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A Study on Customer Relationship Management

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ABSTRACT:

This study aims to determine the effect of Customer Relationship Management (CRM) on Customer Satisfaction and its impact on Customer Loyalty of Islamic Bank in Aceh's Province. The study population is all customers in in the Islamic Bank. This study uses convinience random sampling with a sample size of 250 respondents. The analytical method used is structural equation modeling (SEM). The results showed that the Customer Relationship Management significantly influences both on satisfaction and its customer loyalty. Furthermore, satisfaction also affects its customer loyalty. Customer satisfaction plays a role as partially mediator between the influences of Customer Relationship Management on its Customer Loyalty. The implications of this research, the management of Islamic Bank needs to improve its Customer Relationship Management program that can increase its customer loyalty.

KEYWORDS: Customer Relationship Management, Satisfaction Customer Loyalty .

INTRODUCTION

The phenomenon underlying this study is the low customer satisfaction toward Islamic Bank, possibly also caused by other factors such as they are less concerned for the bank to build a mutual relationship with its customers in terms of customer relationsip management (CRM), which is one of the businesses based approach to manage relationships with its customers.

Customer Relationship Management (CRM) focuses on what value will customer get rather than to the products or services to be sold by the company. Through the application of Customer Relationship Management (CRM), companies are expected to be able to establish communication and a good relationship with its customers. This condition is also expected that the company will not only sell and market a product and service with good quality or competitive prices but also it is able to answer customers' desires and needs as described by Indah and Dewi (Indah and Dewi, 2013), which can lead to satisfaction and customer loyalty.

Does the formation of loyalty as a result of achievement of customer satisfaction of Islamic Bank is still not currently identified, this is caused by a small number of studies on customer loyalty in the bank, as a result of understanding about the loyalty and satisfaction of Islamic bank's customers is still confusing, and there is a very limited clarification about Customer Relationship Management (CRM) as a good influence on customer satisfaction and its loyalty as a result of a few empirical study about it.

Based on the above point of view, the authors are interested to conduct an empirical study entitled: "Customer Relationship Management, Customer Satisfaction and Its Impact on Customer Loyalty of Islamic Bank".

Objective of This Study

The purpose of this study is as follows:

To determine the effect of Customer Relationship Management (CRM) on satisfaction and its impact on customer loyalty of the Islamic bank.

To determine the indirect effect of Customer Relationship Management (CRM) on customer loyalty of the Islamic bank through its customer satisfaction.

Customer Loyalty

According to Kotler and Armstrong (Kotler and Armstrong, 2011, p. 271), consumer loyalty in general can be interpreted fidelity someone on a product, goods and services. Consumer loyalty is a manifestation and continuation of consumer satisfaction to use the facilities and services provided by company, as well as to be a repeated buyer of the company.

Customer Satisfaction

According to Kotler (Kotler, 2011, p. 42) satisfaction is feeling happy or disappointed someone who emerged after comparing anatara perception / impression of the performance (yield) of a product and expectations.

Additionally, Tjiptono (Tjiptono, 2011, p. 349) defines customer satisfaction as an emotional response to the evaluation of the consumption experience of a product or service. Then, Oliver (Oliver, 2011) mentions that the product features play an important role in the creation of customer satisfaction.

Based on some of the above definition, consumer satisfaction can be formulated as postpurchase evaluation relulted from the selection of specific purchasing where the perception of the performance of products selected meet or exceed expectations before buying decision.

Customer Relationship Management

Customer Relationship Management is defined as an integrated function that consists of the sale strategy, marketing and service aiming to increase revenue from customer satisfaction (Kalakota and Robinson, 2010, p. 172).

Customer Relationship Management is the concept of building a strong relationship between the companies, in this case the management with customers (Sutedjo, 2011, p. 65). So, Customer Relationship Management is a customer service approach that focuses on building and maintaining long-term relationships (Ardiyhanto, 2011). Based on the above point of view, the organization can focus on the development of an important asset in the long term, a more progressive in relationships with valued customers. CRM program is making a vision for how to transform their companies to develop important attributes, so that they can be bonded by the organization, products and intend to make a purchase (Gordon, 2002).

According to the above viewpoint, it can be concluded that the Customer Relationship Management can affect the level of customer satisfaction. Furthermore, customer satisfaction can have an impact on customer loyalty. For more details, how the Customer Relationship Management variable affect customer satisfaction and its impact on customer loyalty will be explained in the following section.

RESEARCH METHOD

- **Location, Object and Limitation of Study**

This research was conducted at Islamic Bank in Aceh's Province. The variables of this research consisted of customer loyalty (Z), customer satisfaction (Y) and customer relationship management.. The limitation of this study is lack of repondents of Islamic Bank.

- **Population and Sample**

The study population is all customers of Islamic Bank operated in Aceh's Province. This study uses convinience random sampling.Sample of this study that have been gathered are 250 respondents.

- **Questionaire Design**

The research questionnaire is divided into three parts. The first part is the question of customer relationship management. The second part contains questions about customer satisfaction. The third part is a question of customer loyalty.The number of indicators of each variable can be found in the appendix

- ❖ **Acknowledgment**

FINDING AND DISCUSSION

- **Validity and Reliability Test**

Before cunducting the main study, it is necessary to test the validity and reliability of the questionnaire to carry out the "Pilot Project" involving 50 respondents were selected randomly.

- **Validity**

Based on the results of testing the validity of the research instrument in terms of item-total statistics of the 50 respondents indicated that all of the items statement for independent variables consist of customer relationship mnagement, where dependent variable consists of satsfaction and customer loyalty at the Islamic Bank have a correlation value of r greater than 0.2012. Thus the statement means that all item are valid for all variables.

CONCLUSION AND FUTURE RESEARCH PLANNING

The results of this research have contributed empirically that the factor of customer relationship management are built in this research model affects both customer satisfaction and customer loyalty of Islamic Bank. The finding is consistent with Ardiyhanto (2011) and Ariyanti (2006) who discovered there is a positif and significant relationship between CRM and Loyalty. Additionally, this factor proved significantly affect customer satisfaction, and it also have a significant influence on customer loyalty. Customer satisfaction factor plays a role as a partial mediating variable between customer relationship management and customer loyalty.

RECOMMENDATION

Recommendations that can be explained is in order to create more customer loyalty of Islamic Bank in Aceh's Province, Managers should be able to increase customer relationship management.

FUTURE RESEARCH PLANNING

Additionally, recommendations that can be explained, especially for planning future research is there are various limitations of the study. Thus, research needs to be replicated by developing other factors, so it will produce a better model.

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