

The Influence of Customer Relationship Management on Customer Brand Loyalty Through Customer Satisfaction as a Mediator

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Abstract

KRB.ID, a business specializing in selling knitted pashmina shawls for Muslim brides during engagement and wedding ceremonies. Originally operating offline at Thamrin City, Jakarta, the business faced significant changes due to the COVID-19 pandemic. With the implementation of social restrictions, KRB.ID shifted its sales strategy to an online platform, primarily utilizing Shopee marketplace. Although the pandemic limited the number of weddings, KRB.ID managed to maintain a steady level of sales. The business received positive ratings on Shopee, with an average rating of 4.9, attributed to the high-quality products that satisfied customers. However, customer service was a concern, as there were instances of delayed or incorrect responses, such as failure to confirm out-of-stock items or incorrect deliveries. The sales of knitted pashmina shawls have experienced an increase following the easing of wedding restrictions, in alignment with the evolving wedding regulations.

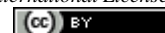
Keywords: Customer Relationship Management, Customer Satisfaction, Customer Brand Loyalty, Shopee, KRB.ID.

Abstrak

KRB.ID, usaha yang khusus menjual selendang pashmina rajutan untuk pengantin muslim saat acara pertunangan dan pernikahan. Awalnya beroperasi secara offline di Thamrin City, Jakarta, bisnis ini menghadapi perubahan signifikan akibat pandemi COVID-19. Dengan diberlakukannya pembatasan sosial, KRB.ID mengalihkan strategi penjualannya ke platform online, terutama memanfaatkan marketplace Shopee. Meski pandemi membatasi jumlah pernikahan, KRB.ID berhasil mempertahankan tingkat penjualan yang stabil. Bisnis ini mendapat peringkat positif di Shopee, dengan rata-rata peringkat 4,9, yang dikaitkan dengan produk berkualitas tinggi yang memuaskan pelanggan. Namun, layanan pelanggan menjadi perhatian, karena ada kejadian keterlambatan atau respons yang salah, seperti kegagalan dalam mengonfirmasi stok barang yang habis atau pengiriman yang salah. Penjualan selendang pashmina rajutan mengalami peningkatan seiring dengan pelonggaran pembatasan pernikahan, seiring dengan perkembangan regulasi pernikahan.

Kata kunci: Manajemen Hubungan Pelanggan, Kepuasan Pelanggan, Loyalitas Merek Pelanggan, Shopee, KRB.ID.

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1. Introduction

The rapid technological development in Indonesia has had a significant impact on society [1]. The use of the internet and smartphones has transformed human lifestyles and created a digital era where technology and the internet dominate all aspects of life [2]. One significant change is observed in shopping activities [3]. Nowadays, people can easily shop online through the internet, smartphones, and e-commerce applications [4]. In the past, individuals had to go to shopping centers or supermarkets, but now everyone can shop online, and products will be delivered to their homes. This change has influenced consumer behavior, where they consider price, promotions, and convenience when shopping online or offline [5].

Early 2022 with 1,420 respondents, fashion and gadget products are the most purchased items online by Indonesian consumers. The survey revealed that 58% of respondents bought fashion products online, while 29% preferred offline shopping [6]. These data indicate that online shopping, especially in the fashion category, is highly popular in Indonesia. Based on

average monthly visitors in the first quarter of 2022, Tokopedia, Shopee, and Lazada were the top three preferred marketplaces among Indonesian consumers, with Tokopedia leading with 157.2 million visitors, followed by Shopee with 132.8 million visitors, and Lazada with 24.7 million visitors. These statistics highlight that Shopee is one of the leading marketplaces and a preferred choice among Indonesian consumers. Platform-marketplaces such as Tokopedia, Shopee, and Lazada are the most frequently visited by users in Indonesia. Within the Shopee platform, there is a Top Selling feature that recognizes stores with the best sales performance. This feature also helps consumers choose products at affordable prices with guaranteed quality [7]. KRB.ID, a store selling knitted pashmina on Shopee, is listed in the Top Selling Knitted Pashmina feature with rankings of 33, 35, 37, and 39. This indicates that KRB.ID's knitted pashmina products have good quality and attract consumer interest [8].

The KRB.ID store on Shopee received a rating of 4.9/5 stars from Shopee, based on a total of 20,400 reviews. The store also has 7,200 followers. However, some

customers have complained about the services provided by KRB.ID. Complaints include slow response time, unclear confirmation of product availability, and shipping errors. These issues affect customer satisfaction and indicate areas that need improvement in Customer Relationship Management (CRM) implemented by KRB.ID. Looking at Figure 1.6, which represents KRB.ID's monthly sales data in 2022, a significant decline in knitted pashmina product sales can be observed after July. December recorded the lowest sales, reaching only 67 million.

To strengthen this research, the author conducted a survey among 30 randomly selected respondents who had purchased KRB.ID's knitted pashmina products. The survey results showed that the majority of respondents (96.7%) made their purchases through Shopee. They also acknowledged the product quality from KRB.ID, with 43.3% of them making repeat purchases 2-5 times and 30% having made 6-10 purchases. The author inquired about the level of customer satisfaction with the knitted pashmina products. Among the 30 respondents who provided feedback, 50% expressed satisfaction, 40% felt it was average, and 10% were highly satisfied. However, there were still some respondents who felt that the services provided by KRB.ID were inadequate, citing issues such as slow response time, lack of friendliness, and the absence of special treatment for loyal customers [9].

Customers of KRB.ID still feel that the services provided by the online store are unsatisfactory [10]. The findings of a pre-survey involving 30 respondents indicated that the majority of customers considered the services provided to be average and in need of improvement [11]. They perceived the services as lacking in friendliness and failing to offer special treatment to loyal customers. On the other hand, customers expect additional benefits as loyal consumers [12]. These demands include discounts, bonuses, cheaper reseller packages, vouchers, free shipping, bundles, flash sales, giveaways, target-based reseller programs, and programs or promotions for makeup artists (MUA).

Considering the phenomenon and findings from the pre-survey involving 30 respondents, the author decided to conduct a study titled *The Influence of Customer Relationship Management on Customer Brand Loyalty Through Customer Satisfaction as a Mediator (A Study on the KRB.ID Online Store on Shopee)*. This research will utilize theories on Customer Relationship Management, Customer Brand Loyalty, and Customer Satisfaction to delve deeper into the phenomenon [13]. The Customer Relationship Management theory will address customer service, benefits for consumers, and the relationship between the brand and consumers [14]. The Customer Brand Loyalty theory will explore why consumers continue to purchase knitted pashmina products from KRB.ID. Meanwhile, the Customer Satisfaction theory will

focus on customer satisfaction with the products and services provided by KRB.ID.

Problem Formulation is how Customer Relationship Management in KRB.ID?; How Customer Brand Loyalty in KRB.ID?; How Consumer Satisfaction in KRB.ID?; How is the influence of Customer Relationship Management to Customer Satisfaction KRB.ID?; How is the influence of Customer Satisfaction to Customer Brand Loyalty KRB.ID?; How is the influence of Customer Relationship Management to Customer Brand Loyalty using Customer Satisfaction KRB.ID?. CRM is the process of carefully managing detailed information about individual customers and all customer "touch points" to maximize loyalty [15]. CRM is important because the main driver of company profitability is the overall value of the company's customer base [16].

CRM is the process of building relationships between companies and customers by increasing customer satisfaction [17]. Customer Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing perceived product performance (or results) with expectations [18]. If it meets customer expectations, they are satisfied. If it exceeds expectations, customers are satisfied or delighted [19]. Customer satisfaction or dissatisfaction is a customer's response to an evaluation of the perceived discrepancy between previous expectations or other performance expectations and the actual performance of the product that is felt after using it [20]. Customer Brand Loyalty is Creating customer loyalty is one of the keys to a company's success, but this strategy requires the company to focus on understanding consumer desires and creating added value (added value) to the products or services provided so that customers will purchase goods and services continuously. services of the selected company. Customer loyalty is an agreement to purchase or subscribe to a particular product or service in the future, which depends on the influence of marketing efforts and competitor conditions that may change customer behavior.

Hypotheses is H1 is Customer Relationship Management has a positive effect on Customer Satisfaction. H2 is Customer Satisfaction has a positive effect on Customer Brand Loyalty. H3 is Customer Relationship Management has a positive effect on Customer Brand Loyalty. The explanation of the hypothesis put forward above gives instructions for compiling a research model as shown in Figure 1.

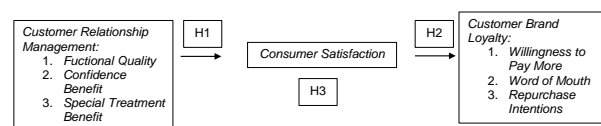


Figure 1. Research Model

2. Research Method

To examine the influence of Customer Relationship Management and Customer Satisfaction on Customer Brand Loyalty, the researcher employed a descriptive

analysis technique with a quantitative method and used surveys as the data collection tool. Using the Slovin formula, a minimum sample size of 99 respondents was obtained from the population of KRB.ID customers who have purchased knitted pashmina products. A total of 175 samples were obtained and used in this study. Respondents' responses regarding the researched characteristics were measured using a five-point Likert scale (from strongly disagree to strongly agree).

The measurement of the Customer Relationship Management variable, dengan dimensi fuctional quality, confidence benefit, dan special treatment benefit. The measurement of the Customer Brand Loyalty variable, dengan dimensi willingness to pay more, word of mouth, dan repurchase intentions. The measurement of the Customer Satisfaction variable with the dimension of consumer satisfaction with the product received. Prior to the complete distribution, 30 samples were collected and evaluated to assess How well the items of the questionnaire measure the particular construct intended to measure. Descriptive analysis was used to describe the respondent's profile, data was taken from the results of distributing questionnaires. Subsequently, the Smart-PLS program was used to test the hypotheses and mediations.

3. Result and Discussion

The initial stage of the analysis involves respondent profiling, where the obtained respondent profiles are described based on gender, age, occupation, and monthly income. This is done to gain an understanding of the respondents' backgrounds and provide an overview of the respondent characteristics. the gender distribution is predominantly female, accounting for 85.1%, while males account for 14.9%. This indicates that a majority of the customers who purchase knitted pashminas from KRB.ID are female. In terms of age, the largest proportion of customers falls within the 30-39 age group, accounting for 48.6%. Regarding occupation, private sector employees dominate, comprising 26.9% of the customers. In terms of monthly income, the majority of customers earn between Rp. 3,000,001 and Rp. 5,000,000 per month, accounting for 41.1%.

The Smart-PLS program was utilized in this study to analyze hypothesis testing and mediation analysis. This analytical approach was employed to assess the influence and explain the factors that determine the impact of Customer Relationship Management on Customer Brand Loyalty, with Customer Satisfaction acting as the mediator. Based on the findings of the convergent validity analysis, all variable constructs exhibit outer loading values greater than 0.7 and AVE (Average Variance Extracted) values greater than 0.5. These results demonstrate that all indicators for each variable are valid measures. Discriminant validity can describe how far a construct is experimentally different from other constructs. The reliability test is a measurement, which shows the extent to which the measurement is without bias, error free and ensures

consistent measurement, across time and across various instrument items. The measurement of the structural model (Inner Model) aims to test the influence with other latent variables. Analysis carried out, the research results model can be compiled in Figure 2.

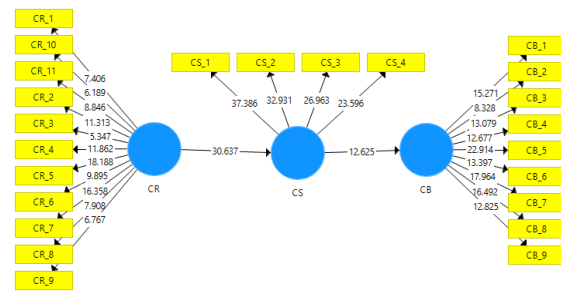


Figure 2. The Research Result Model

Using the Smart-PLS program, this study conducted Direct and Indirect Testing, ranging from Outer Model Evaluation to Inner Model Evaluation. The Outer Model Evaluation included Convergent Validity Analysis, Discriminant Validity Analysis, and Reliability Test. The Inner Model Evaluation included Predictive Relevance Model Analysis, Testing The Direct Effect Hypothesis, and Testing The Indirect Effect Hypothesis.

The results of the Convergent Validity Analysis showed that all items in the constructs had values higher than 0.7, indicating that all items in the three variables, namely Customer Relationship Management, Customer Brand Loyalty, and Customer Satisfaction, were valid and met the Convergent Validity criteria. Additionally, all three variables had AVE values greater than the critical value of 0.5, indicating good convergent validity.

Based on the Discriminant Validity Analysis, the cross-loading values of the factor correlations with their indicators were higher than the correlations with other constructs. Therefore, it can be concluded that the indicators used in this study met the criteria. Furthermore, ideally, the square root of AVE or Fornell-Lacker criterion should be greater than the correlation coefficients between latent variables, and the square root of AVE should also be above 0.70, indicating no issues with discriminant validity and good discriminant validity.

The reliability test results revealed that all values were above 0.7, with the lowest value of 0.959 from the Customer Relationship Management variable. Therefore, all variables were considered to have good reliability. This indicates consistency in the measurement tools or indicators used, and the measurement tools can be justified.

The Predictive Relevance Model Analysis showed that the R² value for the Customer Brand Loyalty variable was 0.870, indicating that the independent variables influenced Customer Brand Loyalty by 87%. Similarly, the Customer Satisfaction variable had an R² value of 0.855, indicating that the independent

variables influenced Customer Satisfaction by 85.5%. Thus, the R-Square values processed using SmartPLS were categorized as strong because they exceeded 0.67.

In Testing The Direct Effect Hypothesis, the results of the first hypothesis test showed a significance probability value of 0.000 ($p < 0.05$) and a t-statistic value of $30.637 > 1.96$. This indicates that Customer Relationship Management has a significant effect on Customer Satisfaction, supporting the proposed hypothesis (H1 = accepted). Furthermore, the results of the second hypothesis test showed a significance probability value of 0.000 ($p < 0.05$) and a t-statistic value of $12.625 > 1.96$. This indicates that Customer Satisfaction has a significant effect on Customer Brand Loyalty, supporting the proposed hypothesis (H2 = accepted).

In Testing The Indirect Effect Hypothesis, the results showed that Customer Satisfaction, as an intervening variable, significantly influenced the relationship between Customer Relationship Management and Customer Brand Loyalty, with a significance probability value of 0.000 ($p < 0.05$) and a t-statistic value of $10.462 > 1.96$. Therefore, H3 = accepted.

4. Conclusion

Based on the results of the descriptive analysis, the Customer Relationship Management variable received a relatively good category from the overall respondents in this study. However, there were some statements within the Customer Relationship Management variable that received low ratings and fell into the category of not being good, particularly regarding the special services provided by KRB.ID to customers. On the other hand, the Customer Brand Loyalty variable obtained a good category from the overall respondents in this study. All statements within the Customer Brand Loyalty variable received high ratings and were categorized as good by the respondents. Similarly, the Customer Satisfaction variable obtained a good category from the overall respondents in this study. All statements within the Customer Satisfaction variable received high ratings and were categorized as good by the respondents. Based on the hypothesis testing results, the Customer Relationship Management variable had a significant effect on the Customer Satisfaction variable, with a significance probability value of 0.000 ($p < 0.05$) and a t-statistic value of $30.637 > 1.96$. Therefore, the quality of Customer Relationship Management conducted by KRB.ID towards its customers significantly influences the level of Customer Satisfaction. Similarly, the hypothesis testing results showed that Customer Satisfaction significantly affects Customer Brand Loyalty, with a significance probability value of 0.000 ($p < 0.05$) and a t-statistic value of $12.625 > 1.96$. Hence, the level of Customer Satisfaction among KRB.ID customers significantly affects the level of Customer Brand Loyalty. Furthermore, the indirect effect analysis revealed that Customer Satisfaction, as an intervening variable, significantly influenced both Customer

Relationship Management and Customer Brand Loyalty, with a significance probability value of 0.000 ($p < 0.05$) and a t-statistic value of $10.462 > 1.96$. Therefore, Customer Satisfaction is required as a mediator between the relationship of Customer Relationship Management and Customer Brand Loyalty in the context of KRB.ID. Without Customer Satisfaction, the influence between Customer Relationship Management and Customer Brand Loyalty in KRB.ID would not exist. Based on the respondents' feedback regarding all the statements related to the Customer Relationship Management variable, it is recommended that KRB.ID enhance its Customer Relationship Management practices to achieve a good category in the future. Similarly, based on the respondents' feedback on all the statements related to the Customer Brand Loyalty variable, KRB.ID is encouraged to further enhance its practices to achieve a very good category in the future. Additionally, based on the respondents' feedback on all the statements related to the Customer Satisfaction variable, KRB.ID is encouraged to further enhance its practices to achieve a very good category in the future. Therefore, it is suggested that KRB.ID pays more attention to the interests and preferences of its customers, especially the loyal ones, in terms of product quality, benefits, and the services provided. This can be achieved by implementing special programs for loyal customers, such as offering different prices, promotions, and fast customer service. Moreover, establishing Standard Operating Procedures (SOPs) and providing training for employees to improve service quality and foster positive relationships between loyal customers and the company is essential. The company can also improve its production processes, such as enhancing quality control and providing necessary knowledge to production employees. It is important to note that this study only focused on examining the influence of Customer Relationship Management on Customer Brand Loyalty through Customer Satisfaction. Therefore, future researchers are recommended to explore other indicators to measure the studied variables and employ new relevant theories to expand the literature. Furthermore, conducting research on other factors beyond Customer Relationship Management and Customer Satisfaction that contribute to the formation of Customer Brand Loyalty and studying similar fashion companies using the same variables would provide valuable comparative insights.

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