



THE INFLUENCE OF ELECTRONIC CUSTOMER RELATIONSHIP MANAGEMENT (e-CRM) ON CUSTOMER LOYALTY WITH CUSTOMER SATISFACTION AS A MEDIATING VARIABLE STUDY IN AHASS PUTRI JAYA MOTOR GROUP BREBES

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ABSTRACT

Companies have switched the use of CRM (Customer Relationship Management) to e-CRM (Electronic Customer Relationship Management). It also accordance with the advent of new technologies and given continuing change in consumer needs. e-CRM is a combination of hardware and software, process, applications and commitment of management activities to develop high quality of customer service, and customer's maintenance. However, the slight is known about how various activities may exert differentiated impact on organization the concerned. The purpose of this study was to investigate the impact of e-CRM implementation on customer satisfaction and customer loyalty in the motorcycle industry, using AHASS Putri Jaya Motor Group Brebes as a case study.

This study focuses heavily on the e-CRM features that implemented in AHASS Putri Jaya Motor Group Brebes and detect which features that has greatest effect on the level of satisfaction and loyalty. It is important to maintain a good relationship among customers and the level of customer satisfaction should be prioritized by companies nowadays to survive in intense market competition recently. The study used questionnaire distribution method and there was 110 surveys collected as a sample. Structural Equation Modelling (SEM) tests were applied in this study. The results showed that the ECRM components (Reminder Service, Product and Service Offered, Pick Up Service, Booking Service, Online Consultation, Online Feedback Platform) would positively affect customer satisfaction and customer loyalty. Furthermore, the customer loyalty cannot stand without the presence of customer loyalty.

Keywords: CRM, e-CRM, Customer Loyalty, Customer Satisfaction.

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INTRODUCTION

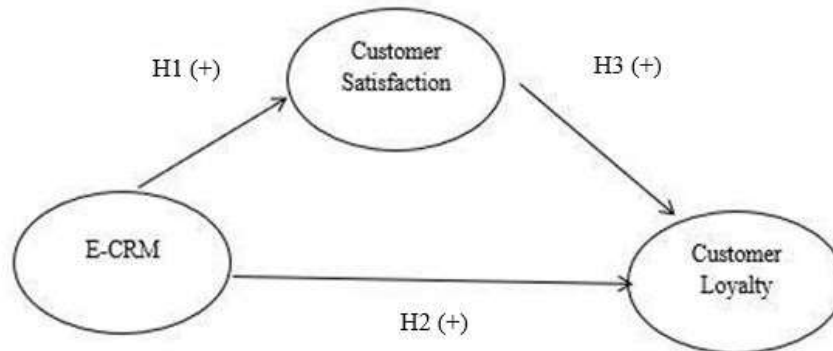
Customer Relationship Management (CRM) is a "fundamental business strategy" that integrates internal processes and activities with external networks to generate and provide value to targeted customers profitably. It is based on actual customer data and is supported by information technology. Customer relationship management can also be defined as a comprehensive set of activities that encompasses all aspects of the customer relationship (Buttle, 2007).

The competitive of digital business environment has evolved into the competition based on speed, innovation and focus on the strategic collaboration between industry players as well as customers. The advance of technology such as the internet and mobile applications, enables the company to compete in a cost-effective manner than before. As a result, it has led the firms to adopt the use of electronic Customer Relationship Management (e-CRM) processes to develop and maintain personalized relationship with the customers. E-CRM, in general, is term that refers to the use of internet-enabled technologies to support the communication with the customers, such as using email, social media, chat and website. (Ab Hamid, 2005).

Since 2016 until 2019, data from Indonesia Motorcycle Industry Association (AISI) has recorded the number of motorcycle sales in Indonesia reached six million units which dominated by Honda motorcycle industry year by year. Preserving a good quality and maintaining good relationship with the customers was the main key success for Honda in fulfilling customer needs. In order to retaining a good relation with customers in the automotive industry, Honda always focus in preserving a good quality and standards in their service. Moving forward into more advanced way in maintaining a good relationship with the customer is the main strategy of PT. AHM in the big league. PT.AHM made an innovation electronic CRM (e-CRM) program called as AHASS Customer Relationship Management (AHASS-CRM) as a main strategy to boost up the number of the loyal customer. Initially, this program is an e-CRM that aimed for the AHASS to maintain a good relationship with the customers in more effective and efficient way compared to the traditional way previously. AHASS Putri Jaya Motor Group was chosen as the first AHASS to implement e-CRM in Central Java. Since 2016, there is an unsteady number of customers who do the repurchase or coming back to AHASS Putri Jaya Motor Group. It can be concluded that there is a problem in retaining a loyal customer.

From the research background above, this research aimed directly at AHASS Putri Jaya Motor Group's customers and the focus of this research is on how far the e-CRM implemented by the company can affect the customer loyalty and satisfaction.

THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT



The Relationship between e-CRM Features with Customer Satisfaction

E-CRM in some previous studies has a positive and significant result on customer satisfaction (Hosseini, Selamat, Che, Yusoff, & Khiabani, 2016; Taylor et al., 2009; Tseng, Chuang, & Huang, 2012; Zatalini & Pamungkas, 2017). However, only few researches that implemented the transaction cycle of e-CRM transaction features in the framework and mostly conducted in qualitative study (Abdulfattah, 2012; Ahmad, 2008; Alhaiou, Irani, & Ali, 2009).

The e-CRM transaction features has three phase (pre-service, at- service and post-service) and each phase helps solidify relationship over the internet while it also increasing overall customer satisfaction (Alhaiou et al., 2009). This shows that the level of customer satisfaction will be different between every company if there is a different way implementation of e-CRM features. If a company can manage a relationship well through online or direct, it will enhance the level of customer satisfaction. Furthermore, from the aforementioned studies, we can find that the presence of customer satisfaction is essential in enhancing customer loyalty. It is because the presence of customer loyalty does not depend only on e-CRM features alone, but also customer satisfaction (Oumar, Mang'Unyi, Govender, & Rajkaran, 2017). Based on the statement of several researchers above, the hypothesis in this study is conducted as follows :



H1 : E-CRM features has a significant effect on Customer Satisfaction.

The Relationship between E-CRM Features with Customer Loyalty

Previous researches have proved that e-CRM will positively and significantly affect the customer loyalty (Azila & Noor, 2017; Faraghian, Salehi, & Kheyri, 2015; Rosalina, H, & Triayudi, 2019). Study from Ahmad and Chowdhury (2008) suggest that company must focus on post- purchase features can affect the loyalty of customers due to unavailability of feedback channels in general e-CRM features. Post-service/purchase features included in e-CRM transaction cycle features. Hence, if the company focus in these transaction cycle features, it will enhance the customer loyalty.

According to Nicoline, Date, & Date (2020), the relationship between e-CRM features and customer satisfaction and loyalty at the different stages of transaction cycle showed that the use of e-CRM in building consumer relationships affects online consumer satisfaction and loyalty. The research conducted to measure the loyalty of Turkish Fashion Industry's customers. From the previous researchers' statement, the hypothesis in this study conducted as follows:

H2 : E-CRM features has a significant effect on Customer Loyalty

The Relationship between Customer Satisfaction and Customer Loyalty

Past literature posits that customer satisfaction can mediate and also affect the customer loyalty. Previous studies have been conducted and show a significant result between customer satisfaction and loyalty. Mostly, it conducted in banking sectors (Al-Msallam, 2015; Odunlami, 2015; Tseng et al., 2012). Tseng et al. (2012) found that in Banking sector, the customer satisfaction produced a significant impact on customer loyalty, thus indicating that overall customer satisfaction with the bank and customer product satisfaction contributed to the loyalty to the company and the enhancement of switched loyalty. The researcher used overall loyalty and switched loyalty as an indicator to measure the level of customer loyalty in the study.

Furthermore, Odunlami (2015) stated that in supporting continuous existence of the financial institutions depends on the relationship between the institutions and



their respective customers. Which customer satisfaction become a vital construct that must be given a major attention. The study found that customer satisfaction has positive impact on customer loyalty. More so, there is a significant relationship between customer satisfaction and customer loyalty. In the other case, Mohsan et. al, (2011) found that satisfaction is essential but not a sufficient condition of loyalty. In other words, we can have customer satisfaction without loyalty, but it is too hard or even impossible to have loyalty without satisfaction. It can be concluded that customer satisfaction does not guarantee repeat purchases on the part of the customers but still it plays a very important part in ensuring customer loyalty and retention. Based on the result and finding of several researchers above, the role of customer satisfaction in enhancing customer loyalty still inconsistent. The hypothesis in this study is conducted as follows:

H3 : Customer Satisfaction has a significant effect on Customer Loyalty.

RESEARCH METHODOLOGY

1. The Definition of The Variables

There are 3 variables used in this study, independent variable, dependent variable and mediating variables.

Variables	Definition	Indicator
e-CRM Features (X)	Electronic customer relationship management (e-CRM) is the latest technique companies are using to increase and enhance their marketing skills and capabilities. e-CRM covers all aspects of the customer's online experience throughout the entire cycle (Pre-service, At-service and Post-service). For the pre-service feature consist of information regarding product and service, access to the information and program design. In the at-service	1. Reminder Service 2. Product and Service Offered 3. Pick Up Service 4. Booking Service 5. Online Consultation 7. Online Feedback Platform (Alhaiou et al., 2009)



	features, it consist of promotion, ordering process and privacy. Last, in the post-service features it consist of after sale-service and problem solving (Alhaiou et al., 2009).	
Customer Satisfaction (M)	Customer Satisfaction is the feeling of pleasure or disappointment of someone who appears after comparing the expected performance (result) of the product against the expected result. If the performance is below expectations, the consumer is not satisfied. If the performance meets expectations, the consumer is satisfied. If performance exceeds expectations, the consumer is very satisfied / happy (Kotler & Keller, 2012, p. 139)	<ol style="list-style-type: none">1. Product/service quality meets the expectation2. Customer's needs fulfilled3. Satisfaction with supporting facilities4. Satisfied with employee performance
Customer Satisfaction (Y)	Customer loyalty is a situation where customers consistently spend the entire existing budget to buy a product or service from the same seller (Kotler & Keller, 2012, p.143)	<ol style="list-style-type: none">1. Regular Purchase2. Purchases across product and service lines3. Give recommendations to other4. Demonstrates immunity to the pull of the competition (Griffin, 2003)

2. Methods and Sample

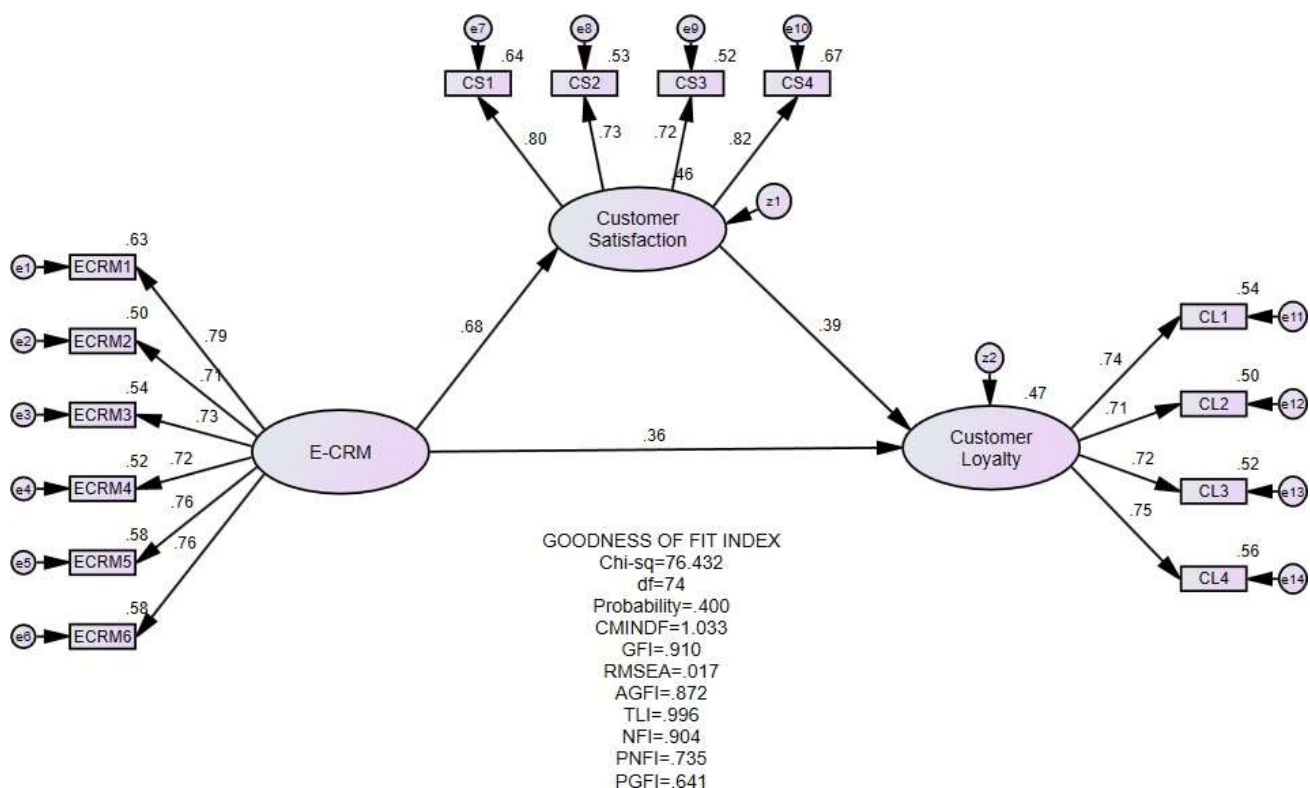
This study has applied quantitative technique to investigate the influence of e-CRM on customer loyalty and customer satisfaction. For this purpose,

primary data is collected from the questionnaire that directly distributed to the respondents. The population in this study are AHASS Putri Jaya Motor Group’s customers. The specified criteria in this study is the customer of AHASS Putri Jaya Motor Group who already experienced and one of e-CRM features. The non-probability sampling technique and the purposive sampling technique used in this study to take a sample of the study. The analysis method for this research uses Structural Equation Model (SEM).

DISCUSSIONS AND RESULTS

1. Full Structural Equation Modelling (SEM)

The Structural Equation Modelling (SEM) method is used for this study. Structural equation modeling (SEM) is a statistical models that seeks to explain the relationships among multiple variables. In doing so, SEM examines the structure of interrelationships expressed in a series of equations, similar to a series of multiple regression equations. Full Structural Equation Modelling conducted after passing the CFA test and some tests (validity test, reliability test, normality test, multicollinearity test and outlier test to test whether the indicator and variable is feasible to use in this study) by including all variables and indicators.





Goodness of Fit Index	Cut off Value	Result	Model Evaluation
<i>Chi – Square</i>	≤ 95.081	76.432	Good Fit
<i>Probability</i>	≥ 0.05	0.400	Good Fit
CMIN/DF	≤ 2.00	1.033	Good Fit
GFI	≥ 0.90	0.910	Good Fit
RMSEA	≤ 0.08	0.017	Good Fit
AGFI	≥ 0.90	0.872	Marginal Fit
TLI	$\geq 0,90$	0,996	Good Fit
NFI	$\geq 0,90$	0,904	Good Fit
PNFI	0,60 – 0,90	0,735	Good Fit
PGFI	0,00 – 1,00	0,641	Good Fit

It can be concluded that the test of the structural equation model is fit and meets the criteria in this study. In this case, it can be shown that the value of chi square is 76,432 which is in accordance with the cut-off value of chi-square below 95,081. The value of significance probability is 0.400 which is in accordance with the criteria because ≥ 0.05 and for the value of CMIN/DF is 1.033, so it is ≤ 2.00 or 3.00. For the values of GFI, TLI, NFI and RMSEA are in accordance with the cut off value, even though the level of significance for AGFI is marginally accepted.

2. Analysis of Direct Effect, Indirect effect and Total Effect

The direct, indirect, and total effect tests are used to see the strength of influence between constructs, either directly or indirectly. The direct effect is the coefficient of all the lines with one end arrow. Meanwhile, the indirect effect is the effect that arises through a mediating variable. Then the total effect (total effect) is the influence of various relationships. The results of these three influences are shown in the table :



Direct Effects			
	e-CRM	Customer Satisfaction	Customer Loyalty
Customer Satisfaction	.676	.000	.000
Customer Loyalty	.358	.390	.000
Indirect Effects			
	e-CRM	Customer Satisfaction	Customer Loyalty
Customer Satisfaction	.000	.000	.000
Customer Loyalty	.264	.000	.000
Total Effects			
	e-CRM	Customer Satisfaction	Customer Loyalty
Customer Satisfaction	.676	.000	.000
Customer Loyalty	.622	.390	.000

The results of the values displayed above indicate that the direct effect of e-CRM and customer satisfaction on customer loyalty is greater than the indirect effect. These results indicate that e-CRM and customer satisfaction have a significant effect on customer loyalty. Then the researcher added a mediating variable which then the result of the indirect effect was also significant. So that the mediating variable used is partial mediation. In conclusion, it is important to have good customer satisfaction as a variable that mediates e-CRM with customer loyalty

CONCLUSION

Based on the results of research that has been conducted in this study, it can be concluded as follows:

1. Electronic Customer Relationship Management (e-CRM) has a positive and significant effect on Customer Satisfaction. This is indicated by H1 is being accepted in the model. From the respondent's responses, it shows that e-CRM



program provided by AHASS Putri Jaya Motor Group affect the level of customer satisfaction.

2. Electronic Customer Relationship Management (e-CRM) has a positive and significant effect on Customer Loyalty. Thus, indicated by H2 also being accepted in the model. Furthermore, from the processed data of respondent's answers, it shows that e-CRM program can enhance the level customer loyalty in AHASS Putri Jaya Motor Group.
3. Customer satisfaction has a positive and significant effect on Customer Loyalty. This indicated by H3 is being accepted in the model. From the result of respondent's responses, it shows that the level of customer satisfaction will increase in line with the level of loyalty in the future. In a word, customer satisfaction can be considered as determining factor in building the loyalty of customer in the company.

LIMITATION AND SUGGESTIONS

In this research, there are several limitations. Research limitations can be used as a source of consideration or a reference for further research in order to get better results in the future. The research framework in this study is a simple framework. The variables used in this study is about three variables with the indicators within. The future studies may add more variables and indicators within to developed this framework model.

In addition, it expected to be carried out with the broader range of respondents. The future research may conduct a study with different demographic area of respondents that may not be covered yet in this study to get bigger sample size to improve the generalization standard of findings. It is also recommended to replace the research object with the other companies. It also recommended to replace or add variable as well as indicator that are more specific with the e-CRM program that implemented in their company. It also would be worthwhile for future research to examine the perceived differences of e-CRM from the points of view of both the company and their customers to fill the gap.



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