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Implementation of Customer Relationship Management in Order to Build Customer Satisfaction and Loyalty

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Abstract

This study aims to examine the impact of the implementation of customer relationship management (CRM) on customer satisfaction and loyalty, and the impact of satisfaction on customer loyalty of government commercial banks (BNI, BRI, Bank Mandiri, and BTN) in East Java Province. The research instrument used was a questionnaire. The research covered employees, technology, sales, products, and performance. The population of this study is all depositors of government commercial banks (BNI, BRI, Bank Mandiri, and BTN) in East Java Province. The sampling method uses purposive sampling with a total sample of 120 respondents taken in three locations in three cities in the East Java region, namely: Jember City represents a small town, Malang City represents a medium city, and Surabaya City represents a large city. The allocation of the number of samples for each bank and each city is carried out proportionally. Data analysis models use Structural Equation Modelling (SEM). The analysis shows that CRM has a significant positive effect on customer satisfaction and loyalty, and customer satisfaction has a significant positive effect on customer loyalty.

Keywords — customer relationship management, customer satisfaction, customer loyalty

Abstrak

Penelitian ini bertujuan untuk menguji dampak implementasi customer relationship management (CRM) terhadap kepuasan dan loyalitas nasabah, serta menguji dampak kepuasan terhadap loyalitas nasabah Bank Umum Pemerintah (BNI, BRI, Bank Mandiri, BTN) di Propinsi Jawa Timur. Instrumen penelitian menggunakan kuesioner. CRM yang diteliti meliputi karyawan, teknologi, penjualan, produk, dan kinerja. Populasi penelitian ini adalah seluruh nasabah penabung Bank Umum Pemerintah (BNI, BRI, Bank Mandiri, BTN) di Provinsi Jawa Timur. Metode sampling menggunakan *convenience sampling* dengan jumlah sampel sebanyak 120 responden yang diambil di tiga lokasi di tiga kota di wilayah Jawa Timur, yakni: kota Jember mewakili kota kecil, Kota Malang mewakili kota sedang dan kota Surabaya mewakili kota besar. Alokasi jumlah sampel untuk masing Bank dan masing-masing kota dilakukan secara proporsional. Model analisis data menggunakan *Structural Equation Modelling* (SEM). Hasil analisis menunjukkan bahwa CRM berdampak positif signifikan terhadap kepuasan dan loyalitas nasabah, dan kepuasan nasabah berdampak positif signifikan terhadap loyalitas nasabah.

Kata Kunci - Customer Relationship Management, Kepuasan Nasabah, Loyalitas Nasabah

I. INTRODUCTION

The banking and financial services industry sector in Indonesia is no exception. In East Java, it is currently facing increasingly fierce competition as a result of the entry of foreign banks trying to fight over the same market. Increased competition is also caused by the number of emerging non-bank financial institutions operating more specifically. This competitive condition is becoming increasingly complex due to the rapid change in the business environment. Many customers, when making a purchase decision, seek no preliminary information on the enterprise or related products or services; there are customers who approach a company

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directly and impulsively select one product or service without weighing other alternatives at all. This shows that banks need to be wary about how they draft and serve customers' relevant marketing programs in order to attract more customers and retain existing ones (Fejza et al., 2017). This happens because the service sector is the biggest sector experiencing changes due to the rapid changes experienced by other factors, including technological changes that directly raise the competitive climate in the industry (Lovelock, 2004).

Basically, if the service providers are similar in terms of their offerings and lack any differentiation of alternatives, customer loyalty is therefore more related to inertia than positive attitude (Wu, 2011). Banking managers still have to consider customer inertia and develop appropriate measures. Customer inertia can still help banking managers objectively analyze potential strategies and tactics to increase customer loyalty. Customers may exhibit loyal behaviors that are merely fictitious loyalty. Conversely, action-loyalty customers not only exhibit loyal behaviors, but they are also emotionally involved in a continuing relationship (Wu, 2011). Consumer inertia, on the other hand, has a significant influence on consumer intention to repeat purchase (Goh et al. 2016).

Considering the ongoing relationship, which is very important between the customer and the banking company, the increasingly intensive and complex customer relationship management has given rise to the concept of Customer Relationship Management (CRM). "CRM is a core strategy in business that integrates internal processes and functions with all external networks to create and realize value for targeted consumers profitably (Buttle, 2008: 48). Customer satisfaction and customer loyalty are generally conceptualized through three main dimensions, namely, SQ, SA, and HC, and these three dimensions are found to have a significant effect on customer satisfaction and customer loyalty (Hassan & Saeed, 2017).

CRM implementation in the banking sector includes integrated functions of marketing, sales, and service systems. CRM includes all business processes that can be used to combine elements of information about customers, responses to them, sales and marketing systems of businesses and predictions of market trends that might change. Other things that should be a concern for banking companies in implementing CRM are individuals (employees), technology, sales, products, and performance. All of these are interrelated elements and fully support the process of implementing value creation activities for customers through CRM.

The service excellence survey results reveal that national private banks can provide better quality from year to year. Implementing a suitable CRM will increase total customer satisfaction and create long-term healthy relationships with current or prospective customers through information management or performance enhancements that help with customer retention (Bashir, 2017). The establishment of a good CRM strategy is driven by a good approach by the company to consumers because, by understanding the personality of the customer, the company can find out the tendency of the customer to purchase goods. The company can carry out product marketing activities that are tailored to the tendency of the customer's personality to increase customer engagement (Ramadhanti, 2020).

Customer satisfaction has an impact on customer loyalty. Customer loyalty is the long-term impact of customer satisfaction. At a certain level, Customer satisfaction has a positive effect on customer loyalty (Grihani & Kusumadewi, 2021). Customers who are continually satisfied with their needs will be loyal to a particular bank. Other research was found that CRM has a significant effect on consumer satisfaction (Goranda & Nurhayati, 2021).

There is a positive and significant influence between the effectiveness of ECRM on the level of customer loyalty so that improving the quality and effectiveness of ECRM is very important to increase customer loyalty (Noviana, 2020). Furthermore, several CRM components have been proven to have impact customer loyalty (Karim & Habiba, 2020). Based on these definitions, it can be seen that the technology factor contributes quite significantly to such a vital role.

CRM activities within the company are basically aimed at helping companies recognize customers in more detail and serve them according to their needs. The principle of customer focus becomes the basic principle of implementing CRM in the company. CRM itself means a business process or marketing activity that manages all aspects of the customer's life cycle, from acquisition, fulfillment, and retention (www.itttelkom.ac.id). The company's comprehensive strategy towards implementing CRM makes every process of the customer's life cycle optimally utilized. The company cannot provide the same service to all customers because, in reality, not all customers provide maximum benefits to the company.

Satisfaction is defined as a feeling of pleasure or disappointment experienced by a person after comparing the performance (results) of a product to the expected performance (Kotler and Keller, 2016). A customer, if satisfied with the value provided by a product or service, is very likely to be a customer for a long time and is often referred to as a loyal customer. Customer satisfaction needs to be monitored and measured. This is because it can provide feedback and input for the development and implementation of strategies to improve customer satisfaction.

Tjiptono (2000:17) states that customer satisfaction must be accompanied by customer loyalty. Customers who are truly loyal have the potential to become word-of-mouth advocates, but are also likely to be loyal to the company's product or service portfolio for a long time. Loyalty in marketing is a condition that is being sought by marketers today. For marketers, customer loyalty is a measure of the company's survival.

Oliver in Pedersen and Nysveen (2004) tries to provide a definition of loyalty as a deep commitment to repurchase or re-select goods or services consistently in the future. Loyal customers are important assets of the company. This can be seen from the characteristics they have, as revealed by Griffin (2002). Loyal customers have the following characteristics: (a) making regular purchases; (b) buying outside the product or service line; (c) recommending products to others; and (d) showing immunity from the attractiveness of similar products produced by competitors. Customers who are considered loyal will subscribe or repurchase for a certain period of time, and loyal customers are very meaningful to the company because the cost of getting new customers is higher than maintaining old customers.

Through interaction, the relationship between the company and the customer that takes place continuously will help the company obtain information about customers through feedback that is given by customers about their needs and desires (Dimiyati, 2009). Therefore, another thing that continues to be built by CRM is the culture of relationships between the company and its internal and external companies, especially customers, for the sake of establishing long-term harmonious relationships through the influence of customer satisfaction that continues to grow. Customer satisfaction is one of the triggers for customer loyalty. Because if the customer is satisfied with the goods or services offered by the company, the customer will likely remain loyal to using the product or service that has been offered by the company. If customer satisfaction is high in the long term, then the customer will be loyal to the retailer.

At present, the growth of government commercial banks in East Java is growing rapidly. This caused intense competition in the private banks. In their operations, the government commercial banks in East Java not only offer the right products to their customers, but must be accompanied by good quality services to them. In addition, the application of CRM, which includes employees, technology, sales, products, and performance, can appropriately support the efforts of the Government Commercial Bank in East Java to continue to exist and compete with similar private banks. Private banks must be able to try to understand the desires and needs of their customers by implementing the CRM label in a good and consistent manner so that this is expected to be able to provide satisfaction to customers, who, in the long term, are expected to create customer loyalty.

II. LITERATURE REVIEW

This study aims to examine: the impact of CRM implementation on customer satisfaction and loyalty of Government Commercial Banks in East Java; and to test the effect of customer satisfaction on customer loyalty of Bank Mega in Jember branch. CRM has an important role in customer satisfaction as evidenced by several previous studies which found that CRM had a positive and significant effect on customer satisfaction (Grihani & Kusumadewi, 2021) (Gopalsamy & Gokulapadmanaban, 2021) (Goranda & Nurhayati, 2021) (Sheikh, Hamdy, Halim, & Hamdy, 2020) (Kalaiarasi & Mugunthan, 2020). Meanwhile, the existence of CRM is also proven to have an influence on customer loyalty. The effect of CRM on customer loyalty is found in several previous research results. Previous research states that there is a positive and significant relationship between CRM and customer loyalty (Noviana, 2020) (Karim & Habiba, 2020) (Grihani & Kusumadewi, 2021) (Gopalsamy & Gokulapadmanaban, 2021) (Khan, Salamzadeh, Iqbal, & Yang, 2022).

The relationship between satisfaction and customer loyalty has been investigated by several previous studies. research conducted by past researchers found that there is a positive and significant relationship between customer satisfaction and customer loyalty (Grihani & Kusumadewi, 2021) (Goranda & Nurhayati, 2021) (Sheikh, Hamdy, Halim, & Hamdy, 2020). Referring to previous research, the following research hypotheses are proposed:

1. CRM has a significant positive impact on customer satisfaction of Government Commercial Banks in East Java;
2. CRM has a significant positive impact on customer loyalty of Government Commercial Banks in East Java;
3. Satisfaction has a significant positive impact on customer loyalty of Government Commercial Banks in East Java.

III. RESEARCH METHODOLOGY

The population of this study is all saving customers of the General Government in East Java. Population representation by the sample in research is an important requirement for generalization. According to Sekaran (2003: 252), decision sampling must take into account sample design and sample size. Sample sizes that are too large (more than 500) can also be a problem because they are prone to errors. So a sample size that is too large or too small will not help the research project.

The equation model used in this study is Structural Equation Modelling (SEM) with the AMOS program package, so the size of the sample size has an important role in the interpretation of SEM results. The sample size is used to estimate sampling error (Ghozali, 2009: 64). The estimation model uses the minimum maximum likelihood (ML) required for a sample of 100. If the sample is raised above the value of 100, the ML method increases its sensitivity to detect differences between data. Once the sample becomes large (above 400 to 500), the ML method becomes sensitive and always makes a significant difference, so that the goodness of fit size is poor. So it can be recommended that a sample size of between 100 and 200 be used for the ML estimation method. The number of samples in this study was set at 120 respondents. This was obtained from the total number of all indicator variables used in this study, which were 12 indicators multiplied by 10 ($12 \times 10 = 120$).

The sampling method using non probability sampling is convenience sampling. This is done because the population is not limited (there is no population survey because customer data is bank secrecy), so it cannot use the probability sampling method. The respondent's requirements are: (a) respondent aged ≥ 17 years because he already has an identity card which is one of the conditions required to become a savings customer at the Government General Bank; (b) the respondent has been a customer of a Government Commercial Bank in East Java for at least 1 year. There are three variables analyzed in this study namely CRM as an exogenous variable, customer satisfaction as an intervening variable, and customer loyalty as an endogenous variable. This type of measurement uses multilevel measurement with a Likert scale. The range of scales used to measure degrees strongly disagrees to strongly agree for each indicator weighing 1 (one) to 5 (five):

CRM (X₁) is a core strategy in the bank business that integrates internal processes and functions with all external networks to create and realize value for the target customer profitably. The CRM in question is Bank Mega's employee, technology, sales, products, and performance in the Jember branch. Employees are people who work at the Bank Mega Jember branch to serve customers in relation to providing services, handling problems experienced by customers, and customers' complaints about bank business activities. This indicator is measured through statement items: employees can communicate well, be friendly and responsive in responding to problems faced by their customers. Technology is a tool or system used by Bank Mega Jember branch to help the process of service or transaction influence the satisfaction of its customers, either directly or indirectly. This indicator is measured through statement items: computers are not outdated, ATM machines are available, and the availability of online transaction facilities. Sales is the process of offering or providing sales information made by the Bank Mega branch of Jember to its customers about the services provided and can be utilized to provide convenience in conveying the benefits of goods or services. This indicator is measured through items such as: information about bank products and services is adequate; promotions are often found. Products are goods or services offered by Bank Mega in Jember that can be utilized by its customers to meet the needs associated with the bank. This indicator is measured through items like guaranteed security, the amount of interest on savings, and the lottery. Performance is the process of employee performance at the Bank Mega Jember branch in completing each job that has been determined in accordance with their respective fields. This indicator is measured through items such as: ease of taking savings, work accuracy, and work quality indicators.

Customer Satisfaction (Y₁) is the level of customer feeling happy or disappointed that comes from his impression of the performance and service of the Mega Bank Jenber branch and the expectations of its customers. Measuring customer satisfaction is divided into three indicators: satisfaction with the product,

satisfaction with the quality of service and satisfaction with the benefits of the product. Satisfaction of the product / service ($Y_{1.1}$) is the customer's feeling as a result of the assessment of services / products obtained from the Mega Bank of Jember branch. This indicator is measured by items: the customer's feelings about the goods / services offered by the bank, the completeness of the products / services offered, the aesthetics of the ATM / savings card, the level of security of the ATM / savings card. Satisfaction of service quality ($Y_{1.2}$) is the feeling of the customer as a result of an assessment of the quality of services provided by private banks in the city of Jember. This indicator is measured through items: customer feelings about the reliability of employees in providing services, customer feelings on the security guarantee provided by the bank to customers, both security in conducting transactions, as well as customer service / teller accuracy. Satisfaction of the benefits of the product / service ($Y_{1.3}$) is the customer's feeling as a result of evaluating the benefits of the product or service provided by the Bank Mega branch of Jember. This indicator is measured through items: the customer's feelings about the benefits of the product / service, the customer's feelings about the ease of obtaining the product / service.

Customer Loyalty (Y_2) is the intention of customer behavior expressed in a long time to continue to choose the products / services offered by Bank Mega Jember branch. Customer loyalty is measured by four indicators: intention to repurchase ($Y_{2.1}$); intention to say positive things about the company to others ($Y_{2.2}$); intention to recommend the Mega Bank of Jember branch to others ($Y_{2.3}$); intention to provide personal information to the Mega Bank of Jember branch ($Y_{2.4}$). The intention to repurchase ($Y_{2.1}$) is the customer's intention to repurchase the product / service offered by the bank. This indicator is measured by item: the customer's intention to continue using the product / service. The intention to say positive things about the company to others ($Y_{2.2}$), is the customer's intention to provide good information to others. This indicator is measured through item: the customer's intention to say positive things about the company to others. The intention to recommend the Mega Bank of Jember branch to others ($Y_{2.3}$), is the intention of customers to recommend the advantages owned by the Mega Bank of Jember branch to others. This indicator is measured by item: the customer's intention to recommend and invite family or friends to choose in meeting the needs for banking transactions. The intention to provide personal information to the Jember branch of Mega Bank ($Y_{2.4}$), is the customer's intention to provide personal information to the Jember branch of Mega Bank regarding matters received by the customer when conducting banking transactions at the bank. This indicator is measured through items: the customer's intention to provide personal information and provide suggestions for improvement of products / services.

IV. RESULT AND DISCUSSION

The results of the validity and reliability test of the instrument with confirmatory factor analysis using the AMOS 5.0 program give results that all indicators of all latent variables studied are valid and reliable. This is indicated by the value of t (CR value) for loading factor (λ) for each indicator variable of all latent variables at a significance level of 0.05, the value is greater than the critical value (> 1.960), and the probability value is smaller than α (0,05), construct reliability of all latent variables is greater than 0.70.

Test results on SEM assumptions show that all SEM assumptions are met, namely: assessment of normality (CR) of -0.544 is between $-1.96 \leq CR \leq 1.96$ ($\alpha = 0.05$), so it can be said that multivariate data is normal. In addition, the normal univariate data is also indicated by all critical ratio values of all indicators are between $-1.96 \leq CR \leq 1.96$; the determinant of sample covariance matrix is 0.127, that is, the value is above zero, so it can be concluded that there is no multicollinearity and singularity problem in the analyzed data; Mahalanobis distance value based on the value of Chi squares at free degree 12 (number of indicator variables) at the level of $p < 0.05$ ($\chi^2 0.05$) is 21.0261 (based on the distribution table χ^2). So data that has a Mahalanobis distance greater than 21.0261 is a multivariate outlier. Outlier test results showed that none of the cases had a Mahalanobis distance greater than 21.0621, so it can be concluded that there were no multivariate outliers in the study.

The results of the model suitability test, with data as presented in Table 1 shows that of the eight criteria for the feasibility of the model, six criteria are met, so that the model is feasible and The results of testing with the AMOS program provide structural equation modelling results that show the relationship between latent variables such as Figure 1.

Table 1. SEM Suitability Index

Criteria	Cut Off Score	Results	Note
Chi Square	Expected to be small ($< \chi^2$ with df = 49 is 66.339, Prob > 0.05)	64.397 Prob= 0.69	Fulfilled
Sign. Probability	≥ 0.05	0.69	Fulfilled
RMSEA	≤ 0.08	0.06	Fulfilled
GFI	≥ 0.90	0.925	Fulfilled
AGFI	≥ 0.90	0.880	Not Fulfilled
CMIN/DF	≤ 2 or 3	1.314	Fulfilled
TLI	≥ 0.95	0.954	Fulfilled
CFI	≥ 0.95	0.939	Not Fulfilled

Source: SEM Analysis Results with AMOS Version 5.0.

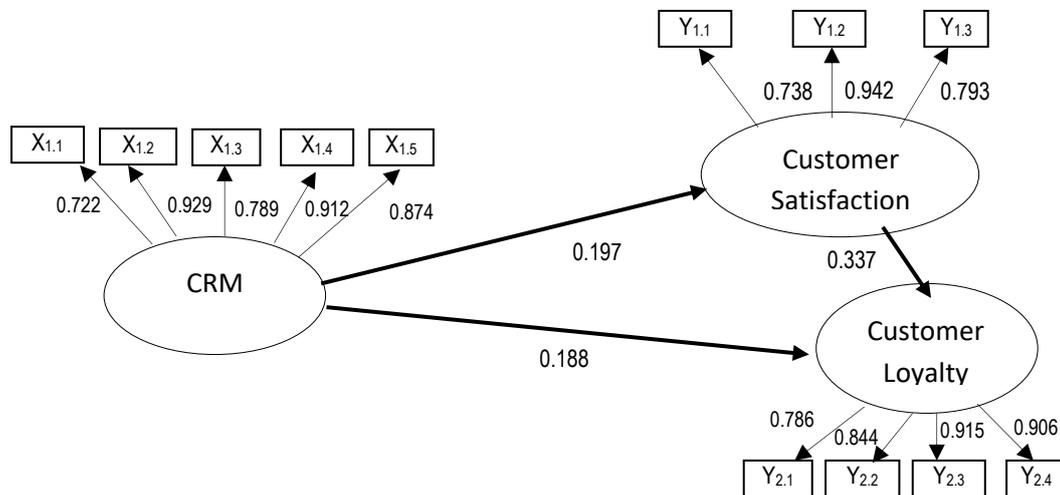


Figure 1. Effect of CRM on Customer Satisfaction and Loyalty

The next step is to test the causality of the hypothesis developed in the research model. Testing the path coefficients in detail is presented in Table 2.

Table 2. Causality Test Results

Variable	Path Coefficient	C.R	Probability	Note
$X_1 \rightarrow Y_1$	0.197	1.964	0.050	Significant
$X_1 \rightarrow Y_2$	0.188	1.999	0.046	Significant
$Y_1 \rightarrow Y_2$	0.337	3.425	***	Significant

Note: *** the value is close to zero

Source: SEM Analysis Results with AMOS 5.0 Programs.

Hypothesis 1:

Government commercial banks in East Java have a significant impact on customer satisfaction. The results showed that CRM had a significant impact on customer satisfaction with the direction of a positive relationship as seen from a positive path coefficient of 0.197 with a CR of 1.964 and a significant probability (p) of 0.050,

which was found to be equal to the required significant level of 0.05. This means that CRM has a significant direct impact on customer satisfaction in a positive direction, which means that if customer perceptions of CRM increase (better), customer satisfaction will increase, and if customer perceptions of CRM decrease (worse), customer satisfaction will decrease. This result supports (accepts) the first hypothesis of this study, which means that CRM has a significant positive impact on customer satisfaction for government commercial banks in East Java.

The analysis shows that customers have a high perception of CRM that has been applied by the Government Commercial Bank in East Java, which is indicated by the customer's assessment of the five CRM indicators that have an average score of 3.92. In addition, customers feel satisfied with the performance of the government commercial banks in East Java, as indicated by consumer ratings of the three customer satisfaction indicators that have an average score of 4.022. This result implies that the CRM provided by the Government Commercial Bank in East Java has been able to fulfill the expectations of its customers, i.e., customers are satisfied with the CRM implemented by the Government Commercial Bank in East Java. Thus, a good CRM implementation can build customer satisfaction and the creation of government commercial banks in East Java.

Figure 1 shows that the strongest indicator as a CRM measure is a technology indicator with a loading factor value of 0.942, while the weakest indicator as a CRM measure is an employee indicator with a loading factor value of 0.722, which is the smallest loading factor value compared to other loading factor indicators. Therefore, improving the quality of CRM is done by giving a priority scale to improving the use of technology in the operations of government commercial banks in East Java.

One way to make sales of services to banks superior to its competitors is to provide more value than each CRM offers. CRM is a core strategy in business that integrates internal processes and functions with all external networks to create and realize value for target customers in a profitable manner. Logical and rational arguments for the acceptance of the first hypothesis are related to customer perceptions of CRM indicators that have been set by the Bank Mega branch in Jember and accepted. The most impactful technology is CRM. This is relevant because the technical factors, which include computers that are not outdated and other physical evidence, are easier to feel directly by customers who make banking transactions at the Bank Mega branch of Jember. In addition, another CRM that is sufficient to influence customer satisfaction is the product.

Product innovations launched by Bank Mega Jember branch are enough to affect customers' feelings of satisfaction. One product that affects respondents for Bank Mega customers in the Jember branch is individual loans. The easiness of credit procedures for customers, especially for private parties, is in accordance with the expectations of these customers. This is supported by the work of respondents who are customers of the Bank Mega Jember branch, the majority of whom are private employees. The results of this study are also in line with the results of research conducted by Mahsun (2006), which also obtained results that CRM has a significant impact on customer satisfaction.

Hypothesis 2:

CRM has a significant impact on customer loyalty of the Public Bank of the Government in East Java. CRM has a significant impact on customer loyalty with the direction of a positive relationship or CRM has a direct impact on customer loyalty, as seen from the results of a positive path coefficient of 0.188 with a CR of 1.999 and a significant probability (p) of 0.046, which is smaller than the required significant level of 0.05. These results support the second research hypothesis which means that the second hypothesis is proven (accepted).

The results of the analysis show that customers have a high perception of CRM that has been applied by the Government Commercial Banks in East Java, which is indicated by the majority of customer ratings of the five CRM indicators having an average score of 4. In addition, customers have felt high loyalty towards the performance carried out by the Government Commercial Bank in East Java as indicated by the customer's assessment of the four indicators of customer loyalty, most of which have a score of 4. This implies that CRM implemented by the Government Commercial Bank in East Java has been able to fulfill the expectations and desires of its customers, so that customers can feel loyal to the Government Commercial Banks in East Java.

Figure 1 shows that the strongest indicator as a measure of customer loyalty is the intention to recommend to others, with a loading factor value of 0.915, while the weakest indicator as a CRM indicator is the indicator of intention to repurchase, with a loading factor value of 0.786. Therefore, the formed loyalty will trigger the creation of positive word of mouth, which is very beneficial for the bank.

This means that the CRM carried out by the Government Public Bank in East Java in long-term has been able to create customer loyalty. One of the efforts to improve and utilize CRM is product innovation, employee training, improvement of technological facilities and physical evidence against the Government Commercial Bank in East Java. Customers who are continually satisfied with long-term needs can generate loyalty. The presence of customer loyalty at the Government Commercial Bank in East Java is supported by the period of respondents becoming the majority of customers for 2-3 years, where in that time period there is a commitment of customers to conduct banking transactions at the Government Public Bank in East Java, which also means that customers have been loyal to the Government Commercial Bank in East Java.

Customer loyalty is believed to be the last estuary of a bank service marketing journey, because loyal customers can be a positive basis for buying and selling products and services produced by the bank continuously and in a long term, so that the presence of loyal customers will be able to help the Bank General Government in East Java to still be able to exist and survive in increasingly fierce competition with similar banks. Customer loyalty is a long-term impact of customer satisfaction. In the process loyalty is generated by satisfaction, but the level of customer satisfaction that is able to form loyalty is actually a certain level of satisfaction rather than a mediocre level of satisfaction. The results of this study prove that the satisfaction provided by the Government Commercial Bank in East Java is not an ordinary level of satisfaction, evidenced by the creation of customer loyalty at the Mega branch bank Jember. The most visible variable of loyalty is the customer's intention to say positive things about the advantages of the Government Commercial Bank in East Java to others.

Hypothesis 3:

Customer satisfaction has a significant impact on customer loyalty for government commercial banks in East Java. The results showed a positive path coefficient of 0.337 with a CR of 3.425 and a significant probability (p) of 0.0001, which was less than the required significant level of 0.05. These results indicate that customer satisfaction has a significant impact on customer loyalty with the direction of a positive relationship or satisfaction has a direct impact on customer loyalty, which means that if customer perceptions of satisfaction increase, it will increase customer loyalty, and if customer perceptions of satisfaction decline, it will decrease loyalty for these customers. These results support (accept) the third hypothesis in this study.

The analysis shows that customers have a high perception of satisfaction that has been shown by customer ratings of the three indicators of customer satisfaction, most of which have a value of 4. In addition, the results of this analysis also show that customers have felt high loyalty towards the performance carried out. Therefore improving the quality of CRM is done by giving priority to the increase in the use of technology in the operations of the Government Commercial Bank in East Java, which is indicated by the customer assessment of the four indicators of customer loyalty, most of which have a score of 4. This implies that the satisfaction provided by the Government Commercial Bank in East Java has been in accordance with the expectations of its customers, which in the long term has been able to cause customer loyalty to the Government Commercial Bank in East Java.

Figure 1 shows that the strongest indicator as a measurement of customer satisfaction is an indicator of satisfaction with services with a loading factor value of 0.942, while the weakest indicator as a measurement of CRM is an indicator of satisfaction with products or services offered by government commercial banks in East Java with a loading factor value of 0.738. The results of this study mean that satisfaction with the product or

service offered, the quality of the services provided and satisfaction with the benefits of the product or service offered by the Government Commercial Bank in East Java has been able to create customer loyalty.

V. CONCLUSION

Customer satisfaction at government commercial banks in East Java is significantly affected by CRM, in a positive direction. This result proves that the CRM that has been implemented by Bank Mega Jember Branch properly and in accordance with the expectations of its customers, so that customers feel satisfied with the CRM. The findings of this study mean that the CRM provided by the government commercial bank in East Java has been able to fulfill the expectations of its customers, i.e., customers are satisfied with the CRM implemented by the government commercial banks in East Java. Thus, the implementation of good CRM can build customer satisfaction and the creation of government commercial banks in East Java;

The results of the study show that CRM has a significant impact on customer loyalty in the government of commercial banks in East Java in a positive direction. The results of the research succeeded in proving that the implemented CRM can be felt in accordance with the hopes and desires of its customers in the long term and cause customers to be loyal to the Government Commercial Banks in East Java. This implies that CRM implemented by the Government Commercial Bank in East Java has been able to meet the expectations and desires of its customers, so that customers can feel loyal to the Government Commercial Banks in East Java.

The results of the study indicate that customer satisfaction has a significant impact on customer loyalty in the direction of a positive relationship. This implies that the satisfaction provided by the Government Commercial Bank in East Java has been in accordance with the expectations of its customers, where in the long term the satisfaction has been able to cause customer loyalty to the Government Commercial Bank in East Java.

Based on the research findings, general conclusions can be drawn that a good CRM implementation by the Government Commercial Bank in East Java for its customers can be used to build customer satisfaction and loyalty. Or in other words, CRM has an important and significant role in the effort to create satisfaction and loyalty among bank customers. This research was conducted to examine the impact of the implementation of customer relationship management (CRM) on customer satisfaction and loyalty, as well as the impact of satisfaction on customer loyalty to the bank. Based on the results of the data analysis, the authors conclude that CRM has a significant positive impact on customer satisfaction and loyalty, and customer satisfaction has a significant positive impact on customer loyalty. Based on these results, the authors would like to suggest that the positive and significant influence of the two variables on customer loyalty is felt not only in the food industry but also in the banking industry, which is one of the most difficult, risky, and competitive industries. Therefore, the results produced in this study can enrich and increase the knowledge and understanding of society and academics in the context of customer relationship management and satisfaction, as well as the impact of these two variables on customer loyalty in the banking industry.

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