
ANALYSIS OF THE ROLE OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM) IN MAINTAINING CUSTOMER LOYALTY

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ABSTRACT

Customer loyalty has an important role in business continuity, considering that loyal customers tend to make purchases more often, provide recommendations, and have a high life-time value. In the midst of increasingly fierce business competition with a large selection of similar products and services, companies need to maintain customer loyalty to maintain a competitive advantage. One way to maintain customer loyalty is through the implementation of Customer Relationship Management (CRM). This study aims to analyze the role of CRM in maintaining customer loyalty. This study uses a qualitative approach with data collection techniques through literature studies. After the data is collected, data analysis is conducted through relevant data screening and data presentation, and a conclusion is drawn. The study results show that CRM is an important investment for companies that want to maintain customer loyalty. Companies can understand customer needs, provide personalized experiences, and improve service quality through CRM. CRM helps companies build strong, long-term relationships with customers, which ultimately positively impacts business growth and company sustainability. Therefore, implementing CRM can be used as an effective business strategy for companies amid increasingly fierce market competition.

KEY-WORDS

The role of Customer Relationship Management (CRM), customer loyalty, customer satisfaction, and business growth.



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INTRODUCTION

Businesses are experiencing increased competition, so retaining customers has become a significant challenge for many companies. Easier access to information and various product or service options in the market make customers more likely to switch to other providers if they do not feel adequate satisfaction or attention. When a customer feels dissatisfied with the service they have received and decides to do business with a company no longer, the company needs to invest time and resources to rebuild customer trust and loyalty (Rahayu et al., 2022). Therefore,

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customer loyalty is now a crucial element that is the key to the company's long-term success and has an important role in maintaining the stability of a dynamic company (Margarena & Auliya, 2020).

To compete and stay relevant, companies need to recognize and understand their customers better. One rapidly growing strategy to answer this need is the implementation of Customer Relationship Management (CRM). With CRM, companies can analyze customer preferences, design more personalized services, and increase positive interactions with customers, which can ultimately contribute to building stronger and more lasting collaborations (Kumar & Reinartz, 2018). Companies that succeed in customer relationship management (CRM) are generally able to sustain their business on a sustainable basis. In various industries, especially the service sector, the presence of customers is the main element that drives the wheels of business. Customers play a very important role as well as an actor and a business object, because customer satisfaction and loyalty determine the company's success (Andajani & Badriyah, 2017).

Currently, various CRM systems are on the market, and they have been created as a company's effort to manage customer relationships more effectively. The enterprise application software market alone was valued at around 241 billion US dollars in 2020, demonstrating the importance of CRM in the ever-evolving needs of businesses. The system is built on a combination of business requirements, customer needs, and industry best practices to create a comprehensive solution (Nilashi et al., 2023).

CRM is a strategic approach that integrates technology, processes, and business practices in managing customer interactions. With a CRM, companies are better able to understand customer needs, preferences, and behaviors, thereby helping companies provide more personalized and relevant services (Wibowo, 2023). CRM not only improves customer experience, but also becomes an important factor in maintaining continuous customer loyalty (Aziza & Sari, 2019; Zahida, 2023). With an analysis of customer behavior patterns and needs, companies are expected to be able to improve the quality of services provided, strengthen customer loyalty, and ultimately increase business revenue (Rahayu et al., 2022).

However, even though the importance of CRM has been widely recognized, many companies still have not implemented it optimally. Common obstacles often faced include a lack of in-depth understanding of customer behavior, unstructured data management, and misalignment between CRM strategy and customer needs. As a result, CRM programs are often ineffective and fail to have a significant impact on customer loyalty (Rosalina et al., 2017).

Various studies have shown the role of CRM in increasing customer loyalty, although the results vary depending on the field. For example, Aziza and Sari's (2019) Research that tested CRM on Gojek customers in Padang City found that CRM impacts customer satisfaction. Customer satisfaction plays a mediating variable in the relationship between CRM and customer loyalty. However, the study also revealed that CRM does not directly affect customer loyalty.

In contrast, Zahida's (2023) research conducted on Mixue customers in the Greater Jakarta area showed different results. In this study, CRM is proven not only to influence customer satisfaction but also to directly affect customer loyalty. In addition, customer satisfaction also mediates the influence of CRM on customer loyalty, showing a relationship between these three variables.

Another research by Arianty and Marfah (2023) explains that CRM has an effect on customer loyalty. In the study, CRM showed the highest t-statistical value compared to other factors tested, signaling its important role in maintaining customer loyalty. In contrast, Astuti and Indriastuti (2021) found that although CRM positively influences customer loyalty, the influence is not significant. In this study, customer value turned out to have a more significant impact on customer loyalty, indicating that customer value factors may play a greater role in creating loyalty than the CRM itself.

Previous research has shown that CRM is closely related to increased customer loyalty. This research offers a novelty with a more in-depth qualitative approach to understanding the role of CRM sustainably through statistical data and explaining how CRM relates to increasing customer loyalty in more detail. This research is expected to enrich the literature in the field of marketing management, especially in CRM strategy and customer loyalty. For business practitioners, this study's results can guide the design and implementation of an effective CRM to increase customer loyalty. From a policy perspective, the study can also serve as a reference for policymakers in the business and industrial sectors, encouraging the integration of CRM as part of the company's operational standards. So, the main objective of this study is to analyze the role of CRM in maintaining customer loyalty.

While there has been a substantial body of research on the role of Customer Relationship Management (CRM) in enhancing customer loyalty, a gap remains in understanding the deeper, more nuanced mechanisms through which CRM contributes to long-term business success, especially in industries where customer expectations are rapidly evolving. Most studies have focused on quantitative analyses of CRM effectiveness, often overlooking the qualitative aspects of customer relationships, such as personalized service and proactive communication. Additionally, limited research specifically addresses the integration of CRM with modern technologies, like AI and data analytics, to enhance customer loyalty strategies in a dynamic market. This research aims to bridge this gap by providing an in-depth analysis of CRM's role in customer loyalty, focusing on qualitative insights and contemporary CRM practices.

This study brings a fresh perspective by adopting a qualitative approach to explore the role of Customer Relationship Management (CRM) in maintaining customer loyalty, which is less emphasized in existing literature. While CRM is widely studied from a statistical standpoint, this research explores the interpersonal and technological aspects of CRM in more depth. It investigates how CRM systems can foster deeper, more meaningful customer relationships, especially when integrated with modern technologies such as artificial intelligence and big data analytics. The study's focus on these contemporary integrations and their direct impact on customer loyalty offers a new understanding of CRM's potential in today's highly competitive business environment.

The primary objective of this study is to analyze the role of Customer Relationship Management (CRM) in maintaining and enhancing customer loyalty. The study uses a qualitative research methodology to understand how CRM helps companies create personalized customer experiences, improve customer satisfaction, and build long-term relationships. The research also aims to identify the key factors that contribute to the success of CRM strategies, including the role of modern

technologies and data-driven approaches in fostering customer loyalty in today's competitive markets.

The findings of this research offer significant benefits to both business practitioners and academics. For companies, it provides practical insights into how CRM systems can be effectively implemented to retain customers, increase satisfaction, and improve long-term profitability. Businesses can enhance their customer loyalty strategies by identifying best practices and potential pitfalls in CRM implementation. For researchers, this study contributes to the academic literature by offering a qualitative perspective on CRM's impact, adding value to the growing body of knowledge on customer relationship management. Additionally, policymakers in the business sector can use the study's findings to encourage the adoption of CRM practices aligned with current technological trends, ultimately contributing to more sustainable business practices.

RESEARCH METHOD

This research method uses a qualitative approach that aims to deeply understand the phenomenon by collecting descriptive data from the research subject. This approach focuses on a detailed and contextual analysis of the collected data, providing richer insights into the interactions and communications in the research. According to Waruwu (2023), qualitative research is carried out in a natural situation, so that the interaction between the researcher and the research subject takes place under real conditions, without intervention that changes the subject's behavior. This method is perfect for understanding social situations, constructing complex social phenomena, and finding hypotheses or theories that can provide a new understanding of the phenomenon. In this study, the data collection technique used is library research. Literature studies are carried out by reading, recording, and processing information from various sources such as books, scientific journals, magazines, newspapers, and other relevant documents. Through literature studies, researchers can gain broad and in-depth insights from various perspectives and strengthen the theoretical basis of the research conducted. After the data is collected, the analysis begins by filtering the relevant data so that the information used is in accordance with the research objectives. The filtered data is then presented systematically to facilitate understanding, and continues with the conclusion-drawing stage. This analysis process helps researchers produce meaningful and valid findings based on in-depth observation and contextual understanding of the data collected.

RESULT AND DISCUSSION

Customer Relationship Management (CRM) is a system that functions to help improve the company's relationship with customers through the management of customer interaction data, deepen understanding of customer needs, and offer more personalized services (Damanik & Siregar, 2021). CRM plays a crucial role in maintaining customer loyalty because these systems allow companies to create a more satisfying and relevant experience for each customer. By collecting and analyzing customer data, companies can understand consumer preferences and behaviors that allow them to provide offers that suit individual needs, thereby increasing the chances of customers staying loyal to the company (Kifti & Swaradan, 2020).

Customer Relationship Management (CRM) helps companies create long-term customer relationships by managing interactions and understanding their needs more deeply (Walenta et al., 2023). CRM allows companies to record and analyze customer data, including purchase history, preferences, and previous interactions, so that the company can provide more personalized and responsive service. This creates a sense of appreciation in customers, which, in turn, increases customer trust in the company and strengthens a long-term, sustainable relationship (Ngelyaratan & Soediantono, 2022).

CRM allows companies to identify customers who are most valuable to the business and pay special attention to them. With the data collected, companies can devise specific strategies for these customer segments, such as exclusive offers or premium services that drive loyalty (Syahputro et al., 2023). By maintaining high-value customer satisfaction, companies maintain revenue from existing customers and reduce the costs required to find new customers. Thus, CRM is a valuable investment to increase customer loyalty and create sustainable growth for the company (Hermawanto & Ratnamurni, 2024).

In addition, CRM also makes it easier to handle customer complaints and resolve customer problems quickly and effectively. CRM records the entire history of customer interactions so that customer service teams can provide more responsive solutions based on the history of existing problems. When customer issues can be resolved quickly and satisfactorily, it increases customer trust in the company, increasing their loyalty (Alzahra & Harahap, 2024). In other words, CRM is not just a marketing tool but also an important tool in improving customer satisfaction.

In the digital age, the integration of Customer Relationship Management (CRM) with modern technologies such as artificial intelligence (AI) and data analytics has revolutionized the way companies personalize services (Adlan, 2024). This technology allows companies to collect, analyze, and segment customer data in depth so that they can understand customer preferences and needs more accurately. By using AI, companies can predict future consumption trends, so they can be more proactive in offering services or products that are relevant and meet customer needs (Sibarani et al., 2024).

This data-driven approach makes the interaction between the company and customers more personal and relevant. Through consumer behavior analysis, companies can automatically send promotions or product recommendations to customers who are predicted to be interested. This step not only strengthens the company's relationship with customers but also makes customers feel valued because the company understands their needs. The result is increased customer loyalty that can provide long-term benefits for the company (Gofar, 2024).

The success of implementing Customer Relationship Management (CRM) in maintaining customer loyalty is highly dependent on the company's ability to innovate in customer relationship strategies continuously (Febrianti & Supriyoso, 2024). Companies that can effectively leverage CRM have the flexibility to adjust their strategies as customer needs and preferences change quickly. Innovation in services, products, or ways of interacting with customers will create a more relevant and personalized experience, which in turn increases customer satisfaction and loyalty (Maranto et al., 2024).

With the right implementation, CRM not only serves as a tool to retain existing customers, but also as a foundation for creating sustainable added value

(Soendari & Sastika, 2024). CRM allows companies to identify new opportunities, improve operational efficiency, and build stronger customer relationships. As a result, companies not only retain loyal customers but also potentially increase long-term growth by expanding market share and attracting new customers (Amelia et al., 2023).

Thus, leveraging technology and customer data, CRM allows companies to understand customer needs and preferences more deeply, which in turn can improve the customer experience. Effective CRM implementation can strengthen communication, personalize services, and provide added value to customers. This not only helps to retain existing customers but also increases their satisfaction and loyalty to the brand or company, ultimately positively impacting the growth and sustainability of the business.

CONCLUSION

The results of the study found the importance of Customer Relationship Management (CRM) as a strategic investment for companies that want to maintain customer loyalty in the midst of fierce business competition. CRM can serve as a tool for understanding customer needs, thus creating a foundation for a solid, long-term relationship with customers. Through the use of CRM, companies can collect and analyze customer data comprehensively, covering aspects such as demographics and purchase history. This analysis provides an in-depth understanding of individual customer profiles, helping companies craft more relevant and personalized offers, consequently increasing customer appeal. Additionally, CRM allows companies to present personalized experiences by identifying each customer's specific preferences and needs. This encourages the company to improve service quality, create experiences that match customer expectations, and build a strong positive impression. Quick and effective response to customer queries or complaints is also an important aspect that CRM enhances, resulting in a better customer experience and fostering loyalty.

High customer loyalty ultimately positively impacts business growth and company sustainability. So, by implementing CRM effectively, companies can create closer customer relationships, increase satisfaction, and secure sustainable revenue. This research recommends that companies consistently utilize CRM to optimize customer relationships, adjust services according to changing needs or market trends, and continuously improve the overall customer experience. This strategy is important for retaining customers and strengthening the company's position in the market.

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