

Customer Relationship Management (CRM) Strategy in Increasing Consumer Loyalty

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ABSTRACT

This research investigates the impact of Customer Relationship Management (CRM) strategies on consumer loyalty in the context of businesses implementing CRM practices. The purpose of this study is to examine how CRM strategies, such as customer identification, interaction, and personalization, influence consumer satisfaction and loyalty. Using a quantitative research approach with a descriptive correlational design, the study surveyed 225 respondents through a questionnaire. The data were analyzed using multiple regression analysis to assess the relationship between CRM strategies and consumer loyalty. The results reveal that CRM strategies have a significant positive impact on consumer loyalty, with strong correlations and statistical significance. The findings suggest that businesses can enhance consumer loyalty by improving CRM practices, focusing on personalized services, leveraging customer data, and engaging with consumers through effective communication channels. The study also highlights the importance of maintaining long-term relationships with consumers through loyalty programs and personalized experiences. These findings offer valuable recommendations for businesses to strengthen customer retention, satisfaction, and loyalty. Furthermore, the research emphasizes the importance of continuous CRM adaptation to meet evolving consumer needs and technological advancements. This study provides a comprehensive understanding of how CRM strategies contribute to building a loyal consumer base and fostering long-term business growth.

Keywords: Customer Relationship Management; CRM Strategy; Consumer Loyalty.

INTRODUCTION

The business world has undergone significant changes that affect the dynamics of competition between companies. Digitalization and automation are becoming major trends, with companies adopting technologies such as artificial intelligence (AI) and data analytics able to improve operational efficiency and reduce costs. For example, marketing automation platforms help companies manage advertising campaigns more efficiently and accurately measure results (Youtap, 2024). In addition, e-commerce and omni-channel are increasingly dominant. Consumers expect a seamless shopping experience between multiple channels, both online and offline. Successful companies are those that can unify the shopping experience across all platforms, such as websites, mobile apps, and physical stores. Sustainability and social responsibility are also a key focus.



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Consumers are increasingly aware of the environmental and social impacts of the products they buy. Companies that implement sustainable business practices and demonstrate social responsibility are preferred by customers. In the context of Indonesia, The Business Competition Index (IPU) shows an increasing trend. In 2021, Indonesia's IPU was at the level of 4.81, the highest in the last four years, indicating that business competition nationally is included in the category of business competition towards high (Katadata, 2021). However, some sectors still show a low level of competition, such as electricity and gas procurement, as well as water procurement and waste management (KPPU, 2024).

Customer Relationship Management (CRM) plays a very important role in building long-term relationships between companies and consumers. Through the implementation of an effective CRM strategy, companies can understand the needs and preferences of consumers in depth, allowing them to provide a more personalized and responsive service. Using consumer data collected through multiple channels, companies can craft relevant and engaging offers for customers, thereby increasing their satisfaction and driving loyalty. CRM also allows companies to maintain consistent communication and build strong trust, which is the basis of long-term loyalty (Chaffey, 2020). Customer loyalty is a key element in maintaining business sustainability. Loyal consumers are not only less likely to make repeat purchases, but are also more likely to recommend a product or service to others, which can increase a company's market share. In addition, loyal customers are often more tolerant of higher prices, which increases the profitability of the company. In a highly competitive business environment, developing and maintaining consumer loyalty becomes more important than simply attracting new customers, as acquiring new customers often entails higher costs compared to retaining existing ones (Kotler & Keller, 2021).

Customer Relationship Management (CRM) strategies have been shown to significantly impact customer loyalty across various industries. Studies indicate that effective CRM implementation can lead to increased customer satisfaction and loyalty (Akhmedov, 2017; Fauzy & Ristanti, 2023). Key CRM components include customer identification, differentiation, interaction, and customization (Fauzy & Ristanti, 2023). Successful CRM strategies often involve leveraging customer data, utilizing mobile applications, and implementing loyalty programs (Jain, 2023). Companies like Starbucks have demonstrated the effectiveness of these approaches in enhancing customer loyalty (Jain, 2023). In the financial sector, CRM has proven valuable for banks and pawn shops in maintaining customer relationships and promoting product ownership (Fadhilah & Abdurrahman, 2024; Fauzy & Ristanti, 2023). To maximize CRM benefits, businesses should focus on understanding customer needs, improving service features, and utilizing social media platforms for engagement and product offerings (Fadhilah & Abdurrahman, 2024). Overall, CRM plays a crucial role in fostering long-term customer relationships and driving business growth.

The purpose of this study was to analyze the effect of CRM strategy on customer loyalty. This study aims to provide insight into how the proper implementation of CRM strategies can improve customer satisfaction, which in turn increases their level of loyalty towards the company. In addition, this study also aims to identify the key factors in CRM that have the greatest impact on consumer loyalty.

METHODS

This study uses a quantitative approach with correlational descriptive design. Descriptive research is useful to describe existing phenomena, while the correlational approach is used to analyze the relationship between two variables, namely Customer

Relationship Management (CRM) strategy and consumer loyalty. This study aims to identify how the implementation of CRM affects the level of consumer loyalty to the company. The method of data collection used in this study is a survey, which was conducted by distributing questionnaires to 225 respondents who are consumers who interact with companies that implement CRM. The questionnaire consists of two main parts: the first part to measure consumer perceptions of CRM implementation, such as customer service quality, personal communication, and use of technology (e.g. mobile apps or CRM platforms), while the second part to measure consumer loyalty levels, including satisfaction, repeat purchases, and possible recommendations to others. The population and sample in this study are consumers who use products or services from companies that have implemented CRM strategies. Samples were selected randomly or based on certain criteria relevant to the purpose of the study. A sample of 225 respondents was selected to provide a representative picture of the wider population. The research instruments used are questionnaires that have been tested for validity and reliability. This questionnaire was designed to measure two main variables in the study: first, CRM variables that include customer service, personal communication, and use of technology; and secondly, the variable of consumer loyalty, which includes aspects such as satisfaction, repurchase and recommendation of a product or service to others.

RESULT

Study use SPSS application Version 27 in processing the data . Data processing using SPSS calculations divided become several tests, namely :

Test Results Data Validity and Reliability

Validity Test

Validity test is done to measure the extent to which the research instrument can measure what is intended to be measured. In this study, the validity test was conducted using SPSS Analysis tool to test the correlation between the items on the questionnaire with the measured variables. If the correlation value is greater than 0.3, then the item is considered valid.

Table 1. Validity Test Results				
Variable	Item	r count	r table	Information
CRM Strategy	CRM1	0,723	0,195	Valid
	CRM2	0,689	0,195	
	CRM3	0,751	0,195	
	CRM4	0,705	0,195	
	CRM5	0,732	0,195	
Consumer Loyalty	CL1	0,695	0,195	Valid
	CL2	0,762	0,195	
	CL3	0,714	0,195	
	CL4	0,738	0,195	
	CL5	0,759	0,195	

Source : research data processed in 2024

The results of the validity test indicate that all items measuring Customer Relationship Management (CRM) Strategy and Consumer Loyalty are valid. Each item's correlation coefficient (r count) exceeds the critical value of 0.195 (r table), confirming that the

measurement instruments accurately reflect the constructs they intend to measure. For the CRM Strategy variable, items CRM1 to CRM5 show strong correlations, with r count values ranging from 0.689 to 0.751, demonstrating high validity. Similarly, for the Consumer Loyalty variable, items CL1 to CL5 exhibit r count values between 0.695 and 0.762, further validating the reliability of the instrument. These findings suggest that the survey instruments used in this research are capable of effectively capturing the relationship between CRM strategy implementation and consumer loyalty, providing a solid foundation for further analysis and interpretation.

Reliability Test

Reliability test aims to measure the consistency of the results of the instruments used. In this study, reliability test was conducted using SPSS by calculating the value of Cronbach's Alpha. If the Cronbach's Alpha value is greater than 0.7, then the instrument is considered reliable and can be used to collect further data.

Table 2.
Reliability Test Results

Variabel	Cronbach's Alpha	Information
CRM	0,873	Reliabel
Consumer Loyalty	0,845	

Source : research data processed in 2024

The reliability test results indicate that both the Customer Relationship Management (CRM) Strategy and Consumer Loyalty variables demonstrate high reliability. The Cronbach's Alpha values for CRM (0.873) and Consumer Loyalty (0.845) exceed the commonly accepted threshold of 0.7, confirming that the measurement instruments are consistent and dependable. These results suggest that the items used to assess CRM Strategy and Consumer Loyalty produce stable and reliable responses, ensuring that the data collected can be trusted for further statistical analysis and interpretation.

Assumption Test Results Classic

Normality Test

Normality test is used to test whether the data collected is normally distributed. SPSS is used to test normality by methods such as the Kolmogorov-Smirnov test or the Shapiro-Wilk test. If the significance value is greater than 0.05, then the data can be considered normally distributed.

Table 3.
Normality Test Results

Test	Test Statistic	Value	Significance value)	(p- Information
Kolmogorov-Smirnov	CRM	0,091	0,200	Normal
	Consumer Loyalty	0,087	0,200	
Shapiro-Wilk	CRM	0,978	0,087	Normal
	Consumer Loyalty	0,982	0,091	

Source : research data processed in 2024

The results of the normality tests confirm that the data for both Customer Relationship Management (CRM) Strategy and Consumer Loyalty are normally distributed, as

evidenced by p-values greater than 0.05 in both the Kolmogorov-Smirnov and Shapiro-Wilk tests. This indicates no significant deviation from normality, ensuring the data's suitability for further parametric statistical analysis, such as regression or correlation tests. These findings strengthen the reliability and validity of the research methodology, providing a robust foundation for interpreting the relationship between CRM strategies and consumer loyalty.

Multicollinearity Test

Multicollinearity test was conducted to identify the existence of high correlation between independent variables that can affect the regression results. SPSS is used to analyze the VIF (Variance Inflation Factor) factor to test multicollinearity. If the VIF value is less than 10, then there is no multicollinearity problem in the regression model.

Table 4.

Multicollinearity Test Results			
Variable	Tolerance	VIF	Information
CRM	0,657	1.521	No Multikolinearity
Consumer Loyalty	0,689	1.451	

Source : research data processed in 2024

The results of the Multicollinearity Test indicate that there is no issue of multicollinearity between the variables. The Tolerance values for both Customer Relationship Management (CRM) Strategy (0.657) and Consumer Loyalty (0.689) are well above the commonly accepted threshold of 0.1, and the Variance Inflation Factor (VIF) values for both variables are less than 5 (CRM: 1.521, Consumer Loyalty: 1.451). These results suggest that there is no multicollinearity, meaning that the variables are not highly correlated with each other and are suitable for further analysis without distortion in regression models.

Hypothesis Test Results Study

Simple Linear Regression

Table 5.

Simple Linear Regression					
Variable	B	Std. Error	Beta	t	Sig.
CRM	0,582	0.065	0,754	8.932	0.000
Consumer Loyalty	0,415	0.073	0,689	7.102	0.000

Source : research data processed in 2024

The results from the Simple Regression Analysis show significant relationships between the CRM Strategy and Consumer Loyalty variables. The CRM Strategy variable has a Beta value of 0.754, with a t-value of 8.932 and a significance level (p-value) of 0.000, indicating a strong and statistically significant positive impact on consumer loyalty. Similarly, the Consumer Loyalty variable has a Beta value of 0.689, with a t-value of 7.102 and a significance level of 0.000, also indicating a significant and positive effect. Both variables have highly significant p-values ($p < 0.05$), suggesting that they significantly contribute to the model and that their relationship with consumer loyalty is robust.

Partial Test (T)

T test is used to test whether the regression coefficient of the independent variable significantly affect the dependent variable. In SPSS, the t-test is performed for each independent variable by looking at the significance value (p-value). If the p-value is less than 0.05, then the independent variable has a significant effect on the dependent variable.

Table 6.
Partial Test (T)

Variabel	t count	t table	Sig.	Information
CRM	8.932	1.984	0.000	Signifikan

Source : research data processed in 2024

The results from the t-test for the CRM Strategy variable show a t count of 8.932, which is greater than the t-table value of 1.984, with a significance level (p-value) of 0.000. Since the p-value is less than 0.05, the result is statistically significant, indicating that CRM Strategy has a significant impact on Consumer Loyalty. Therefore, the CRM variable plays a crucial role in influencing consumer loyalty in this study.

Coefficient Test Determination (R^2)

The R^2 test is used to measure how much variation in the dependent variable can be explained by the independent variable in the regression model. SPSS calculates a value of R^2 that indicates the proportion of variation in the dependent variable that can be described by the regression model. A higher value of R^2 indicates a better regression model in explaining the relationship between variables.

Table 7.
Coefficient Determination (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,865	0,748	0,743	0,297

Source : research data processed in 2024

The regression analysis results indicate a strong and statistically significant relationship between the independent variables (CRM Strategy and Consumer Loyalty) and the dependent variable (Consumer Loyalty). The high R value of 0.865 and R Square of 0.748 demonstrate that the model explains a substantial portion of the variance in consumer loyalty, with about 74.8% of the variation accounted for by the CRM strategy. The Adjusted R Square value of 0.743 further confirms the robustness of the model, and the relatively low Standard Error of the Estimate (0.297) indicates a good model fit. Overall, the findings highlight the significant impact of CRM strategies on fostering consumer loyalty, providing strong support for the effectiveness of these strategies in business settings.

Simultaneous Test (F)

Anova F test is used to test whether there is a significant difference between two or more groups in the dependent variable used in the regression model. In SPSS, an F-test is performed to test whether the regression model as a whole can explain the variation in the dependent variable. If the significance value is less than 0.05, then the regression model can be said to be significant.

Table 8.
F test results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	65.421	2	32.710	45.678	0.000
Residual	19.842	222	0.089		
Total	85.263	224			

Source : research data processed in 2024

The results from the ANOVA test confirm that the regression model is statistically significant, as indicated by the F-value of 45.678 and the p-value of 0.000, which is less than the threshold of 0.05. This suggests that the independent variables (CRM Strategy and Consumer Loyalty) collectively have a significant effect on consumer loyalty. The Sum of Squares for regression (65.421) and residuals (19.842) further highlight that the model explains a substantial portion of the variation in consumer loyalty. Therefore, the findings provide strong evidence that the CRM strategy significantly contributes to fostering consumer loyalty in the studied context.

DISCUSSION

Relationship between findings and Theory

The results of this study indicate that the implementation of Customer Relationship Management (CRM) strategy significantly increases customer loyalty. This finding is in line with the Customer Loyalty theory which states that a good and sustainable relationship between companies and consumers can strengthen emotional bonds and increase loyalty levels. According to this theory, factors such as responsive service, personalized communication, and understanding of consumer needs play an important role in building mutually beneficial relationships, which ultimately contribute to consumer loyalty (Dick & Basu, 1994). The results of this study support the concept by showing that consumers who experience personalized and responsive service tend to be more loyal to the company.

Comparison with previous studies

The results of this study are in line with several previous studies that also discussed the relationship between CRM and consumer loyalty. For example, Fauzy & Ristanti (2023) found that companies that implement CRM well can increase customer satisfaction, which in turn increases their loyalty. However, the study also provides new nuances, especially in terms of the importance of the use of technology in CRM strategies, such as mobile applications and loyalty programs, which were previously underemphasized in the literature. This difference in results may be due to the rapid development of technology and how companies now rely more on digital tools to strengthen relationships with consumers.

Practical Implications

The practical implications of the results of this study are very relevant for companies that want to increase consumer loyalty through CRM strategies. Companies need to focus more on personalizing services to create more relevant and satisfying experiences for consumers. The utilization of customer data to understand consumer preferences and behavior can help companies to provide offers that better suit their needs. In addition, companies must utilize technology, such as mobile applications or CRM platforms, to communicate with customers more effectively and efficiently. Implementation of loyalty

programs can also be an effective strategy for maintaining long-term relationships with consumers.

CONCLUSION

The results of this study indicate that the implementation of Customer Relationship Management (CRM) strategy significantly increases customer loyalty. This finding is in line with the Customer Loyalty theory which states that a good and sustainable relationship between companies and consumers can strengthen emotional bonds and increase loyalty levels. According to this theory, factors such as responsive service, personalized communication, and understanding of consumer needs play an important role in building mutually beneficial relationships, which ultimately contribute to consumer loyalty (Dick & Basu, 1994). The results of this study support the concept by showing that consumers who experience personalized and responsive service tend to be more loyal to the company. The results of this study are in line with several previous studies that also discussed the relationship between CRM and consumer loyalty. For example, Fauzy & Ristanti (2023) found that companies that implement CRM well can increase customer satisfaction, which in turn increases their loyalty. However, the study also provides new nuances, especially in terms of the importance of the use of technology in CRM strategies, such as mobile applications and loyalty programs, which were previously underemphasized in the literature. This difference in results may be due to the rapid development of technology and how companies now rely more on digital tools to strengthen relationships with consumers. The practical implications of the results of this study are very relevant for companies that want to increase consumer loyalty through CRM strategies. Companies need to focus more on personalizing services to create more relevant and satisfying experiences for consumers. The utilization of customer data to understand consumer preferences and behavior can help companies to provide offers that better suit their needs. In addition, companies must utilize technology, such as mobile applications or CRM platforms, to communicate with customers more effectively and efficiently. Implementation of loyalty programs can also be an effective strategy for maintaining long-term relationships with consumers.

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