesis, there are three variables that are determined in this study are: CRM, customer satisfaction, and customer loyalty. These variables form the basis for the preparation of research instruments. After the sample is established, it is continued with data collection, through the questionnaire method using the instrument that has been prepared. The data obtained before the analysis was tested by validity and reliability test using SPSS program to confirm the accuracy (valid and reliable) of the instrument, then analyzed using Partial Least Square (PLS) analysis technique. The results of further analysis are interpreted and continued by concluding and providing suggestions.

3.2 Place of Research:

This research takes place at PT. Harmoni Permata located at Jalan Batuyang Gang Merpati No 16 Batubulan, Gianyar, Bali.

3.3 Scope of Research:

The scope of this study is limited only to the areas of CRM, customer satisfaction, and customer loyalty of PT. Harmoni Permata in Gianyar, Bali only.

3.4 Population and Sample:

3.4.1 Total Population:

Understanding Population is defined as a generalization region consisting of objects or subjects that have certain qualities and characteristics established by researchers to be studied and then drawn conclusions (Sugiyono, 2006: 117). In this study the population is a customer PT. Harmoni Permata totaling 1032 people.

3.4.2 Sample Determination:

According Sugiyono (2014: 116) the definition of the sample is part of the number and characteristics possessed by the population. To determine the size of the sample, then done by using the formula Slovin (Umar, 2000: 147) then the number of samples in the study were as many as 92 respondents.

3.5 Identify Variables:

In this research using 3 (three) variables consisting of CRM (X) as independent variable (exogenous), customer satisfaction (Y1) and customer loyalty (Y2) as endogenous variable.

3.6 Operational Definition of Variables:

In this research using 3 (three) variables consisting of:

Customer Relationship Management or CRM is the process of maintaining a profitable long-term relationship with customers through the provision of valuable and satisfying services to them (Kotler and Armstrong, 2004: 16).

Satisfaction is a function of perception or impression of performance and expectations. The concept, if performance is below expectations, customers are not satisfied and vice versa if performance meets and exceeds expectations then consumers will feel satisfied (Bhaskara, et al., 2014).

Customer loyalty as a customer mindset that holds a favorable attitude toward a company, commits to buy more products / services and recommends those
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products / services (Parasuraman et al., In Akbar and Parvez, 2009: 27).

3.7 Types and Data Sources:
This research is a quantitative research with survey method with data source in this research is primary and secondary data source. Both obtained directly from the field and data obtained from the company.

3.8 Methods of Data Collection and Research Instruments:
Data is collected by plunging directly into the field at any given time. In addition to the researcher as an instrument, will also be used support equipment in the framework of collecting data such as recorder so that the data collected enough to complete the research and achieved research objectives. To obtain the necessary data in this study, it can be submitted data collection techniques used include questionnaires, interviews and documentation.

In measuring the research variables, respondents were asked to state their perceptions by choosing one of the five answer alternatives: (5) strongly agree, (4) agree, (3) enough, (2) disagree, (1) strongly disagree.

3.9 Testing of Research Instruments:
The results of the research instrument test show all the question items of the three variables studied (CRM, customer satisfaction, and customer loyalty) are valid (coefficients above 0.30), and indicate a good level of reliability (Alpha (α) Cronbach correlation coefficient is above 0.70).

3.10 Data Analysis Techniques:

3.10.1 Descriptive Analysis:
The use of descriptive analysis techniques is intended to obtain a description of the characteristics of the study respondents from several aspects, such as: gender, age and education presented in the form of frequency, percentage, or average (mean).

3.10.2 Inferential Analysis:
Inferential analysis method used in this research is to test the measurement model and structural model simultaneously with the available analysis data of 92 questionnaires. In accordance with this, adequate analytical techniques used are the structural equation modeling (SEM) based on variance or component based best known as Partial Least Square (PLS).

4. Discussion:
In this research the three latent variables are CRM (X), customer satisfaction (Y1), and customer loyalty (Y2) is a measurement model with reflective indicator, so that in evaluation of measurement model is done by checking:

a. Evaluation of Measurement Model (Outer Model): Convergent Validity: In the results of this study, each indicator has an outer loading value greater than 0.70. so the indicators used to measure each research variable can be said to be valid.

b. Discriminant Validity: all variables have an AVE value above 0.7. In addition, the square root of average variance extracted (√AVE) values for each variable are mostly above the correlation coefficient values between variables. Thus, the results obtained indicate discriminant validity of both research models and are acceptable for further analysis.

c. Composite Reliability: the value of the composite reliability of the four latent variables has been above 0.70, so it can be said that the reliable indicator block measures the variables.

Evaluation of Structural Model (Inner Model):

|          | R-Square | R-Square Adjusted |
|----------|----------|-------------------|
| Satisfaction | 0.186    | 0.177             |
| Loyalty    | 0.532    | 0.522             |

The result of structural model evaluation obtained R-Square Adjusted value of satisfaction construct is 0.177. This illustrates that the magnitude of the influence of CRM constructs on satisfaction is
17.7%, while the remaining 82.3% is influenced by other variables that do not exist in this research model. Furthermore, it can be seen also that the value of R-Square Adjusted loyalty construct is 0.522. This illustrates that the magnitude of the influence of CRM constructs on loyalty is 52.2%, while the remaining 47.8% is influenced by other variables that do not exist in this research model.

**Hypothesis Testing Results:**

Hypothesis testing performed by bootstrapping t-test. The results of hypothesis testing research can be presented in the following figure:

From the table above, it can be determined the results of hypothesis testing described in the following description:

Construct Customer Relationship Management (CRM) has a positive and significant impact on the satisfaction shown by the value of P-Value = 0.000. This proves that a good implementation of Customer Relationship Management (CRM) will increase customer satisfaction. Thus, the first hypothesis is accepted.

Construct Customer Relationship Management (CRM) has a positive and significant impact on the loyalty shown by the value of P-Value = 0.011. This proves that a good implementation of Customer Relationship Management (CRM) will increase customer loyalty. Thus, the second hypothesis is accepted.

Construct satisfaction has a positive and significant effect on the loyalty shown by the value of P-Value = 0.000. This proves that the increasing customer satisfaction will have an impact on increasing customer loyalty. Thus, the third hypothesis is accepted.

5. **Conclusions and Suggestions:**

5.1 **Conclusion:**

Customer relationship management (CRM) has a positive and significant impact on customer satisfaction of PT. Harmoni Permata. The results of this study provide an indication, that the implementation of good customer relationship management (CRM) can improve customer satisfaction.

Customer relationship management has a positive and significant impact on customer loyalty of PT. Harmoni Permata. The results of this study provide meaning, that the implementation of good customer relationship management (CRM) can improve customer loyalty.

Customer satisfaction has a positive and significant impact on customer loyalty PT. Harmoni Permata.
The results of this study provide meaning, that the increasing customer satisfaction will have an impact on improving customer loyalty.

5.2 Limitations of Research:

Limitations that can be conveyed from this study are based on the time of research that is short-term (cross-sectional). This limitation certainly has a low impact of generalization of research, considering the problems faced in the process of maintaining customers is relatively more complex and dynamic from time to time. If the model is applied at other times and conditions it is possible to obtain different results.

In addition to the development of more relevant indicators used in each variable, as well as many factors as a determinant of the level of customer loyalty to a company. This is considering the effort to increase customer loyalty is quite crucial in an increasingly dynamic era.

5.3 Suggestion:

For the management of PT. Harmoni Permata based on the results of the description of research variables, assessment of customer respondents PT. Harmoni Permata on the implementation of customer relationship management received by customers as a whole is good. However, we recommend personal service (relationship orientation) provided by PT. Harmoni Permata is further enhanced. Improved personal services provided by employees can be done by providing services based on better attitude and friendliness and be consistent in serving customers. Providing services based on customer attention, listening well to what customers say about their needs. In addition, PT. Harmoni Permata can provide services based on actions such as speeding up service, providing convenience to customers and avoiding the smallest possible mistakes.

For academics, the results of this study can be used as one source of knowledge, especially for customer relationship management strategy related to consumer psychology in purchasing. For further research, customer relationship management strategy is an important study in the process of forming consumer buying interest. Technology, people, process, and knowledge and insights strategies are strategies on how to optimize profitability through customer satisfaction development. Given these four strategies could be a consideration for further predictions, it is suggested in subsequent research to keep technology, people, process, knowledge and insights and other strategies in forming consumer buying interest so that more references can be considered to review the relationship strategy to the next consumer.

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