# THE INFLUENCE OF CUSTOMER RELATIONSHIP MANAGEMENT ON CUSTOMER LOYALTY (STUDY AT PT X)



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#### **ABSTRACT**

This study aims to examine the influence of Customer Relationship Management (CRM) on customer loyalty. The research is conducted quantitatively, with a descriptive explanatory design and a survey research type. The study uses the entire population, consisting of 150 resellers, as respondents. Data was collected through interviews, questionnaires, and literature studies. The data analysis conducted includes multiple linear regression, t-tests, F-tests, and coefficient of determination tests. The results of the study show that the people aspect of CRM, the process aspect of CRM, and the technology aspect of CRM have a positive and significant influence on customer loyalty. The people, process and technology aspects of CRM simultaneously have a positive and significant influence on customer loyalty. This research is still limited to CRM variables and customer loyalty, so further research is recommended to add other variables as independent variables so that it can determine what other factors influence customer loyalty.

**Keywords:** Customer Relationship Management (CRM); People; Process; Technology; Customer Loyalty

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#### INTRODUCTION

Nielseniq.com (2024) states that consumers are more selective in making a purchase and lead to various practical things in this era, many attractive offers of product and service variations from companies make customers often switch from one product to another. Explodingtopics.com (2023) states that 28% of global customers often switch brands or are not loyal to a brand. Nielsen in kumparan.com (2019) states that more than a third or 38% of Indonesian consumers state that they like to try new things or products other than those they have used. It can be obtained information that customers in Indonesia who are not loyal to a brand are 38%. This shows that the number of disloyal customers in Indonesia is still greater than that of global customers in the world.

Coastalcloud.us (2024) states that customer loyalty is also a key factor affecting the long-term success of the company in manufacturing industry. Kotler & Keller (2016) revealed that creating loyal customers is the core of every business. One of the manufacturing companies in Bandung is PT X which is engaged in printing pins and others. Having been established for 19 years, PT X now has a strong focus on maintaining customer loyalty amidst the phenomenon of declining customer loyalty that has occurred in Indonesia. PT X has managed to maintain and even increase its customer loyalty numbers. Over the last 5 years, PT X has managed to increase loyalty, especially for resellers, by around 4% to 17% each year. By the end of 2023, it is known that consumers within 1 year of PT X have 76.1% loyal customers. Loyal customers make a big contribution to the company's revenue, especially resellers who buy products at PT X. The company has a lot of revenue from resellers who have bought its products regularly than from user consumers or users. Therefore, PT X focuses more on trusting customers who buy regularly to continue to be loyal to the company.

Tjiptono (2008) explains that the occurrence of increased customer loyalty itself can be caused by fostering good relationships with customers or commonly called Customer Relationship Management (CRM). Kotler and Keller (2016) reveal that CRM is the process of managing detailed information about customers and all customer touchpoints carefully to maximize customer loyalty. Chaffey (2011) revealed that maintaining strong and close relationships with customers is often a long-term marketing success.

PT X has focused on Customer Relationship Management as a marketing strategy in maintaining customer loyalty. PT X uses the CRM strategy in order to provide the best service and wants to be given trust by customers to continue to be loyal to the company. PT X has been doing CRM strategies since 2018 by interacting to establish relationships with its customers through WhatsApp as a medium of interaction. The company has also implemented inbound CRM or CRM that serves to increase inbound marketing or traditional sales. The company conducts more massive sales via WhatsApp than two other e-commerce companies, namely Shopee and Tokopedia. The CRM carried out by the company includes collecting customer data, establishing communication via WhatsApp, offering personalized special offers, using WhatsApp and marketplaces (Shopee and Tokopedia) as Customer Service media, and facilitating the submission of criticism and suggestions through Google Form.

The effect of CRM on customer loyalty has also been studied by previous research. Agustin, et al. (2019) stated that CRM had a significant influence on customer loyalty. Yulinda (2017) states that knowledge as one of the CRM indicators has a positive and significant influence on customer loyalty, but the aspects of technology, people, and processes do not show a positive and significant influence on customer loyalty.

With the gap in the results of the research conducted, the researchers are interested in examining the influence of CRM aspects, namely people, process, and technology on customer loyalty. Based on the research phenomena and background that have been described, the researchers are interested in conducting research about the effect of customer relationship management on customer loyalty (Study on Reseller PT X).

# LITERATURE REVIEW, RESEARCH FRAMEWORK, AND HYPOTHESES Customer Relationship Management

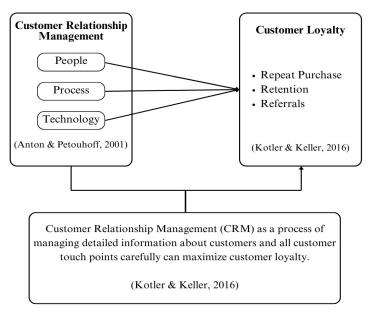
Anton and Petouhoff (2001) state that Customer Relationship Management refers to a business strategy that aims to understand, anticipate, and manage the needs of the organization's current and potential customers. Anton & Petouhoff (2001), explains CRM involves the integration of people, processes, and technology to maximize relationships and increase customer satisfaction, loyalty, and profitability. Anton & Petouhoff (2001) revealed that there are three dimensions that make up Customer Relationship Management, including people as employees who implement Customer Relationship Management, process which is a procedure and steps that help humans to better recognize customers and establish close relationships with customers, and technology as a supporting tool in completing the added value of Customer Relationship Management. Buttle & Maklan (2015) revealed that CRM is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. Kotler & Armstrong (2012), explains that Customer Relationship Management (CRM) organizes all information about customers, and carefully uses it to maximize customer loyalty.

## **Customer Loyalty**

Kotler & Keller (2016) explain that customer loyalty is a deep commitment to support a preferred product or service by buying it again in the future, even though circumstances or marketing efforts may persuade customers to switch. Chabbra (2017) explain that customer loyalty is beneficial not only from a sales point of view, but also from the point of view of building a solid foundation for long-term relationships between brands and consumers. Kotler & Keller (2016) reveal three dimensions of customer loyalty, namely repeat purchases, retention, and referrals.

#### **Research Framework**

Figure 1 shows the conceptual framework of this study, which illustrates the relationship between the variables studied. The independent variable in this study is Customer Relationship Management which will review further its dimensions, namely people, process, and technology. The dependent variable in this study is Customer Loyalty.



Source: Constructed by authors for this study, 2024

Figure 1 Research Framework

## **Hypothesis**

In this study, the following hypothesis was formulated:

- H1: There is an influence of people in the CRM perspective on Customer Loyalty at PT X.
- H2: There is an influence of process in CRM perspective on Customer Loyalty at PT X.
- H3: There is an influence of technology in the CRM perspective on Customer Loyalty at PT X.
- H4: There is an influence of people, process, and technology in the CRM perspective together on Customer Loyalty at PT X.

#### **METHOD**

This research was conducted using quantitative methods. This research design is descriptive verification and survey research type. According to Sugiyono (2019), descriptive method is a type of research that aims to explain variables independently, either one or more variables, without making comparisons or associating them with other variables. Meanwhile, the verification method is a research approach carried out on certain populations or samples with the aim of testing previously formulated hypotheses. The population in this study were 150 resellers of PT X and the sample in this study used saturated sampling. Sugiyono (2019) defines saturated sampling as a sampling technique when all members of the population are used as samples. The data in this study were collected through interviews, questionnaires, and studies literature. The data analysis carried out is multiple linear regression, t test, F test, and coefficient of determination test.

#### **RESULTS AND DISCUSSION**

# **Normality Test**

According to Ghozali (2018), the normality test is carried out to test whether the independent variable regression model and the dependent variable or both have a normal distribution or not. Decisions are made based on the significance value (Sig.), if Sig. > 0.05, then the data is considered normally distributed. Conversely, if Sig. < 0.05, then the data is considered not normally distributed. In this study, the exact test Monte Carlo Kolmogorov-Smirnov test was used. The results of normality testing using the exact test Monte Carlo Kolmogorov-Smirnov test in SPSS 26 show that the significance value on the Monte Carlo Sig. (2-tailed) is 0.51 which is greater than 0.50. With the requirements of the normality test is the significance value above 0.05, meaning that the significance value in the Monte Carlo exact test results has met the requirements of the normality test.

# **Multicollinearity Test**

According to Ghozali (2018), the multicollinearity test is used to determine whether there is a correlation between the independent variables in the research regression model. The value used to indicate the presence of multicollinearity symptoms is the VIF value <10.00 and the Tolerance value> 0.10. The multicollinearity test results calculated through SPSS 26 can be seen in Table 1.

Table 1 Multicollinearity Test Result

	Collinearity	Statistics
	Tolerance	VIF
People (X <sub>1</sub> )	0,493	2,028
Process (X <sub>2</sub> )	0,334	2,994
Technology (X <sub>3</sub> )	0,492	2,003

Source: Data Analyzed, 2024

Table 1 shows that the Tolerance value for people is 0.493, process is 0.334, and technology is 0.492 which means it is greater than 0.1 and the VIF value for the people variable is 2.028, process is 2.994, and technology is 2.033 which means it is smaller than 10. This shows that the data obtained has met the multicollinearity test requirements.

#### **Heteroscedasticity Test**

According to Ghozali (2018), the heteroscedasticity test aims to test whether in the regression model there is inequality of variance from the residuals of one observation to another. In this study, the researcher used the Glejser method for the heteroscedasticity test, with the criteria that if the significant value is > 0.05 then the research data does not experience symptoms of heteroscedasticity. The results of the heteroscedasticity test calculated using SPSS 26 can be seen in Table 2.

Table 2 Heteroscedasticity Test Result

Coefficient	S
	VIF
People (X <sub>1</sub> )	0,573
Process (X <sub>2</sub> )	0,993
Technology (X <sub>3</sub> )	0,709
Course Data Analyzed 20	124

Source: Data Analyzed, 2024

Table 2 shows that the significance value of people is 0.573, process is 0.993, and technology is 0.709, which means that these values are greater than 0.05. This means that there are no symptoms of heteroscedasticity in the existing regression model.

## **Multiple Linear Regression Analysis**

According to Sugiyono (2019), multiple linear regression analysis is used by researchers, if the researcher intends to predict how the state (up and down) of the dependent variable, if one or more independent variables as predictor factors are manipulated (increased or decreased). The results of multiple linear regression analysis calculated through SPSS 26 can be seen in Table 3.

Table 3 Multiple Linear Regression Analysis Result

		Standardized Coefficients
В	Std. Error	Beta
4,237	1,668	
0,556	0,133	0,339
0,387	0,124	0,308
0,308	0,142	0,176
	Coef B 4,237 0,556 0,387	4,237 1,668 0,556 0,133 0,387 0,124

Source: Data Analyzed, 2024

Table 3 shows the regression equation from multiple linear regression testing is as follows:

$$Y = 4,237 + 0,556X1 + 0,387X2 + 0,308X3 + e$$

#### Description:

- 1. The constant value obtained is 4.237. This can be interpreted that if people (X1), process (X2), and technology (X3) have a value of 0 (constant) then customer lovalty (Y) has a value of 4.237.
- 2. The regression coefficient value of people (X1) obtained is positive at 0.556. This can be interpreted that for every increase in one score on people (X1) and other independent variables are considered constant, the customer loyalty score (Y) will increase by 0.556.
- 3. The regression coefficient value of process (X2) obtained is positive at 0.387. This can be interpreted that for every increase in one score on process (X2) and other

- independent variables are considered constant, the customer loyalty score (Y) will increase by 0.387.
- 4. The regression coefficient value of technology (X3) obtained is positive at 0.308. This can be interpreted that for every increase in one score in technology (X3) and other independent variables are considered constant, the customer loyalty score (Y) will increase by 0.308.

## Partial Test (t Test)

According to Ghozali (2018), the partial test shows how far the influence of one independent variable individually in explaining the variation in the dependent variable. The decision to accept or reject the hypothesis in this study is based on the significance of the coefficient of each independent variable on the dependent variable. With the decision-making criteria if the Sig value  $\leq \alpha$  or t count  $\geq$  t table then reject Ho, which means that the independent variable has a significant effect on the dependent variable. The t test results can be seen in Table 4.

Table 4 t-Test Results

	Model	t
1	(Constant)	2,540
	People (X <sub>1</sub> )	4,182
	Process (X <sub>2</sub> )	3,132
	Technology (X <sub>3</sub> )	2,169

Source: Data Analyzed, 2024

In this study, the t-table value used as a critical value in this partial hypothesis test (t-test) is 1.655, which is obtained from the t distribution table with df = 150 - 2 = 148 with a significance level ( $\alpha$ ) of 5% or 0.05. The t-count obtained by people is 4.182, the t-count obtained by process is 3.132, and the t-count obtained by technology is 2.169, all of which are more than the t-table or 1.655. So it can be interpreted that each hypothesis is accepted and people, process, and technology partially have an influence on customer loyalty.

## **Simultaneous Test (t Test)**

According to Ghozali (2018), the simultaneous test or F test aims to test whether all independent variables together have an influence on the dependent variable. The results obtained from the F test calculated with SPSS 26 are contained in Table 5.

Table 5
F Test Result

	df	F	Sig.
Regression	3	54,474	0,000
Residual	146		
Total	149		

Source: Data Analyzed, 2024

The F-table value used as a critical value in this simultaneous hypothesis test is 2.67 obtained from the F distribution table with df1 = 3 and df2 = 146 at the 5% significance level ( $\alpha$ ). The results showed that the F-count of 54.47> F-table of 2.67 with a significance value of 0.000 <0.05 means that all the independent variables studied, namely people, process, and technology simultaneously have a significant influence on the dependent variable, namely customer loyalty.

#### CONCLUSION AND SUGGESTION

Based on the results of research on the influence of Customer Relationship Management (CRM) on customer loyalty at PT X, it can be concluded that there is a positive and significant influence of all aspects of CRM (people, process, technology) on customer loyalty. The people, process, and technology aspects of CRM are partially and simultaneously proven to have a positive and significant effect on customer loyalty.

Further research is recommended to add mediating variables to determine whether or not there is mediation of other variables in analyzing the effect of CRM on customer loyalty It is also recommended to add other variables as independent variables so that they can find out what other factors affect customer loyalty as the dependent variable.

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