

The Effect of Customer Relationship Management on Customer Loyalty (A Case Study on Swiss-Belinn Malang)

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Abstract

Competition in the hotel industry in the 4.0 era is getting tighter. The hospitality business is run offline and online, both for marketing and communication with customers, with a wide selection of digital platforms. Hotel industry participants must be able to adapt to new competitors who use technology to serve customers. If not, the hotel business that is run will not be able to compete. To survive and compete, companies must begin to focus on providing value to customers (customer value) that attracts buyers and must be well understood by the seller. Efforts should also be made to increase customer loyalty. Customers have various reasons for carrying out a purchase decision. Before choosing to stay at a particular hotel, there are various considerations. The key to the success of a company in retaining customers is to have a good relationship with the customer themselves. The research objectives are a. To determine the effect of Customer Relationship Management (CRM) on Customer Loyalty in Swiss-Bellin Malang b. To find out how much influence CRM has on Customer Loyalty at Swiss-Bellin Malang. The research method used in this research is descriptive quantitative. This research was carried out by distributing questionnaires to people in Malang City who had stayed at the Swiss-Bellin Malang with simple random sampling. Testing and data processing used SPSS version 25 with simple linear regression. The result showed that CRM, which consisted of continuity marketing, one-to-one marketing, and partnering program, affects customer loyalty at Swiss-Bellin Malang.

Keywords: Customer loyalty, Customer Relationship Management.

INTRODUCTION

In this 4.0 era, competition in the hospitality business industry is getting tighter. It is also supported by technological developments allowing customers to easily compare prices and facilities of one to another hotel, for example, by using social media, Websites, etc. Therefore, to compete, increase and maintain room occupancy rates, the hotel management needs to develop an effective communication strategy for customers. The business also needs to maintain a positive relationship with their customers and plan a good customer relationship management that helps them satisfy their customers and create value for their business [1].

Swiss-Belinn Malang is a 3-star international standard hotel with a strategic location close to shopping centers in Malang City. This hotel provides a variety of facilities to get to the business district, entertainment, and various tourist destinations.

In implementing business communication with customers, it is crucial to communicate effectively, both verbally and non-verbally. This effective communication is expected to maintain good relations between hotels and customers, ultimately forming a good and positive image for the hotel. In the long term, a positive image and

effective communication with customers can increase customer loyalty. Relationship marketing is also important to be used to compete more successfully and learn about customer [2].

Customer loyalty plays a significant role for companies providing products and services. Customer loyalty is a deeply held commitment to consistently reuse a preferred product or service in the future, despite situational influences or marketing efforts that can divert the customer's behavior [3]. It influences Swiss-Bellin Malang, a company providing products and services, and must also be able to provide value and increase customer loyalty. Customer loyalty refers to the positive attitude of customers toward the company or brand as seen from the presence of behavioral loyalty, namely customers who make repeat purchases and reduce price sensitivity and customers who provide positive word-of-mouth recommendations [4].

All business actors are expected to maintain customers in the long term. Customer loyalty also can reduce the possibility of the customer moving to another hotel.

Moreover, customer loyalty is also very important for corporate profitability. Loyal customers will be making repeated purchases or orders for service, which provides more benefits for the company compared to customers who only do one transaction. To form customer loyalty, companies need to create reasons for

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stimulating customers to purchase for the first time and make them still stick to the company's products and services. For this reason, companies, in this case, the hotel, must be able to provide values so that customers can become more loyal. This value can be created through various factors providing greater confidence, various social benefits, and special treatment for customers.

Customer Relationship Management or CRM is one way to make customers loyal. At this time, CRM can be carried out offline or online using internet technology. It is one of the corporate strategies to find out the needs of customers, as well as to maintain customers.

Swiss-Belinn Malang, in running its business, of course, also has Customer Relationship Management (CRM). The CRM of Swiss-Belinn Malang is related to customer data, figuring out which customers use the services of the hotel, and monitoring the productivity of the Sales and Marketing Department.

A good CRM can give feedback to companies and help them provide products and services according to customers' needs by communicating with these customers. CRM can also build customer loyalty. In addition to being a customer data center, through CRM, Swiss-Belinn Malang can better understand the various needs of customers, making this hotel a Consumer Driven Company. This research was conducted to discuss the effects of Continuity Marketing, One-to-One Marketing, and Partnering Program (CRM) on Customer Loyalty at Swiss-Belinn Malang.

MATERIAL AND METHOD

This research used a descriptive research design. Descriptive research aims to determine the value of the independent variable, either one or more (independent) variables, without making comparisons or connecting with other variables [5]. This research was conducted at Swiss-Bellin Hotel, which is located in Malang city.

Population is a generalization area consisting of objects/subjects that have certain quantities and characteristics determined by the researcher to be studied and then drawn conclusions [6]. The population in this study were all customers of Swiss-Bellin Hotel in Malang City.

The sampling technique used in this research is Accidental Sampling. Accidental sampling is a method of taking samples to respondents who happen to be found on the object of the research when the observation takes place.

Data Collection

Data collection can use primary sources and secondary sources. Primary sources are data sources that directly provide data to data collectors, for example, through other people or documents [5].

Data in this research were collected using these techniques. Field research was directly carried out in the field or directly on the respondent. Secondly, library research was carried out using literature in the form of books, journals, notes, research reports, and the results of previous studies.

The data used in this research were primary data obtained by distributing questionnaires to customers of Swiss-Belinn in Malang. This research was conducted by visiting customers who were at the hotel lobby waiting for the Check Out process at the hotel. The sample of this research consisted of 25 respondents, taken using an accidental sampling technique. The number of questions used in this research was 28 items. The questions were related to the Customer Relationship Management (CRM), consisting of continuity marketing, one-to-one marketing, partnering program, and customer loyalty for Swiss-Bellin Malang.

RESULTS

Characteristics of Respondent

The characteristics of the gender-based respondents showed 11 male respondents (44%) and 14 female respondents (56%) in Table 1. The characteristics of the occupation-based respondents in this research are as Table 2. The respondents involved in this research were five students (20%), nine entrepreneurs (36%), three civil servants (12%), four private employees, and four people with other jobs (16%).

Table 1. Gender of Respondents

	Gender	Freq.	%	Valid %	Cumulative %
Valid	Male	11	44.0	44.0	44.0
	Female	14	56.0	56.0	100.0
	Total	25	100.0	100.0	

Source: Processed Primary Data (2020)

Table 2. Occupation of Respondents

	Occupation	Freq.	%	Valid %	Cumulative %
Valid	Student	5	20.0	20.0	20.0
	Entrepreneur	9	36.0	36.0	56.0
	Civil Servant	3	12.0	12.0	68.0
	Private Employee	4	16.0	16.0	84.0
	Others	4	16.0	16.0	100.0
	Total	25	100.0	100.0	

Source: Processed Primary Data (2020)

Characteristics of respondents based on customer lifetime (Table 3) were categorized into four types. It was covered 13 customers (52%) with < 1 year, four customers (16%) with 1-2 years, five customers (20%) with 3-4 years, and three customers (12%) with >4 years lifetime.

Table 3. Types of Customer Lifetime

	Lifetime	Freq.	%	Valid %	Cumulative %
Valid	< 1 year	13	52.0	52.0	52.0
	1-2 years	4	16.0	16.0	68.0
	3-4 years	5	20.0	20.0	88.0
	> 4 years	3	12.0	12.0	100.0
	Total	25	100.0	100.0	

Source: Processed Primary Data (2020)

Prerequisite Test for Analysis

Multiple regression analysis was carried out to determine the effectiveness of the CRM program, including the variables of Continuity Marketing, One-to-One Marketing, and Partnering Program on Customer Loyalty. Table 4 presents the results of multiple regression analysis using the IBM SPSS 20.

Table 4. Results of Multiple Regression Analysis
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.297 ^a	.089	.200	3.12757

a. Predictors: (Constant), PartneringProgram_X3, ContinuityMarketing_X1, OnetoOneMarketing_X2

ANOVA^a

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.945	3	6.048	.001	.574 ^b
	Residual	205.415	21	9.782		
	Total	225.360	24			

a. Dependent Variable: CustomerLoyalty_Y

b. Predictors: (Constant), PartneringProgram_X3, ContinuityMarketing_X1, OnetoOneMarketing_X2

Coefficients^a

Model	Unstand. Coeff.		Standard. Coeff.	t	Sig.
	B	Std. Error	Beta		
(Constant)	20.671	11.408		1.812	.084
Continuity Marketing_X1	.222	.225	.206	.988	.335
OnetoOne Marketing_X2	-.212	.288	-.155	-.733	.471
Partnering Program_X3	.204	.258	.168	.794	.000

a. Dependent Variable: CustomerLoyalty_Y

Case Processing Summary

	N	%
Cases	Valid	25
	Excluded ^a	0
	Total	25

Source: Processed Primary Data (2020)

$$Y = 20.671 + 0.222 X_1 - 0.212 X_2 + 0.204 X_3 + e$$

The equation above is described as follows:

- A constant value of 20.671 means that if the variables of Continuity Marketing, One-to-One Marketing, and Partnering Program are considered zero, the customer loyalty of Swiss-Belinn Malang will be 20.671.
- The beta coefficient value of the Continuity Marketing variable was 0.222, meaning that every one-unit increase in the Continuity Marketing variable will decrease customer loyalty by 0.222. Conversely, every one-unit decrease in the Continuity Marketing variable will increase customer loyalty by 0.222, assuming the other variables are fixed.
- The beta coefficient of the One-to-One Marketing variable was -0.212, meaning that every one-unit increase in the One-to-One Marketing variable will decrease customer loyalty by -0.212. Conversely, every one-unit decrease in the One-to-One Marketing variable will increase customer loyalty by -0.212, assuming the other variables are fixed.
- The beta coefficient of the Partnering Program variable was 0.204, meaning that every one-unit increase in the Partnering Program variable will decrease customer loyalty by 0.204. Conversely, every one-unit decrease in the Partnering Program variable will increase customer loyalty by 0.204, assuming the other variables are fixed.

Hypothesis Testing

T-test

T-test determines how far the effect of one explanatory or independent variable individually is in explaining variations in the dependent variable. If the t_{count} value is greater than the t_{table} , and the significance value is less than 0.05 ($p < 0.05$), it can be concluded that the independent variable partially has a significant effect on the dependent variable. The explanation of the t-test results for each independent variable is as follows:

1. Continuity Marketing

Continuity marketing had a significant level of 0.335 (> 0.05) with a positive regression coefficient of 0.222. Based on these results, the hypothesis stating *Continuity Marketing has a positive and significant effect on Customer Loyalty* was **rejected**.

2. One-to-One Marketing

One-to-One marketing had a significance level of 0.471 (>0.05) with a negative regression coefficient of 0.212. Thus, the hypothesis stating that *One-to-One Marketing has a positive and significant effect on Customer Loyalty* was rejected.

3. Partnering Program

Partnering Program had a significant level of 0.000 (<0.05) with a positive regression coefficient of 0.204. Thus, the hypothesis stating that *the Partnering Program has a positive and significant effect on Customer Loyalty* was accepted.

F-Test

F Statistical Test determines whether all independent variables included in the model simultaneously affect the dependent variable. The F test results obtained a significance value of 0.001 (<0.05), indicating that the Customer Relationship Management, including Continuity Marketing, One-to-One Marketing, and Partnering Program, simultaneously have a positive and significant effect on Customer Loyalty.

Adjusted R²

The adjusted coefficient of determination or adjusted R² is used to measure the ability of the regression model to explain variations in the dependent variable. The value of adjusted R² is greater than 0 but smaller than 1 ($0 < R^2 < 1$). A small adjusted R² indicates a very limited ability of the independent variables to explain variations in the dependent variable. Meanwhile, if the value is close to one, it means that the independent variables provide almost all the information needed to predict the variations in the dependent variable. The adjusted R² value obtained in this research was 0.200. It indicates that the effect resulted from Customer Relationship Management, including Continuity Marketing, One-to-One Marketing, and Partnering Program, on Customer Loyalty is 20%. Meanwhile, the remaining 80% is influenced by other factors not included in this research.

DISCUSSION

The Effect of Continuity Marketing on Customer Loyalty

Continuity marketing had a significance level of 0.335, showing that the continuity marketing the company provides to customers does not affect customer loyalty. In this research, the continuity marketing program through discounts,

membership, and promotions has a negative and insignificant effect on customer loyalty at Swiss-Belinn Malang. It is because the majority of customers in Swiss-Belinn Malang are self-employed (entrepreneurs). The characteristics of such customers are prioritizing prices and standard room facilities according to their business needs. Therefore, the continuity marketing program provided by the hotel is not so influential for customers.

Previous studies on CRM to customer loyalty have been carried out in PT Gojek Indonesia, the largest company in the creative industry in Indonesia that implements the CRM strategy to build engagement with the customer, to find its effect on customer loyalty. The result is CRM has increased the customer's loyalty [7].

The Effect of One-to-One Marketing on Customer Loyalty

One-to-one marketing had a significance level of 0.471, showing that the one-to-one marketing carried out by the company does not affect customer loyalty. In this research, one-to-one marketing through personal services has a negative and insignificant effect on customer loyalty at Swiss-Belinn Malang. It is because, based on this research, the majority of customers in Swiss-Belinn Malang are female. Therefore, services are prioritized on fast problem solving (directly finding solutions). In other words, individual services are not needed.

The Effect of Partnering Program on Customer Loyalty

Partnering Program had a significance level of 0.000, indicating a positive and significant effect on customer loyalty. The partnering program is very popular due to having cooperation with banks and providing more benefits for customers in the social sphere.

In addition, Marwa and Mohammed research states that Customer Satisfaction and loyalty are important concerns for traveler providers and have a significant role in maximizing their sales. It finds a significant effect on passengers' satisfaction and loyalty [8].

The Simultaneous Effect of Continuity Marketing, One-to-One Marketing, and Partnering Program on Customer Loyalty

The results of the simultaneous test (F-Test) showed a value of 6.048 with a significance value of 0.001. Compared to the expected significance level of 5%, the F_{count} significance is smaller ($0\% < 5\%$). Thus, the Customer Relationship

Management program, including continuity marketing, one-to-one marketing, and partnering program, simultaneously has a positive and significant effect on customer loyalty.

Based on Table 4, the adjusted R^2 value was 0.200, indicating that the independent variable can explain 20% of the customer loyalty variable. Meanwhile, the remaining 80% is explained by other variables not examined in this research.

The simultaneous effect of CRM on customer loyalty is relatively small due to customer relationship management in hotels prioritizing service quality and facilities and focusing on products and services. Therefore, the result obtained from the effect of continuity marketing, one-to-one marketing, and partnering program on customer loyalty is only 20%. However, these three variables are still interrelated to customer loyalty.

Another research was conducted to find the influence of CRM on customer loyalty in PT BCA Tbk, and the results showed that CRM affects customer loyalty [9]. Research by Jannah *et al.* found that the marketing strategy of CRM has a positive impact on customer satisfaction and loyalty [10]. Another research also found that the Customer Relationship Management program in PT XYZ influenced the customer's loyalty [11].

CONCLUSION

Customer Relationship Management (CRM), consisting of continuity marketing, one-to-one marketing, and partnering program, can be explained with the following results. The beta coefficient of continuity marketing of 0.222 means that every one-unit increase in the Continuity Marketing variable will decrease customer loyalty by 0.222. Conversely, every one-unit decrease in the Continuity Marketing variable will increase customer loyalty by 0.222, assuming the other variables are fixed. Meanwhile, the beta coefficient of one-to-one marketing of -0.212 means that every one-unit increase in customer loyalty will decrease customer loyalty by -0.212. Conversely, every one-unit decrease in the One-to-One Marketing variable will increase customer loyalty by -0.212, assuming the other variables are fixed. Lastly, the beta coefficient of the partnering program of 0.204 means that every one-unit increase in the partnering program variable will decrease customer loyalty by 0.204. Conversely, every one-unit decrease in the partnering program variable will increase customer loyalty by 0.204, assuming the other variables are fixed.

The effect of Customer Relationship Management (CRM) on Customer Loyalty at Swiss-Belinn Malang based on the simultaneous test (F-Test) showed a F_{count} value of 6.048 with a significance value of 0.001. Compared to the expected significance level of 5%, the F_{count} significance is smaller ($0\% < 5\%$). Thus, the Customer Relationship Management program, including continuity marketing, one-to-one marketing, and partnering program, simultaneously has a positive and significant effect on customer loyalty. On the other side, the adjusted R^2 value of 0.200 indicates that the effect resulting from Customer Relationship Management, including Continuity Marketing, One-to-One Marketing, and Partnering Program, on Customer Loyalty is 20%. The remaining 80% is influenced by other factors not included in this research.

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