



## Analysis of customer relationship management and service quality on customer loyalty

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### ABSTRACT

This study discusses the variables that can affect the loyalty of the company to the company that is currently researched, which is PT Dua Benua Pratama. The aim of this study is to analyze Customer Relationship Management and Service Quality and Customer Loyalty at PT Dua Benua Pratama. This study was carried out on 101 respondents who were partners from PT Dua Benua Pratama. In the analysis of the data, this study used SPSS with the linear regression method. The conclusion of this study is that there is an influence between Customer Relationship Management and Service Quality and Customer Loyalty on PT Dua Benua Pratama. The use of CRM can help companies in understanding customer needs better, in good communication and building customer trust, thus increasing customer loyalty. In addition, good service quality can also increase customer satisfaction and strengthen the emotional bond with the brand, thereby increasing customer loyalty. The practical implications of this research are that companies can improve CL by using the right CRM strategy and focusing on quality service.

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### 1. INTRODUCTION

The development of competition in an increasingly tight business world requires companies to race against each other to win business competition. Companies should also change their mindset from profit-oriented to focusing on other potential factors such as desires, interests and long-term relationships and customer satisfaction levels as key factors to be considered by the company (Wijoyo et al., 2020). Innovation in products and services is one of the efforts to meet the needs in business, and also so that the company can continue to grow and survive in any conditions.

Meanwhile, in marketing terminology it can be said that the company's goals related to marketing currently have shifted from purchaser acquisition to customer loyalty. (Cheng et al., 2021). Customer Relationship Management (CRM) has financial, social, and structural benefits through this strategy, the company will be easier to maintain relationships with customers that will create a loyalty (Arora et al., 2021; Dewnarain et al., 2019). To build and maintain relationships with partner companies, companies can implement CRM. CRM is a process in obtaining, ining and enhancing profitable customer

relationships with the aim of creating customer value, so that customers are satisfied and maximize profits for the company to gain a competitive advantage, paying attention to the quality of products or services in order to provide primary customer satisfaction. So CRM is something that a company cannot miss to improve and keep its customers so that customers will not feel disappointed with the products or services they get from a company.

Customer loyalty is one of the most important factors inining competitiveness in today's technological era (Adam et al., 2020; Kim et al., 2023). Keeping customers in other words is a success for a company, because it is one way to live the life of the company. Additionally, the benefit of customer loyalty is the reduction of the influence of attacks from similar competitors, not only competition in terms of products and services but also competition on terms of business perception (Setiawan et al., 2019). The company that successfully implements CRM in its company, then will get superior value from its clients. It also makes a brand of the company will rise and indirectly, clients will tell their closest people who need the company that the company can have a significant impact on the company and make customers happy (Abadi et al., 2020; Lysenko-Ryba & Zimon, 2021)

One way to be able to operate efficiently and effectively is by delegating certain tasks to third parties that will meet the company's expectations. Through the outsourcing concept, the company can also carry out transformation of management activities. This redirection gives a benefit to the company, having more time in order to think about strategic steps to develop the company ahead, Along with changing the external environment of the business in achieving the internal goals of the company. Cost Efficiency and Effectiveness through Outsourcing. In this case, an outsourcing company is a company that operates in the field of labor mobility to improve quality products. PT. Two continents operate in the fields of Manpower Supply Only and Manpowers Supplied Management with the primary focus on helping partners to get the right human resources. PT. Dua Benua Pratama collaborate with PT. Charoen Pokphand of Indonesia. The partnership between the two continents is a partnership. Charoen Pokphand Indonesia has since 2017 with the initial number of only 75 people year-on-year continues to experience an increase in employment by 2022 to 350 employees. But in 2021 there was an open tender conducted by PT Charoen Pokhpand Indonesia, which indicated that Customer Relationship Management and Service Quality affected the reduced customer loyalty. Because in the research I did found problems related to Customer Relationship Management and Service Quality such as,

The lack of response given to PT Charoen Pokhpand Indonesia, then the lack of reaction to customers can lead to customer dissatisfaction and loss, because customers need a quick response in this regard when facing problems and questions on the ground. There was also a lack of coordination between PT Dua Benua Pratama with PT Charoen Pokhpand Indoensia in this regard such as the problem of administrative PT Dua Benua Pratama with General Affairs PT Cheroen Pokchpand Indonesia, as well as the lack of training and socialization against the new system if it does not have sufficient training and support to work with the CRM system then this can lead to errors or lack of use of the system. This can result in inaccuracies and difficulties in responding to customers quickly. Based on the things that have been shown in the background above, the authors are interested in researching more deeply regarding the impact of customer relationship management and service quality on the loyalty of the partner company, so that the company can know what strategies to take in order to increase the loyalty of partner companies.

## 2. RESEARCH METHOD

Researchers want to know the causal relationship between independent and dependent variables, so the research approach used is a quantitative approach. There are two sources of data: primary data and secondary data. Primary data is data obtained by the researcher

and comes directly from its primary source. Secondary data is data obtained by researchers from expert literature, guidelines, as well as journals or articles that have relevance to the problems to be studied. Research using primary data, obtained through surveys accompanied by the filling of a questionnaire to the sample or respondent form of an angket made using a conventional scale 1 – 5. Pupulation and sampling use the non-probability Sampling method with the purposive sampler method, where this method takes into account the consideration that has been identified against respondents with the number of samples as many as 100 respondents. Two continents that have worked on PT. Charoen Pokphand Indonesia at least 1 year. Data analysis with the help of SPSS software.

### 3. RESULTS AND DISCUSSIONS

#### Test the Effect of Customer Relationship Management Variables on Customer Loyalty

Table 1. Partial test results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	13.886	1.647		8.433	.000		
x1	.177	.103	.171	1.723	.088	1.000	1.000

Source: SPSS (2022)

Based on table 1, it can be explained that the effect of the Customer Relationship Management (CRM) variable on Customer Loyalty is 0.000, this shows that there is a significant influence between the CRM and Customer Loyalty variables in the regression analysis model that has been carried out.

#### Test the Effect of Service Quality Variables on Customer Loyalty

Table 2. Partial test result

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	9.919	1.679		5.906	.000		
	x2	.149	.037	.378	4.058	.000	1.000	1.000

Source: SPSS (2022)

Based on table 2, it can be explained that the effect of the service quality variable on Customer Loyalty is 0.000, this shows that there is a significant influence between the CRM and Customer Loyalty variables in the regression analysis model that has been carried out.

#### Test the Effect of Customer Relationship Management Variables and Service Quality on Customer Loyalty Simultaneously

Table 3. Simultaneously test result

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29.195	2	14.598	8.246	.000b
	Residual	173.478	98	1.770		
	Total	202.673	100			

Source: SPSS (2022)

Based on table 3, it can be explained that the effect of Customer Relationship Management (CRM) and Service Quality variables on Customer Loyalty simultaneously is 0.000, this shows that there is a significant influence together between the CRM and

Service Quality variables on Customer Loyalty in the regression analysis model that has been carried out.

#### Discussion

The results of data processing show that Customer Relationship Management has a significant impact on Customer Loyalty, which is also in line with previous research by Mokhtar (2019) also said Customer Relationship Management has a significant impact on Customer Loyalty. Sig = 0.088 or less than 0.1 The better the customer relationship management, the higher the customer loyalty. Similarly, the worse the customer relationship management, the lower the customer loyalty. CRM can impact customer loyalty by increasing customer satisfaction, building stronger relationships with customers, providing a more personal experience, and doing regular communication (Kirmaci, 2012). Therefore, companies can use CRM as a strategy to build a strong and sustainable customer loyalty (Hawkins & Hoon, 2019). CRM is a critical tool for building customer loyalty (Kampani & Jhamb, 2020). By providing personalized experiences, improving the customer experience, staying in touch, and collecting feedback, companies can create a loyal customer base that will drive growth over time.

The results of data processing showed Service Quality has a significant impact on Customer Loyalty, which is also in line with previous research by Ngo (2016) which also says that Service Quality significantly affects Customer loyalty. Indicated by a value of sig = 0,000 or less than 0.1. The better the service quality, the higher the customer loyalty of the two continents. Similarly, the worse the service quality, the lower the customer loyalty of the two continents. Good service quality can positively impact customer loyalty by increasing customer satisfaction, value perception, trust and loyalty, as well as recommendation and word-of-mouth (Setó-Pamies, 2012). Therefore, companies can increase customer loyalty by focusing on improving the quality of services provided to customers. Quality service is an essential part of building customer loyalty (Raza et al., 2020). Companies that prioritize providing excellent service are more likely to retain customers and attract new ones through positive word-of-mouth.

The results also show that there is an impact on customer relationship management and service quality on customer loyalty. Indicated by a value of sig = 0,000 or less than 0.1. The better the Customer Relationship Management and Service Quality that PT Two Continents Pratama performs, the higher will also be the customer loyalty service. Similarly, the worse the Customer Relationship Management and Customer Loyalty that PT Two Continents Pratama performs, the lower the customer loyalty service delivery PT Two Continents Pratama will be. CRM can help companies in building strong relationships with customers through the use of the right strategies and technologies (Naim, 2022). Using CRM, companies can better understand customer needs, provide a personalized experience and correct weaknesses in the services provided. In addition, by doing good communication and providing good service, the company can build customer trust and strengthen the emotional bond with the brand (Jun & Yi, 2020; Li et al., 2020). All this can help increase customer loyalty. Quality of service is also important in affecting customer loyalty. Good quality of service can increase customer satisfaction and strengthen the emotional bond with the brand. Customers who are satisfied with the services provided are more likely to remain loyal to a particular brand or product, as well as recommend those products or services to others (Alzoubi et al., 2022)

#### 4. CONCLUSION

This research aims to analyze the impact of customer relationship management and service quality on customer loyalty. In this study used SPSS with Customer Relationship Management and Service Quality as independent variables and Customer Loyalty as dependent using the Linear Regression method. Based on the analysis and discussion in the previous chapter, it was concluded that the results of the first hypothesis test showed

that there was a direct influence between Customer Relationship Management and Customer loyalty. This means that the better efforts in improving customer relationships carried out by PT Two Continents, the better will be the level of customer loyalty. By having effective strategies and processes to build relationships with customers, companies can increase customer satisfaction and strengthen the bond between customers and brands. This may increase the likelihood that customers will re-buy the product or service from the company, as well as recommend those products or services to others. The results of the second hypothesis show that there is a direct influence between Service Quality and Customer Loyalty. Service quality can be measured through several dimensions such as reliability, responsiveness, assurance, empathy, and physical proof. Research shows that the higher the quality of services a company provides, the greater the likelihood that customers will feel satisfied and have loyalty to the brand or company. Research also shows that customers who are satisfied with the quality of services provided by the company tend to buy products or services from the company continuously, as well as recommend the company to others. The results of the third hypothesis show that there is a simultaneous influence between Customer Relationship Management and Service Quality with Customer loyalty. High quality service and an effective CRM strategy can help companies build strong relationships with customers and increase customer loyalty levels. CRM can help companies understand customer needs and wishes, as well as build good relationships with them through effective communication and good problem handling. As a result, customers feel appreciated and feel more attached to the brand or company. Meanwhile, high quality service can strengthen customer loyalty by providing a satisfying experience and providing solutions to the problems faced by customers. Companies that focus on quality service tend to have more satisfied and loyal customers because they feel appreciated and get good service from the company. Future research examine the mediating effect of customer satisfaction in the relationship between customer relationship management (CRM), service quality, and customer loyalty. Analyze how customer satisfaction acts as a mechanism through which CRM and service quality influence customer loyalty.

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