

## **Effect of Service Quality and Customer Relationship Management on Customer Loyalty: Company Image as an Intervening Variable**

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### **ABSTRACT**

*This research aims to analyze the influence of service quality and customer relationship management through the company's image on the customer loyalty of Alfamart in Semarang City. The sampling method uses a purposive sampling technique, number of 100 respondents. The data collection methods used are questionnaires, and interviews. The analysis method is path analysis with 2 structural models. The results of the reseach found that there was a significant influence between service quality and customer relationship management at Alfamart customer loyalty in Semarang City. There is a significant positive influence between service quality, customer relationship management, and company image on customer loyalty. Meanwhile, in the multiple linear regression analysis, it found that service quality has a direct effect on customer loyalty; customer relationship management also has a direct effect on customer loyalty. In this research, it was also found that the quality of service has an indirect influence on customer loyalty through the company's image. Customer relationship management also has an indirect influence on customer loyalty through the company's image.*

**Keywords:** *Service Quality, Customer Relationship Management, Company Image, Customer Loyalty*

## **Pengaruh Kualitas Layanan dan Manajemen Hubungan Pelanggan terhadap Loyalitas Pelanggan: Citra Perusahaan sebagai Variabel Intervening**

### **ABSTRAK**

Penelitian ini bertujuan untuk menganalisis pengaruh kualitas Pelayanan dan *Customer Relationship Management* melalui Citra Perusahaan terhadap Loyalitas Pelanggan Alfamart di Kota Semarang. Metode pengambilan sampel menggunakan teknik *purposive sampling* dengan jumlah sampel 100 orang responden. Metode pengumpulan data yang digunakan adalah kuesioner dan wawancara. Metode analisis yaitu *path analysis* dengan 2 model struktural. Hasil penelitian ditemukan terdapat pengaruh signifikan antara kualitas pelayanan dan *customer relationship management* terhadap loyalitas pelanggan Alfamart di Kota Semarang. Terdapat pengaruh positif signifikan antara kualitas pelayanan, *customer relationship management*, dan citra perusahaan terhadap loyalitas pelanggan. Sedangkan pada analisis regresi linear berganda ditemukan bahwa kualitas pelayanan berpengaruh langsung terhadap loyalitas pelanggan, *customer relationship management* juga berpengaruh langsung terhadap loyalitas pelanggan. Pada penelitian ini juga ditemukan bahwa kualitas pelayanan memiliki pengaruh tidak langsung terhadap loyalitas pelanggan melalui citra perusahaan. *Customer relationship management* juga memiliki pengaruh tidak langsung terhadap loyalitas pelanggan melalui citra perusahaan.

**Kata Kunci:** Kualitas Pelayanan, Customer Relationship Management, Citra Perusahaan, Loyalitas Pelanggan

## INTRODUCTION

The Indonesian economy has experienced high growth from year to year. Economic growth will trigger people's purchasing power to increase in various employment sectors. The increasing purchasing power of the people encourages companies in Indonesia to dominate the market in their respective fields. They compete with their competitors to get buying interest and consumer loyalty.

One of the business sectors experiencing rapid development is the retail sector. Retail can be understood as all activities involved in selling goods or services directly to consumers. Many people think that retail activities are just selling products. The fact is that retail activities also always involve services such as service delivery to customers' homes or other services that can increase the added value of goods and services consumed by customers.

Over time, consumer shopping behavior is increasingly changing. Consumers demand added value to shopping activities such as a place that is comfortable, clean, complete with facilities, a place to shop that provides a variety of products in one shopping place, or what we are used to in modern retail stores (Cheng, et al). This change in consumer behavior has resulted in modern retail stores being superior in the eyes of the public, and growing rapidly in Indonesia. Public assessment of modern retail stores. In Table 1 shows that the development of modern retail stores is growing rapidly in Indonesia, resulting in very tight competition between retail stores. Modern retail stores tend to be functionally, socially, and emotionally superior in the minds of consumers.

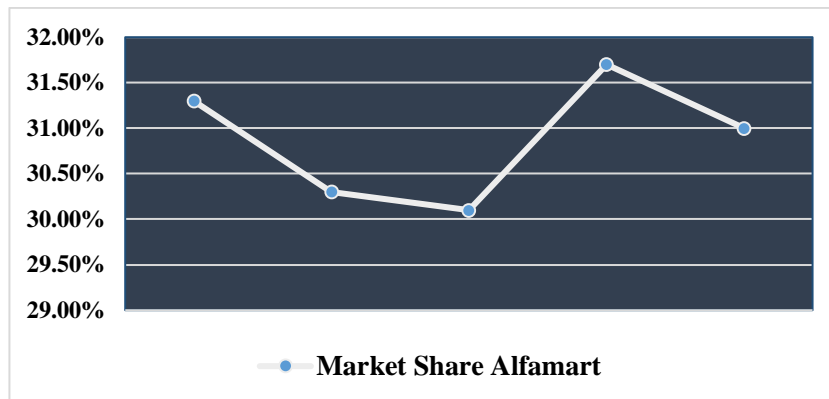
**Table 1.** Retail Stores With Consumer Value The Highest In Indonesia 2021

Retail Name	Points /100
Indomaret	42,9
Alfamart	37.5
Gramedia	27,4
Transmart Carrefour	23.5
ACE Hardware	20,1
Hypermart	19.5
IKEA	19.5
Sun	19.5
superindo	18,8
Alfamidi	17,9

Source: Goodnewfromindonesia.id

Alfamart, one of these retail stores, is a modern market that is widely known by the public. Alfamart is a modern minimarket that sells daily necessities that are often sought after by consumers. Unfortunately, retail stores similar to Alfamart are also scattered in all corners of Indonesia. A number of attractive offers at other retail stores can lead to the behavior of Alfamart customers who quickly get bored and switch from one store to another because of the many shopping options at retail stores and easy access to information from various shopping offers.

This consumer behavior makes Alfamart's customer loyalty level low. Consumers don't only buy at Alfamart stores just. This will affect the development and market share. Alfamart experienced fluctuations or even a decrease in the percentage of market share in the modern retail minimarket group. Market share statistical data from Alfamart which can be seen in figure.1.



Source: alfamart.co.id, 2022

**Figure. 1.** Alfamart Market Share Percentage 2018-2022

Figure 1 shows that there are fluctuations in the percentage of Alfamart's market share in the modern trade minimarket group. This means that in controlling the market Alfamart still has constraints related to total sales. This can happen if the customer has not made repeat orders at Alfamart or there is a lack of purchase retention by Alfamart customers themselves. In line with opinion(Simarmata et al. 2021: 113)which states that if the customer is loyal then the customer will always buy at that company, and will still choose that company over competing companies. This shows that Alfamart's customer loyalty is still not good.

There are several factors that cause Alfa's customer loyalty to be poor. According to (Valarie A, Mary, and Dwayne D 2017: 72) that to develop loyal customers, companies must be consistent in achieving the level of service that customers want. Valarie and Dwayne also explained that currently many companies are focusing on customer relationships to maintain long-term customer commitments with the company. Continuous improvement in service quality and consistent good customer relations (CRM) will improve the company's image in the long run. This means that if the quality of service and CRM will be good, creating a good corporate image in the eyes of customers will build high customer loyalty.

Alfamart's fluctuating market share makes it possible that the quality of services and activities of Alfamart's CRM to the community is still not good. This creates a bad image in the eyes of customers so that Alfamart's customer loyalty is not good which causes unstable total sales and fluctuations in Alfamart's market share percentage.

Based on this background, it is necessary to conduct research on how the Influence of Service Quality, CRM, Corporate Image on Customer Loyalty of PT Sumber Alfaria Trijaya Tbk (Alfamart) Semarang.

**Research purposes**

The research objectives are specifically formulated: Knowing the effect of Service Quality on Corporate Image; Knowing the influence of CRM on corporate image; Knowing the effect of Service Quality on Customer Loyalty; Knowing the influence of CRM on Customer Loyalty; Knowing the effect of Corporate Image on Customer Loyalty; Knowing the effect of Customer Service Quality (CRM) through Corporate Image on Customer Loyalty

This research can be used as input for the company's marketing management to increase Alfamart customer loyalty in Semarang.

## **Literature review**

### **Service quality**

Service Quality is a measurement of the level of service provided by the company with the service expected by consumers. A quality is said to be good if the service provider provides services that are on par with what the customer expects (Indrasari 2019). Service quality at retail stores is slightly different from service quality in general. This is because a number of dimensions of service quality in retail stores are not included in service quality in general.

### **Customer Relationship Management**

CRM is the process of carefully managing detailed information about an individual customer and all customer touch points to maximize customer loyalty (Buttle, Francis. 2019). A customer touch point is any opportunity where a customer encounters brands and products from an actual experience for personal communication or a period of observation. CRM is a management of customer information so that companies can increase the level of customer loyalty (Kotler 2021: 146)

### **Corporate Image**

Corporate image is the profile, reputation and special appeal of a company. A good corporate image can cause consumers to want to buy company products/services (Inoue 2018: 107). The company's image in the eyes of the public is a public opinion that perceives the reality that has occurred. This reality can be seen or known from social media or any media that is directly related to the public (Macnamara and Agung 2013: 13).

### **Customer loyalty**

Customer Loyalty includes behavior (Customer Retention) in which a customer repurchases a certain brand of goods at this time, rather than choosing a competitor's brand instead. Purchases made by loyal consumers are not random or commonly referred to as non-random actions. After covering the buying, repurchasing, and retention phases, the next phase is consumers expressing their behavioral loyalty to the company (Cavallone 2019:35)

### **Research Methods**

The research object is the consumer of the modern Alfamart store in the city of Semarang. Consumers as a sample of 100 people, have fulfilled the number of samples for multivariate analysis (Ferdinand, 2006). The sampling technique uses purposive sampling. The sample criteria are Alfamart consumers in the Semarang area, have made purchases more than 2 times, the minimum age is 17 years. Data analysis used the path analysis method, a 2-stage multiple linear regression analysis technique was used to analyze the influence between variables. Data processing using statistical software SPSS 23.

## **RESULTS AND DISCUSSION**

### **Validity test**

Validity test is used to measure the validity or validity of the questionnaire. A questionnaire is said to be valid if the questions in the questionnaire are able to capture something that will be measured by the questionnaire (Ghozali, 2016: 135).

**Table 2.** Research Variable Validity Test Results

Variable	Statements in the questionnaire	r count	r table	Sig.	Information
Quality Service	X1.1	0.704	0.3610	0.00	Valid
	X1.2	0.703	0.3610	0.00	Valid
	X1.3	0.696	0.3610	0.00	Valid
	X1.4	0.794	0.3610	0.00	Valid
	X1.5	0.711	0.3610	0.00	Valid
	X1.6	0.893	0.3610	0.00	Valid
	X1.7	0.656	0.3610	0.00	Valid
	X1.8	0.730	0.3610	0.00	Valid
	X1.9	0.790	0.3610	0.00	Valid
	X1.10	0.741	0.3610	0.00	Valid
CRM	X2.1	0.812	0.3610	0.00	Valid
	X2.2	0.801	0.3610	0.00	Valid
	X2.3	0.785	0.3610	0.00	Valid
	X2.4	0.826	0.3610	0.00	Valid
	X2.5	0.804	0.3610	0.00	Valid
Image Company	X3.1	0.725	0.3610	0.00	Valid
	X3.2	0.728	0.3610	0.00	Valid
	X3.3	0.564	0.3610	0.00	Valid
	X3.4	0.662	0.3610	0.00	Valid
	X3.5	0.807	0.3610	0.00	Valid
	X3.6	0.870	0.3610	0.00	Valid
Loyalty Customer	X4.1	0.813	0.3610	0.00	Valid
	X4.2	0.802	0.3610	0.00	Valid
	X4.3	0.742	0.3610	0.00	Valid
	X4.4	0.761	0.3610	0.00	Valid

Source: processed primary data, 2022

It can be seen in table 2 that all the questions used in this study proved valid with  $r_{count} > r_{table}$  and the significance value of all statement items was  $0.00 < 0.05$ . The research instrument was declared valid.

**Reliability Test**

According to Sugiyono (2017: 121) a reliable instrument is a research instrument when it is used several times to measure the same object, it will produce the same data. Instrument reliability testing was carried out using the Alpha Cronbach formula technique.

**Table 3.** Research Variable Reliability Test Results

Research variable	Cronbach's Alpha	Comparison Alpha	Information
Service quality	0.901	0.70	Reliable
<i>Customer Relationship Management</i>	0.858	0.70	Reliable
Corporate Image	0.807	0.70	Reliable
Customer loyalty	0.781	0.70	Reliable

Source: 2022 primary data

According to Ghozali (2016: 46) "a construct or variable is said to be reliable if it gives a Cronbach Alpha value ( $\alpha$ ) > 0.70". All Cronbach's alpha values on these variables were >0.70 so it was concluded that the research instruments were declared reliable.

#### Pathway Analysis Stage 1

Stage 1 path analysis uses multiple linear regression to measure the influence of Service Quality (X1) and CRM (X2) variables on the intervening variable Corporate Image (Z).

**Table 4.** Pathway Analysis Stage 1

	Standardized Coefficients Betas	t	sig
(Constant)		5,146	,000
Service quality	, 512	7,091	,000
CRM	,425	5,883	,000

Dependent Variable: Corporate Image

Source: primary data 2022

In table 4 it can be seen that the stage 1 regression equation:

$$Z = \beta_1 X_1 + \beta_2 X_2 + e_1$$

$$Z = 0.512 + 0.425 + 0.495$$

The results of these equations can be stated that:

a.  $\beta_1 = 0.512$ ,  $\text{sig} = 0.00$

The coefficient of the Service Quality variable (X1) has a positive nature and gives an effect of 0.512 on the Corporate Image variable (Z) with a significance value of 0.00. This means that if the variable Service Quality (X1) increases,

Corporate Image (Z) will also increase. If Service Quality (X1) has decreased, then Corporate Image (Z) has also decreased with the assumption that Customer Relationship Management has a fixed value or does not change.

b.  $\beta_2 = 0.425$ ,  $\text{sig} = 0.00$

Coefficient of Customer Relationship Management Variable (X2) has a positive nature and has an effect of 0.425 on corporate image with a significance of 0.00. This means that every time there is an increase in the Customer Relationship Management (X2) variable, the Corporate Image will also increase. If

Customer Relationship Management (X2) has decreased, then Corporate Image (Z) has also decreased with the assumption that Service Quality (X1) has a fixed or unchanged value.

- c.  $e1 = 0.495$   
The variance value of the corporate image variable which cannot be explained by the service quality and

customer relationship management variables is 0.495.

**Pathway Analysis Stage 2**

Stage 2 path analysis uses multiple linear regression to measure the effect of the variables Service Quality (X1), CRM (X2), and Corporate Image (Z) on the dependent variable Customer Loyalty (Y).

**Table 5.** Pathway Analysis Stage 2

	Standardized Coefficients	t	sig
Betas			
(Constant)		4,295	,000
Service quality	,252	4,460	,000
CRM	,429	8,043	,000
Corporate Image	,347	5,388	,000

Dependent Variable: Customer Loyalty  
Source: primary data, 2022

In table 5 it can be seen that the stage 2 regression equation is as follows:

$$Y = \beta_1 X_1 + \beta_2 X_2 + \beta_3 Z + e_2$$

$$Y = 0.252 + 0.347 + 0.429 + 0.313$$

- a.  **$\beta_1 = 0.252$  sig = 0.00**  
This means that the variable Service Quality (X1) has an effect of 0.252 on Customer Loyalty (Y) with a significance of 0.00. This means that every time the Service Quality variable (X1) increases, Customer Loyalty (Y) will increase j. If the Service Quality (X1) decreases, then Customer Loyalty (Y) also decreases with the assumption that Customer Relationship Management (X2) and Corporate Image (Z) have a fixed value.
- b.  **$\beta_2 = 0.429$ , sig=0.00**  
This means that the Customer Relationship Management variable (X2)

has positive properties and has an influence of 0.429 on Customer Loyalty (Y) with a significance value of 0.00. This means that every time there is an increase in the Customer Relationship Management variable (X2), Customer Loyalty will also increase. If Customer Relationship Management (X2) experiences a decrease, then Customer Loyalty (Y) also decreases with the assumption that Service Quality (X1) and Corporate Image (Z) are fixed or unchanged.

- c.  **$\beta_3 = 0.347$ , sig = 0.00**  
This means that if the Corporate Image variable (Z) has a positive nature and an influence of 0.347 on Customer Loyalty (Y). This means that every time there is an increase in the Corporate Image variable (Z), Customer Loyalty will also increase. If Corporate Image (Z) decreases, then Customer Loyalty (Y)



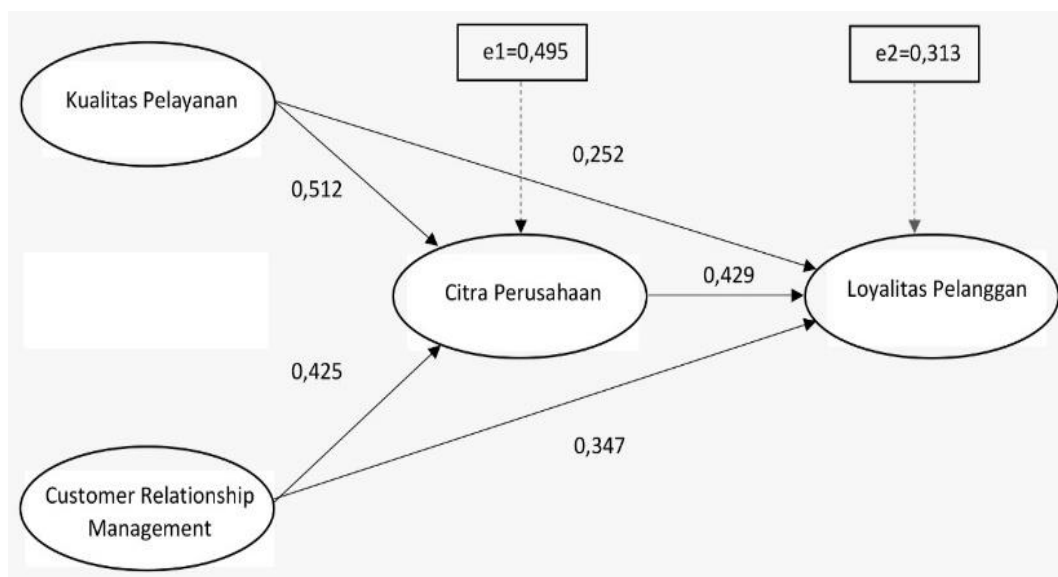
also decreases with the assumption that Service Quality (X1) and Customer Relationship Management (X2) are of fixed value.

explained by the service quality and customer relationship management variables, is 0.495.

So that it can be described the model of the results of this research path analysis as Figure 2.

**d. e1 = 0.313**

The variance value of the corporate image variable, which cannot be



Source: processed primary data, 2022

**Figure 2.** Path Analysis Model

**Indirect Influence**

The indirect effect between X1 through Z on Y is  $= 0.512 \times 0.429 = 0.219$ . This analysis shows that the indirect effect of Service Quality (X1) on customer loyalty (Y) through Corporate Image has a positive and significant effect of 0.21

The indirect effect between X2 through Z on Y is  $= 0.425 \times 0.429 = 0.182$ . This analysis shows that the indirect effect of X2

(CRM) through the variable Z (Corporate Image) on Customer Loyalty (Y) has a positive and significant effect of 0.182

**Determination Coefficient Test**

This test was conducted to find out how much the ability of the independent variables can explain the variations that occur in the dependent variable.

**Table 10.** Coefficient of Determination Test Results Stage 1

Summary models				
Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	, 868a	,754	,748	3.15496

Predictors: (Constant), CRM, Service Quality  
 Source: primary data,2023

The output results from the test of the coefficient of determination of the first regression model show that the Adjusted R Square value is 0.748, meaning that the influence of service quality and customer

relationship management variables on corporate image is 74.8%, while the remaining 25.4% is influenced by other variables. not explained in this study.

**Table 11.** Determination Coefficient Test Results 2

Summary models				
Model	R Square	R Square	Adjusted R Square	std. Error of the Estimate
2	,902	,902	,902	,902

Predictors: (Constant), Corporate Image, RM, Service  
 Source: 2023 primary data

The output of the test of the coefficient of determination of the regression model 2 shows that the Adjusted R Square value is 0.899, meaning that the contribution of the variables Service Quality, Customer Relationship Management and Corporate Image explains Customer Loyalty of 89.9%, while the remaining 25.4% is influenced by other variables which was not explained in this study.

**CONCLUSION AND SUGGESTION**

Conclusion of this research: Service Quality has a positive and significant effect on corporate image; Customer Relationship Management has a positive and significant effect on corporate image. Service Quality has a positive and significant effect on customer loyalty; Customer Relationship Management has a significant effect on customer loyalty; Corporate image has a

positive and significant impact on customer loyalty.

Service Quality has an indirect effect on Customer Loyalty through corporate image. Customer Relationship Management has an indirect effect on Customer Loyalty through Corporate Image.

**Suggestion**

Alfamart needs to increase customer loyalty by improving service quality on an ongoing basis. Improving the quality of service can be done by providing excellent service training to store employees.

Alfamart needs to improve the right CRM program according to consumer needs. Improving good relations with consumers can take advantage of CRM software to function as a media for consultation between customers and companies as well as the journey of converting customers into sales

revenue. The CRM program can be done by taking advantage of social media usage

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