The Effect of Customer Relationship Marketing (CRM) on Customer Satisfaction: A study on Sound System Service Company

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ABSTRACT
When the company has expended their marketing online, it means the company is ready to sell product and service across cities and the world. Online marketing also leads to reduced interaction between seller and buyer directly (face-to-face meetings). Therefore, company needs to well establish their relationships with customers through the Internet network. By establishing a good relationship through intensive communication provides a great opportunity to the interests of sellers and buyers. This study aims to determine the effect of customer relationship marketing (CRM) which divided into four dimensions of trust, commitment, communication, and conflict handling on customer satisfaction on the sound system service company. This research is quantitative descriptive research and the method of this research is using multiple linear regression analysis. The population in this research are the customers who have ever used the services of sound system services company in Medan with samples as much as 60 respondents. The results show that simultaneously customer relationship marketing influence customer satisfaction of sound system services company, in this model communication give negative and significant impact on customer satisfaction.

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1. Introduction

It can not be denied that along with advances of the world of informations and communications technology, the selling of a product or services was no longer difficult things to do. By utilizing the current technology, the company can disseminate information of a product or service only with internet connections that connected to the whole world. This new form of online marketing is now causing the change of customer lifestyle that become more critical and careful in choosing what products or services they want. This causes the company need to think about the sustainability of the company so that products or services will be available and accepted in the market and also valued as a quality product and service.

When the company has been doing marketing by online, it means that the company is ready to sells products and services throughout the city and the world. Online marketing also leads to reduced interaction between seller and buyer directly (face-to-face meetings). Therefore, companies need to well establish the relationship with customers through the Internet network. By establishing a good relationship through intensive communication provides a great opportunity to the interests of sellers and buyers. The seller is concerned to ensured that the products sold are known to the public by communicative communications, while the consumer needs what they seeks through marketing communications conducted by a company.

If companies do not want to learn the customer and do not want to know or build relationships with them, will fail their identity on customers. Sound system service company is a company engaged in services that offer rental services sound system tools and music players. The company will arrange all forms of sound and music according to consumer demand in important events, weddings, gathering, competitions, art festivals, and many others. Not infrequently, consumers also choose to just rent just the music instruments and tools only.

Most customers not directly know that there are companies that offer sound system services. This is because the marketing services of sound system is still not following the development of marketing, and some of sound system service company attached to the event organizer so that the name of the sound system service company dimmed. Less developed marketing indirectly makes the company not growing. The company will only wait for a call and not be educated in marketing services. This also leads to less direct relationships between seller and buyer.
2. Literature Review

Customer Relationship Marketing (CRM)

According to Velnampy and Sivesan (2012) Relationship marketing is one of contemporary marketing strategies for all companies to see the needs and desire of their customer. From the customer's point of view, the important factors that used to meet customer needs are trust, commitment, mutuality, and long-term relationships with customers. There are 4 keys in relationship marketing: Trust, Equity, Empathy, Commitment. Meanwhile, there are 4 factors that impact relationship marketing, such as Trust, Commitment, Communication and Conflict Handling (Sivesan, 2012).

Customer Satisfaction

Lupiyoadi (2012: 228) said that Customer satisfaction is the final feeling in which a person declares what their feels by compared the performances of service products with the expected. The main factor determinant of customer satisfaction is customer perception on service quality. Satisfaction is not only obtained when getting a purchased item, but also influenced by service. According to Lupiyoadi (2012), also defined as an activity in all business areas that needs to combine sales of services to meet customer satisfaction ranging from ordering, processing, to delivering services through communication to strengthen cooperation with customers. Satisfaction is not only obtained when getting a purchased item, but also influenced by the service.

According to Kotler (Laksana, 2008), service is the action or activity which offered by a party to another party, which is essentially intangible and does not result in any ownership. Customer service can be called as the process of fulfilling the needs, that is the process to meet customer demand as a whole (Siagian, 2005). Hawkins and Lonney quoted in Tjiptono (2004, p.101) dimension of satisfaction consisting of Conformity expectations, Returning interest, Willingness recommending.

Conceptual Framework

Based on the literature review described above regarding customer relationship marketing variables and customer satisfaction then the following is the theoretical framework that will be applied in this research:
3. Research Methodology

This research uses quantitative descriptive method. According to Azwar (2007, p. 5) quantitative descriptive type is to emphasize his analysis on the numerical data (numbers) are processed by statistical methods. This study was conducted to find out how big independent variables affect the dependent variable.

The population in this study are customers who have ever used the services soundsystem that as many as 150 customers. Sampling technique in this research using Slovin formula with the level of error to be tolerated in the sampling is 10% and the results obtained are 60 people are the customers who have ever used the services soundsystem in the city of Medan. To determine the sample that will be used in this research, the researcher uses nonprobability sampling sampling technique that is, subjective, based on the availability of respondents, by purposive sampling method that is sample determination technique with certain consideration.

Data analysis model in this research using multiple linear regression. To know the influence of Customer Relationship Marketing (CRM) to customer satisfaction and will be calculated with the help of Statistical Product and Service Solution (SPSS) software version 18 with formula:

\[ Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e \]
4. Result and Discussion

Multiple linear regression analysis used to know how much the effect of independent variable that is Customer Relationship Marketing which divided into four indicators that is trust, commitment, communication, and conflict handling to dependent variable that is Customer Satisfaction. Based on Table 4.1, the Multiple Linear Regression equation in this study are:

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
</tr>
<tr>
<td>1</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>10,543</td>
</tr>
<tr>
<td>TRUST</td>
<td>0.457</td>
</tr>
<tr>
<td>COMMITMENT</td>
<td>0.621</td>
</tr>
<tr>
<td>COMMUNICATION</td>
<td>-0.741</td>
</tr>
<tr>
<td>CONFLICT HANDLING</td>
<td>0.777</td>
</tr>
</tbody>
</table>

Source: Data Analysis, 2017.

Based on the result of hypotheses test the formula of multiple linear regression is:

\[ Y = 10,543 + 0.457X_1 + 0.621X_2 - 0.741X_3 + 0.777X_4 \]

The interpretation are:

a. Constant a of 10,543 states that if the variable of Customer Relationship Marketing (CRM) divided into trust, commitment, communication and conflict handling are considered constant, then Customer Satisfaction is 10,543.

b. The coefficient b1 of 0.457 states that if there is any increase of one unit to the variable of trust and commitment, communication and conflict handling are considered constant, then the customer satisfaction will experience an increase of 0.457.

c. The coefficient b2 of 0.621 states that if there is any increase of one unit to the variables of commitment and trust, communication and conflict handling are considered constant, then customer satisfaction will experience an increase of 0.621.

d. The coefficient b3 of -0.741 states that if there is an increase of each one unit to the communication and trust variables, commitment and conflict management are considered constant, then the customer satisfaction will decrease by 0.741.

e. The coefficient b4 of 0.777 states that if there is an increase of each one unit to the variable handling of conflict and trust, commitment and communication are considered constant, then the customer satisfaction will experience an increase of 0.777.
Table 4.2
Summary of Result of Test of Hypotheses

<table>
<thead>
<tr>
<th>Variable</th>
<th>T-test</th>
<th>Sig.</th>
<th>F-test</th>
<th>R-Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td>2.068</td>
<td>.043</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitment</td>
<td>2.323</td>
<td>.024</td>
<td>5.492</td>
<td>0.285</td>
</tr>
<tr>
<td>Communication</td>
<td>-3.030</td>
<td>.004</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conflict Handling</td>
<td>2.876</td>
<td>.006</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Data Analysis, 2017.

Therefore, H1 is accepted hence it is proved that there is a positive and significant impact of trust over the customer satisfaction. Moreover, H2 and H4 is also accepted that there is a positive and significant relationship between commitment and conflict handling to customer satisfaction of soundsystem service company. Through these results can also be seen that H3 is accepted with the value of t-test is negative, it means that communication have negative and significant impact over the customer satisfaction. The value of F Test is 5.492 with sig. <0.05 which means that customer relationship marketing simultaneously affect the customer satisfaction of soundsystem service company. Conflict handling as a variable that has a more dominant influence in influencing customer satisfaction, and can be seen from the beta value of 77.7%.

The results of hypothesis testing proved that there is a effect between trust and customer satisfaction. These results support by previous research of Diza, et al (2016) and Putri (2015) whom tested the effect of trust on customer satisfaction and found that trust give positive and significant influence to customer satisfaction. The result of hypothesis testing proved there is influence between commitment to customer satisfaction, which means that hypothesis in this research accept H2. It means that there is positive influence between Variable Commitment to Customer Satisfaction. This is in accordance with the initial predictions (hypothesis), that the higher the company's commitment to customers and service then the customer satisfaction will also increase. Commitment is a pledge or a promise of the company to continue to maintain good relationships with consumers (Safitri, 2011; Putri, 2015).

The result of hypothesis testing proved that there is an effect between communications to customer satisfaction. However, the effect of communication on customer satisfaction is negative influence, which the result of calculation is t-test equal to -3.030 with result significance level equal to 0.004 < 0.05. This result also refers to the results of questionnaires
that have been disseminated by researchers, which the researchers found that the three statements of the communication dimension of communicating well and honestly, exchanging opinions on the success of the event with consumers, and receiving with good consumer complaints have scores below the average score. The results of this study are not in accordance with research by Safitri (2011); Ercis (2013); Putri (2015) who found that communication has a significant and positive impact on customer satisfaction. Similarly, research by Kyei (2016) found in his research that communication is an important builder variable in which effective communication builds positive interactions and improves the quality of customer relationships.

The results of the fourth hypothesis test proved that there is an effect of Conflict Handling on Customer Satisfaction, which means that the hypothesis in this study accept that there is a positive influence between Conflict Handling Variables on Customer Satisfaction (Safitri, 2011; Ercis, 2013; Putri, 2015).

5. Conclusion and Suggestion

Conclusion

Based on the results obtained in research on the influence of Customer Relationship Marketing (CRM) to Customer Satisfaction on sound system service company which is then analyzed by using multiple linear analysis, it can be drawn conclusion that is:

1. The first dimension in Customer Relationship Marketing (CRM) is Trust has a positive and significant impact on customer satisfaction.
2. The second dimension in Customer Relationship Marketing (CRM) is Commitment has a positive and significant influence on customer satisfaction.
3. The third dimension in Customer Relationship Marketing (CRM) is Communication has a negative and significant influence on customer satisfaction.
4. Fourth dimension in Customer Relationship Marketing (CRM) that is Conflict Handling (Conflict Handling) has a positive and significant influence on customer satisfaction.
5. Customer Relationship Marketing consisting of Trust, Commitment, Communication and Conflict Handling together (simultaneously) affect Customer Satisfaction.
Suggestion

Based on the above conclusions, then the suggestions that can be given by researchers are:

1. Commitment and conflict management that is well maintained by the company reflects how professional the company is in delivering its services. Based on the distribution of questionnaires conducted by researchers there is a low score of the average on one of the statements of the dimension. This needs to be a concern for the company to continue to provide the best performance and service for consumers. Consumers who are satisfied will indirectly be loyal.

2. Communication is a dimension of CRM that has a negative effect on customer satisfaction. Through this it can be seen that the communication that is interwoven between the company soundsystem with consumers can still be said to be weak. This needs to be improved by the company for service improvement and subsequent consumer satisfaction.

3. For the next researcher, the result of this research shows that the influence of Customer Relationship Marketing (CRM) consisting of four dimensions namely belief, commitment, communication and handling of koflik affect customer satisfaction is only 23.3%. These results are classified as small or small. Furthermore, previous researchers should consider other variables that may be incorporated into the model or look for different research objects to see results that may be used as a comparison material.

References


