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The Effect of Customer Relationship Management (CRM) To Customers' Loyalty and Customers' Satisfaction as Mediator Variables

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ABSTRACT

This research aims at exploring the effect of customer relationship management (CRM) which based of several indicators, such as information and data, process, technology, human resource; focused on customers' loyalty and customers' satisfaction as the mediator variable of PT Gojek Indonesia. The analysis uses structural equation modelling (SEM) with *warp* PLS version 5.00 program to examine the hypothesis. There are 216 respondents in this research. The respondents are the Gojek Indonesia's customers. The result of the research shows that there positive effect and significance between the CRM of Gojek Indonesia's service provided and costumers' satisfaction and loyalty. It also indicates that the result of the research is consistent with the previous CRM research findings and the findings of the current research, where the CRM of Gojek Indonesia's service gives indirect positive effect to the costumers' loyalty through costumers' satisfaction that shows supportive mediator relation between CRM, customers' satisfaction, and customers' loyalty.

INTRODUCTION

The rapid growth of economic and the high level of competition in business world make companies difficult to increase the number of customers. The company effort in defending customers becomes an accurate step. This is because to get new-customers, it needs high fees.

PT Gojek Indonesia is a company providing transportation services by using motorcycle as its primary type of vehicle which currently leads the motorcycle transportation industrial revolution around Jakarta, Bogor, Depok, Tangerang, and Bekasi (Jabodetabek). Gojek applies a marketing information system strategy through three stages *customer life cycle*. The first stage is *acquired*, that is gaining customers with *direct marketing technique* by promoting it through social media. The second stage is *enhanced*, that is increasing

the number of customers by using *cross sell and up sell technique*. It is to cooperate with companies that wants to use Gojek's service. Therefore, it will gain the number of new customers. The third stage is retained, that is to maintain the customers or loyal customers by using customer support technique where company responds to every customers' complaints and advocacy to make the company able to create loyal customer. CRM is related to integrated sales activity, marketing, and strategy of service to the customers, Through CRM, Gojek uses the current application and customers' website to increase company revenue through sales service, providing excellent service, and introducing transaction procedures made by the company. CRM Gojek is carried out to develop and maintain good relations between customers and the management of the company.

Understanding the customers well will result to fast respond to the changing of customers' preferences, thus it will increase the company revenue. To support CRM, Gojek always provides *frequent-flyer* in two languages about the recent information of the company to the loyal customers through e-mail. It is a form of appreciating and marketing to maintain loyal customers. Activities related to CRM in this company applies information system technology, which is a website, that can be easily accessed by every people, starting from the general information about the company, product, forum of discussion between the customers and the company, until the order process.

Kotler and Keller (2006) *Customer Relationship Management* (CRM) is a process of managing customers' detailed information and contact carefully to maximize customers' loyalty. Commitment is one of CRM important factors, which in this case includes the emotional bond between company and customer to equally maintain good relations between them.

Hassan RS, *et all* (2015), CRM has a significant effect to customers' satisfaction. The two variables, customers' loyalty and satisfaction, have positive correlation. The conclusion of the research shows that CRM plays major role in expanding its market. It increases employees' productivity and spirit, and customers' loyalty. Furthermore, the company will have clear information about what the customers want, what they need, and what will make them satisfied. Moreover, Laksmana I Nyoman H, et all. (2018) stated that CRM also shows positive effect and significance to customers' satisfaction and customers' loyalty in PT Harmoni Permata. It indicates that if CRM is applied well, it will be able to increase customers' satisfaction and customers' loyalty.

The purpose of this research is to explore the effect of CRM to customers' loyalty and customers' satisfaction as mediator variables on online transportation service company of Gojek Indonesia. The writer's current research is different with prior researches, because customers' satisfaction as the mediator variable has never been used before.

THEORETICAL FRAMEWORK
Theories of Customer Relationship Management

Customer Relationship Management (CRM) is a process of building a relationship between companies and customers by increasing the quality of customers' satisfaction. It can be done by identifying customers' perception over a certain kind of product, organization, or service which is offered through seller, trader, and supporting services that make the customers loyal. Lukas

(2011), the success of CRM is determined by three main factors, such as human, process, and technology. Meanwhile, based on Kincaid (cited from Francis Buttle, 2004), from his book entitled *Customer Relationship Management –Getting in Right,* he stated that information and data are also important in conducting CRM, because it always utilizes information and data, both for the company and the customers. Therefore, information and data is included in CRM elements developed by Kincaid. After elaborating and combining the theories, the writer decided to use several elements to conduct the research, such as information and data, process, technology, and human resource. The detailed explanations are as follows:

a. **Information and Data (Kincaid, 2003)**
   Kincaid (2003), information is related to anything that can be used as feedback for the company, for example the customers' critics and expectations, customers' identification data; such as telephone number and *e-mail* address which are beneficial for the company to call them and give them information in personal. Based on the previous explanation, the elements included in information and data are related to the company's effort to reach the customers through customers' identification data and to give them information.

b. **Process (Lukas, 2001; Kincaid, 2003)**
   Lukas (2001), process is a system and procedure to help the company know and build a closer relation to the customers. Meanwhile, Kincaid (2003) stated that process is conducted to create a positive impression, easy access, and good interaction for the customers when the service is being given. Therefore, there are several elements included in process, such as positive impression and feedback to the service of the company; for instance, satisfaction and delight; simplicity, easy access and good interaction to the given service, and customers' expectation.

c. **Technology (Lukas, 2001; Kincaid, 2003)**
   Based on Lukas (2001), CRM can be conducted faster and more optimized with technology. Technology becomes a supporting device to maintain the process of CRM better. Moreover, Kincaid (2003) argued that technology consists of any equipment and devices that support the process of CRM. Technology functions to deliver and organize the information which will be sent to the customers. Thus, it can be concluded that the elements formed in technology are velocity, optimization, and technology efficiency used in the company to support the service provided to the customers. In that way,

technology helps the customer access the products and services through the application of Gojek Indonesia given by their *CRM*. Also, it will be easier for the customers to book an order and make the trip more efficient and optimized.

d. Human Resource(Lukas, 2001;Kincaid, 2003)

Lukas (2001) stated that human resource as the CRM organizers plays major role that needs to be considered, such as organizational structure, roles and responsibilities, company's culture, and procedure. A company should not underestimate the importance of staffs or workers in developing and carrying out CRM. It is supported with the statement from Kincaid (2003) that staffs or workers are the most important factor in conducting and functioning CRM, thus it will be accepted well by the customers. Therefore, it is important to know the roles and responsibilities of an employee and the company's culture adapted by them. From the previous explanation, the important elements of human resource are the ability of the staffs or workers to provide excellent service to the customers and their responsibility to do their job.

Customers' Satisfaction

Satisfaction is a feeling of joy or disappointment that emerges from comparing our expected performance, in terms of products or outcomes, to others' expectation (Kotler and Keller, 2006). Customers' rating of a product depends on many factors, one of it is the relation between customers' loyalty and a certain brand. Consumers often have a good impression of a brand, which they have known well. The customers' satisfaction strategy should be based on a detailed and accurate information of customers' expectation. Customers' expectation can sometimes be controlled, but most of the time, companies cannot do so. As a result, customers often move from one brand to another, when ones cannot meet their expectation.

Customers' Loyalty

Customers' loyalty is a combination of *tangible* and *intangible* factors received when a customer is consuming a certain product or service. Costumers' loyalty is a manifestation and continuation of customers' satisfaction in using services or facilities provided by a company and to remain a customer in that company. Customers' loyalty comes from the fulfillment of customers' expectation (Kotler and Armstrong, 2005). A customer who has been loyal to a certain product will have an emotional bond with that product (Barnes, 2001).

According to Oliver in Kotler and Keller (2006), he explains that loyalty is a commitment to buy or support a product that a customer prefers to, even though the marketing situation and the company's effort may lead the customers choose other products.

Kotler and Keller (2006) argue that costumers' loyalty can be seen by these three factors, such as recommending others to buy a certain product and later recommend it again to others (*word of mouth),* rejecting to use other product or showing refusal to other products (*reject another),* and purchasing the product repeatedly *(repeat purchasing).*

Hypothesis

After discussing the statement of the problem, the purpose of the research, and the theoretical framework, the writer formulates three hypotheses for this research:

H1: CRM has significance and positive effect to *Customers' Loyalty*

H2: CRM has significance and positive effect to *Customers' Satisfaction*

H3: CRM has indirect positive effect to *Customers' Loyalty* through *Customers' Satisfaction*

MATERIALS AND METHODS

This research is conducted in order to obtain information and data needed that is related to the research itself. To obtain the information and data needed, the technique of data collection done by the writer is giving a questionnaire. It is to give a list of questions to the participants, which later will be used to be analyzed.

The participants of this research are 216 Gojek's customers in Indonesia. There are three variables used in this research. The first is independent variable, which is the CRM of Gojek consisted of information and data, process, technology, and human resource. The second is customers' satisfaction as mediator variable. The third is customers' loyalty as dependent variable. Each element is determined by using Likert scale in the scale of four points: 1) Strongly disagree, 2) Disagree, 3) Agree, 4) Strongly Agree.
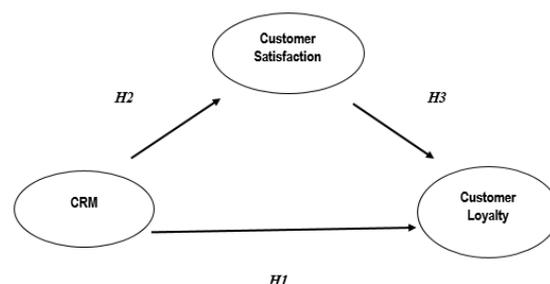

Picture 1. Hypothesis Graphic

The analysis utilizes *structural equation modelling* (SEM) and *warpPLS version 5.00* program to test and prove the hypothesis. This statistic analysis device is chosen because of several factors (Hair et.al., 2010; Kock, 2010). First, SEM-PLS is related to this research because it has *latent variables* which cannot be directly measured and *measurement error*. Second, SEM can simultaneously test *multiple dependence* for the current research. Third, *component-based* of *SEM* (PLS) can estimate complex model and small sample.

RESULTS AND DISCUSSION

The participants of this research are 216 Gojek's customers in Indonesia. Based on the writer's decision, the participants chosen become the sample of the research. Below is the demographic table of the respondents:

Tabel 1 Demographic Table of The Respondent

GENDER	Female	45,80%
	Male	54,20%
AGE	Under 20	40,70%
	21 - 30	50,90%
	31 - 40	6,30%
	Over 40	2,10%
EDUCATION	SMA	14,80%
	Diploma D3	34,70%
	Bachelor Degree (S1/D4)	44,00%
	Master Degree (S2)	2,20%
	Others	4,30%
PROFESSION	Work	55,60%
	Others	44,40%
USING GOJEK APPLICATION	< 1 year	50,90%
	1 - 2 years	44,40%
	2 - 3 years	3,30%
	> 3 years	1,40%
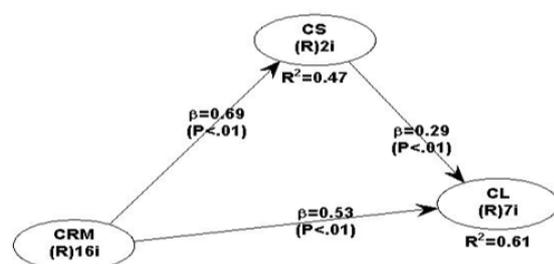
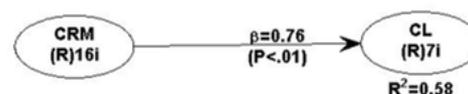**Picture 2. Result of analysis with mediator variable**

The result of analysis above answers the following hypothesis:

- Based on the analysis, it is found that the direct effect between CRM and customers' loyalty has positive correlation (positive coefficient correlation is 0,53). It means that the better CRM service given to the customers, the customers' loyalty will likely increase. It is also significant, where the probability score of the coefficient correlation is <0,01. The R^2 score is 0,61, which indicates that the effect of CRM to customers' loyalty is 61%, while the rest (100% - 61% = 39 %) is affected by other variables.

- Based on the analysis, it is found that the direct effect between CRM and customers' satisfaction has positive correlation (positive coefficient correlation is 0,69). It means that the better CRM service given to the customers, the customers' satisfaction will likely increase. It is also significant, where the probability score of the coefficient correlation is <0,01. The R^2 score is 0,47, which indicates that the effect of CRM to customers' satisfaction is 47%, while the rest (100% - 47% = 53 %) is affected by other variables.

Based on the analysis, it is found that the direct effect between customers' satisfaction and customers' loyalty has positive correlation (positive coefficient correlation is 0,29). It means that the better the costumers' satisfaction shown, the customers' loyalty will likely increase. It is also significant, where the probability score of the coefficient correlation is <0,01.

Picture 3. Result of analysis without mediator variable

The finding of this study shows that CRM has significant effect to customers' loyalty with the coefficient correlation score of 0,53, which is presented in the analysis in **picture 2**. Meanwhile, in the analysis in **picture 3**, it shows that CRM has significant effect to customers' loyalty with the coefficient correlation score of 0,76. It indicates that customers' satisfaction is proven as mediator variable, because in the analysis, the score in picture 2 is smaller than in picture 3.

This research shows that CRM has direct positive effect to customers' loyalty. The finding supports the research of Laksmana I Nyoman H, et all (2018); Putra, Yunanda E, et all. (2017); Yuliani Luli, et all. (2015); Adeleke, OM, et all. (2018); Imasari, Kartika & Kezia Kurniawati Nursalin. (2011); Kalalo, RE et all. (2013); Puspitasari, Kurnia Citra. (2017); Trinova, M et all. (2015) about the effect of CRM to customers' loyalty. The CRM of Gojek is carried out to build and maintain a good relation between the customers and the company. By understanding the costumers well, it will make the company more responsive to the customers' preference, thus, it can gain the company's revenue.

CONCLUSIONS AND SUGGESTION

The purpose of this research is to explore the effect of CRM to customers' loyalty and customers' satisfaction as mediator variables on online transportation service company of Gojek Indonesia. This study shows that the CRM of Gojek Indonesia has significant and positive effect to both the customers' loyalty and the customers' significant. It indicates that the result of this research is consistent with the prior research about CRM. In addition, the new finding obtained from this study is that the CRM of Gojek Indonesia has direct positive effect to the customers' loyalty through customers' satisfaction which is shown by the relation of mediator variables between CRM, customers' loyalty, and customers' satisfaction.

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