

Wasi Bagasworo<sup>1</sup>

**INCREASED CUSTOMER LOYALTY WITH THE USE  
OF CUSTOMER RELATION MANAGEMENT THROUGH  
CUSTOMER SATISFACTION: ASSA RENT (CAR RENTAL)  
CASE STUDY, JAKARTA, INDONESIA**

*The aim of this study was to determine the extent of influence of customer relationship management on customer satisfaction and customer loyalty. Data was collected by the author from ASSA Rent customers in DKI Jakarta, Indonesia. The results show that both customer relationship management and customer satisfaction significantly influence customer loyalty. CRM is affecting customer loyalty through customer satisfaction as compared to direct influence on customer loyalty.*

**Keywords:** customer relationship management; customer satisfaction; customer loyalty; car rental; services provided.

*Peer-reviewed, approved and placed: 3.07.2016.*

Васи Багасворо

**ПІДВИЩЕННЯ КЛІЄНТСЬКОЇ ЛОЯЛЬНОСТІ ЧЕРЕЗ  
УПРАВЛІННЯ ВІДНОСИНАМИ ТА ЗАДОВОЛЕНІСТЬ КЛІЄНТІВ:  
НА ПРИКЛАДІ ФІРМИ З ПРОКАТУ АВТОМОБІЛІВ,  
ДЖАКАРТА, ІНДОНЕЗІЯ**

*У статті зроблено спробу визначити ступінь впливу системи управління відносинами з клієнтами на їх задоволеність та подальшу лояльність. Дані для аналізу було зібрано особисто автором серед клієнтів фірми «АССА Рент» (прокат автомобілів у м. Джакарта, Індонезія). Результати аналізу даних підтвердили, що система управління відносинами з клієнтами та їх подальша задоволеність суттєво впливають на формування лояльності. При цьому система управління відносинами впливає на лояльність не напряму, а опосередковано — через формування задоволеності наданою послугою.*

**Ключові слова:** управління відносинами з клієнтами; задоволеність клієнтів; лояльність клієнтів; прокат автомобілів; надані послуги.

*Рис. 2. Табл. 2. Літ. 15.*

Васи Багасворо

**ПОВЫШЕНИЕ КЛИЕНТСКОЙ ЛОЯЛЬНОСТИ ЧЕРЕЗ  
УПРАВЛЕНИЕ ОТНОШЕНИЯМИ И УДОВЛЕТВОРЁННОСТЬЮ  
КЛИЕНТОВ: НА ПРИМЕРЕ ФИРМЫ ПО ПРОКАТУ  
АВТОМОБИЛЕЙ, ДЖАКАРТА, ИНДОНЕЗИЯ**

*В статье сделана попытка определить меру влияния системы управления отношениями с клиентами на их удовлетворённость и дальнейшую лояльность. Данные для анализа были собраны лично автором среди клиентов фирмы «АССА Рент» (прокат автомобилей в г. Джакарта, Индонезия). Результаты анализа данных подтвердили, что система управления отношениями с клиентами и их дальнейшая удовлетворённость существенно влияют на формирование лояльности. При этом система управления отношениями влияет на лояльность не напрямую, а опосредовано — через формирование удовлетворённости предоставленной услугой.*

**Ключевые слова:** управление отношениями с клиентами; удовлетворённость клиентов; лояльность клиентов; прокат автомобилей; предоставленные услуги.

---

<sup>1</sup> Indonesia Banking School, Jakarta, Indonesia.

**Introduction.** Customer relationship management (CRM) is a form of relationship between companies and consumers that can use IT as a means of communication to convey satisfaction or dissatisfaction of consumers. A company can meet the needs and desires of consumers so well that it can establish long-term relationships between businesses and consumers reflected in consumer loyalty.

According to T. Coltman et al. (2011), CRM represents a strategy for both parties (company and its customers) through technology, data and customer knowledge. Today's marketing emphasized the importance of long-term good relations with customers and marketing infrastructure, which can create awareness and commitment in the form of a comprehensive relationship (Kotler and Keller, 2010).

Many companies are not able to retain old customers because of the lack of attention to strategic moves over loyal customers. Customer satisfaction can be used as a marketing tool in keeping consumers since attract a new customer costs more than fivefold, comparable with the costs of maintaining customer satisfaction and relationships with the existing customers (Kotler and Armstrong, 2013).

A consumer car rental company needs to maintain satisfaction in all aspects of service in order to get loyal customers. Smoothness of its CRM will ensure smooth operations with clients in achieving good financial performance. ASSA Rent is a company engaged in transportation services where customers have long-term needs, while innovations and improvement of facilities serve to create customer satisfaction and loyalty through CRM.

**Literature review.** The main purpose of relationship marketing is to actually find the lifetime value for a customer. After this lifetime value is obtained, the next goal is to keep the lifetime value for each customer group that continue to enlarge from year to year. After that, the third goal is use the profits gained from the first two objectives to gain new customers under relatively low costs. Thus, the long-term objective is to generate profit continuously from the two groups of customers: current and ones (Chan, 2003).

Customer relationship management (CRM) is the process of managing detailed information about each customer and carefully manage all "touch points" of customers in order to maximize their loyalty. Some basic customer relationship management according to (Kotler and Keller, 2010), can be seen as follows:

1. To identify prospective customers.
2. To differentiate customers based on their needs and values.
3. To interact with individual customers to increase knowledge about the needs of individuals and build a stronger relationship.
4. To modify products, services, and messages to each customer.

According to (Kotler and Armstrong, 2013) while forming a stronger bond with customers, relationship marketing can be carried through three approaches:

1. *Financial benefits.* Financial and economic benefits in the form of cost savings incurred by customer, granting vouchers, rewards and convenience as well as the method of payment deadlines.

2. *Social benefits.* Benefits obtained is to improve relations by studying the needs and wishes of customers, even provide something that is personal/individual, as advantages/benefits that can be felt directly by the user and the people around him/her.

3. *Structural ties.* Structural bonding will help build a stronger relationship with customers. The company will always help customers by providing information about everything that will help consumers.

Measurement of customer relationship management (CRM) as expressed by (Coltman et al., 2011) is divided into three terms of measuring: IT infrastructure, knowledge of HR and business architecture. Its almost the same to I. Gordon (2002), where CRM is a set of strategies and processes that create new value for individual customers, build preference for their organization and improve business results in lifetime relationships with customers. There are 4 key features in strategic CRM (Gordon, 2002):

- Technology that supports the ongoing process of CRM in an organization or company.
- People with certain skills, abilities and attitudes who set up CRM in an organization.
- The process of accessing and interacting with customers while creating value and satisfaction.
- Knowledge and understanding that companies use to add value to customer data so that they acquire knowledge and understanding necessary to deepen this relationship.

Customers have always formed an expectation value and act on the basis of expectations of the value obtained, so that they understand what really meets their expectations of value and at the same impact customer satisfaction and ultimately, this customer will make a purchase again (Kotler and Keller, 2010). This confirms that in the absence of customer satisfaction, for a company will be difficult to survive under competitive rivalry. Satisfaction is the level of one's feelings after comparing performance or perceived results with the expectations before purchasing or consuming a good or a service (Bhaskara et al., 2014).

According (Dutka, 1993) as quoted in V. Senjaya et al. (2013), one would need to compile 3 principal attributes to measure customer satisfaction, namely:

1. Consumer satisfaction of the attributes associated with the product (attributes related to product), among others:

- a) value-price relationship: the relationship between the price set by a company with the value obtained by a consumer, if the value obtained by the consumer exceeds what is paid, then an important basis for satisfaction has been created;
- b) product quality: assessment of quality of the products produced by a company;
- c) product benefit: an attribute or a benefit from products that are meaningful to consumer;
- d) product features: certain characteristics owned by company's products that distinguish it from the products offered by competitors;
- e) product design: a process for designing the shape and the main function of a product;
- f) product reliability and consistency: measurement of the possibility of a product to be broken or not working after a specific time period;
- g) range of product or service: a vast range of products or services offered by a company.

2. Satisfaction with service-related attributes, among others:
  - a) guarantee (warranty): is given by a company, so that a product can be returned if its performance is not satisfactory;
  - b) belivery: is showing the speed and accuracy of the process of delivery of products and services that the company provides to customers;
  - c) complaint handling: firm's response to complaints submitted by consumers;
  - d) resolution of problems: company's ability to help solve the problems faced by consumers.
3. Satisfaction of the attributes associated with a purchase, among others:
  - a) communication: submission of information by enterprises to consumers;
  - b) courtesy: respect, attention and hospitality provided by business entities while serving customers;
  - c) ease of convenience acquisition: amenity or convenience for consumers, especially in terms of costs and services relating thereto;
  - d) company reputation: reputation of a business entity that can affect consumers' views;
  - e) company's competence: ability and knowledge of an enterprise to realize the desires of consumers.

According to (Hassan et al., 2009) as quoted in W. Bagasworo et al. (2014) customer satisfaction can be measured by:

1. *Services received*. Explained through questions about getting a service.
2. *Satisfactory experience*. Explained through questions about obtaining a satisfactory experience.
3. *Provision of services*. Described by the questions whether this company is a good service provider.
4. *Option in using the service*. Described by the questions why this company became the primary choice in meeting the needs of consumers.
5. *Overall, satisfied with the service received*. Explained through questions about the company's services' overall satisfaction.

According to (Raza et al., 2012) definition of customer loyalty is a deep commitment between customers and the company related to re-purchase of goods or services and repetition in this behavior.

According to J. Griffin (2005), a loyal customer has the following characteristics:

1. Making purchase on a regular basis.
2. Buying other product/services of the same producer.
3. Recommending to others.
4. Showing the immunity to appeals regarding similar products from competitors.

There are 4 different types of loyalty according to J. Griffin (2005), namely:

1. *No loyalty*. Consumers have many reasons not to develop loyalty to a particular product or a service. Generally, companies must avoid buyers of this kind, because they will never be loyal customers, they only make a minor contribution to company's finances. The challenge is to avoid as many customers like this.

2. *Weak loyalty*. Weak attachment coupled with repetition of purchased generate weak loyalty (or inertia loyalty). It is called consumer buying habit. This is the kind of purchase "because we always use" or "because it was used". These buyers feel

the real level of dissatisfaction. This kind of loyalty is very common for frequently purchased products.

3. *Hidden loyalty*. Relatively high level of preference coupled with the low level of purchases is showing hidden loyalty (latent loyalty). When customers have a loyalty that is hidden, then the repeated purchase is the influence of the situation and not of the attitude.

4. *Premium loyalty*. Premium loyalty is the most frequent kind of loyalty which occurs when there is a high degree of relevance and the level of repeated purchases is also very high. This is the kind of loyalty preferred for all consumers in every company. At the highest level of preference the people are proud of finding and using certain products and love to share their knowledge with colleagues and family.

P. Kotler and K.L. Keller (2010) describes the measurement indicator of consumer loyalty through 3 features below:

1. Word of mouth: Recommending others to buy or refer to others.
2. Rejecting other propositions: Refusing to use other products or show resistance to pull out of competition.
3. Repeated purchasing: How often customers purchase.

**Problem statement and research objective.** Every service company, especially those working with authors and writers in maintaining its old customers should be able to establish a good relationship. Customer Relationship Management (CRM) is one of the strategies which can be implemented to support the achievement of these goals. This study focuses on customer relationship management processes and their effect on satisfaction and loyalty of customers at a vehicle rental service company, namely PT Adi Sarana Armada Tbk; also called ASSA Rent.

*The problem statement for this research:*

1. Does customer relationship management have significant positive effect on customer satisfaction at Jakarta branch of ASSA Rent?
2. Does customer satisfaction have significant positive effect on customer loyalty at Jakarta branch of ASSA Rent?
3. Does customer relationship management have significant positive effect on customer loyalty at Jakarta branch of ASSA Rent?

The purposes of this study are as follows:

1. Testing the effect of customer relationship management to customer satisfaction at ASSA Rent Jakarta branch.
2. To test the effect of customer satisfaction on customer loyalty at ASSA Rent Jakarta branch.
3. Test the effect of customer relationship management on customer loyalty at ASSA Rent Jakarta branch.

Basing on the review of research literature the three posed hypotheses and the research model are as follows:

**H1: Customer relationship management effects customer satisfaction.**

The results S.U.P. Bhaskara et al (2014) showed that CRM has its partial effect on customer satisfaction on the data of Tour & Travel In. Virgo Express and Tour & Travel Manado. The results of t-test showed that the t-value for the variable CRM for 3,636 is greater than the table t-value of 1.980 with the significance level of  $0.000 < 0.05$ . So CRM significantly effects customer satisfaction, the hypothesis was accept-

ed. While some previous studies has shown that CRM has partial effect on consumer satisfaction.

**H2: Customer relationship management effects customer loyalty.**

A. Wongkar (2013) research results showed that CRM had significant positive effect on customer loyalty. The analysis results demonstrated that the path coefficient (beta) on the table coefficients of 0.470 with 0.000 significance. Hence the significance value is < 0.05. The results of this study support the idea from (Brown and Stanley, 2000) suggesting that the relationship between a customer and a company will be stronger through the stages of CRM, which also included the maintenance of values that have been obtained by the customer that will thus form loyalty.

The four main features in strategic CRM according to (Gordon, 2002) in K. Imasari and K.K. Nursalin (2011) are: technology; people; process; knowledge, and all of them potentially may have positive influence on customer loyalty.

**H3: Customer satisfaction effects customer loyalty.**

The study conducted by (Ersi and Samuel, 2014) showed that customer satisfaction has a positive effect on customer loyalty for SMEs in Surabaya. This means that customer loyalty is determined by customer satisfaction. This was reinforced by research conducted by (Senjaya et al., 2013) who demonstrated that customer satisfaction with Tunjauan coffee shop Excelso Plaza Surabaya had a significant influence on customer loyalty.

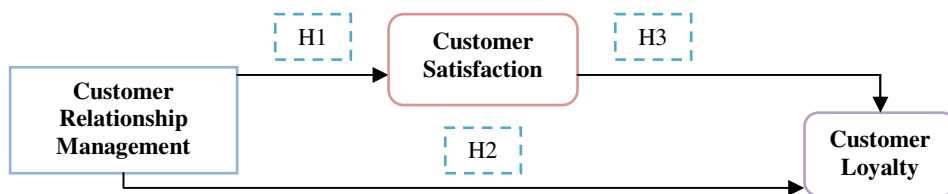


Figure 1. Research model, author's

**Key result.** Based on the results for overall model fit it can be concluded that the results of our study case are as follows (Table 1).

Table 1. Output regression weights, author's

Hypotheses	Path	Estimation	P	Conclusion
1	Customer Relationship Management → Customer Satisfaction	1.203	***	Supported
2	Customer Relationship Management → Customer Loyalty	0.741	<b>0.021</b>	Supported
3	Customer Satisfaction → Customer Loyalty	0.571	<b>0.001</b>	Supported

Therefore, key results of this study are:

**1. Customer relationship management has positive influence on customer satisfaction.** After data testing, we obtained the estimated value of 1.203 with p \*\*\*. This shows positive results with the probability value of less than 0.05. Therefore, CRM has a significant positive influence on customer satisfaction and thus the hypothesis can be accepted.

### **2. Customer relationship management has positive influence on customer loyalty.**

According to the results obtained, the estimated value is 0.741 with the p-value of 0.021. This shows positive results with the probability value of less than 0.05. Thus, we can claim that customer relationship management has a significant positive influence on customer loyalty, the hypothesis is accepted.

**3. Customer satisfaction has positive influence on customer loyalty.** The data, obtained by the estimated value is 0.571 with the p-value of 0.001 (smaller than 0.05). Customer satisfaction has significant positive influence on customer loyalty, and hypothesis is accepted.

**Conclusions and directions for further investigation.** SEM analysis can only proceed if the model results show that it can be included in the category of overidentified. This identification is done by looking at the value of degree of freedom (df) of the research model. AMOS output df value is 62. This indicates that the model belongs to the category of overidentified since it has a positive value of df. Therefore, SEM can proceed to the next stage.

The validity test is used to determine and measure how well the instrument is measured (Hair et al., 2010). Measurement validity is done by analyzing the test results from a number of 69 respondents to see the value of Kaiser-Meyer-Olkin measure of sampling adequacy, Bartlett's test of sphericity, anti-image and factor loading matrices. The test results showed that these all instrument are valid.

According to N.K. Malhotra (2010), with limits of Cronbach alpha values  $\geq 0.60$  the statements in the questionnaire are declared reliable, consistent, and relevant. Reliability test results show that all instruments are reliable.

From the results if the Goodness of Fit test (GoF), we can see that CMIN/DF indicates a good fit (good fit). GoF size of the other two, namely the RMSEA showed poor match fit and CFI showed good match fit. According to J.F. Hait et al. (2010) if there is one or more parameters declared fit, fit is also the model. Given the complexity of the overall equation modelling, it is not rare to find a model that has been proposed and is a poor fit, one of which is in this study. That's because the model proposed by the researchers suggested the SEM is different.

In this study we were trying to prove that CRM affects consumer loyalty both directly and through customer satisfaction. Our result is consistent with the research by D.Y. Ersi and H. Samuel (2014) and A. Wongkar (2013) which revealed that CRM is one factor influencing both customer satisfaction and customer loyalty. In comparison, the influence of CRM on customer loyalty through customer satisfaction is more important than the influence of CRM on customer loyalty directly.

The path diagram to specify our calculations using SEM for this research is as follows (Figure 2).

Some findings here can be inputs for further investigation for the companies determined to look for the greatest value of factor loading for each indicator of CRM, namely:

1. Companies must maintain a relationship with clients to get feedback on the service provided and arranged to have more specific feedback for clarity while evaluating these services (CRM 4.2).

ASSA rent has a proactive program to improve its services called FUAS (Follow Up After Service). The service advisor (SA) officer is obliged to check with a cus-

tomer at the maximum of 2 x 24 Hours on the results of the services performed or through customer complaints if any. If the complaints have not been fully resolved, then the team SA Officer will suggest to double check. But what happens in the field, many customers are reluctant to go back to the shop because of time, distance etc. Here the important role of the SA team officer or another contact person is needed to be able to educate the users of vehicles on all conditions and driving safety.

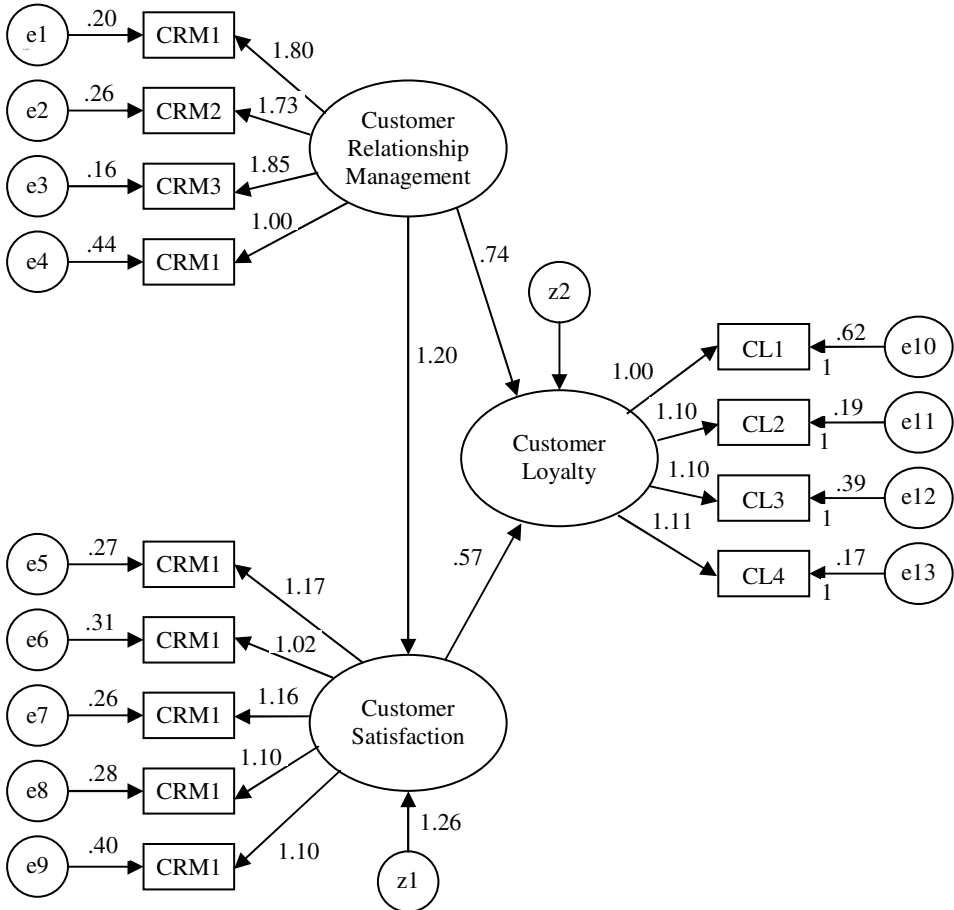


Figure 2. Path diagram, author's

2. Companies must continue to provide ease of administration and payments for customers (CRM 3.1).

ASSA Rent a Car has worked with several banks to receive payments or other non-cash payments. However, to facilitate this further ASSA Rent a Car should develop a website for online payments. This will ensure smooth payments and their easy administration.

3. Companies must ensure their employees always maintain good relations with customers (CRM 2.3).

ASSA Rent a Car has trained its employees well enough. However, the company should conduct such trainings at regular intervals, at least once a year, and reward best



Table 2. Validity of test results, author's

Variable	Indicator	Statement	KMO Test > 0.5	MSA > 0.5	Factor Loading > 0.5	Conclusion
<b>Customer Relationship Management</b>	CRM 1.1	1. Rent ASSA is easily accessible via the website, email and social media	0.845	0.900	0.677	Valid
	CRM 1.2	2. The use of SAP technologies in ASSA Rent helps customers know the status of a rental vehicle		0.859	0.732	Valid
	CRM 2.1	3. Employees of ASSA Rent demonstrate professionalism		0.879	0.743	Valid
	CRM 2.2	4. Employees of ASSA Rent are capable of serving well		0.825	0.673	Valid
	CRM 2.3	5. Employees of ASSA Rent always maintain good relations with customers		0.827	<b>0.763</b>	Valid
	CRM 3.1	6. Rent ASSA provides easy administration and payments to customers		0.835	<b>0.789</b>	Valid
	CRM 3.2	7. Rent ASSA provides 24 Hours Solution Center 500–369 easily accessible to customers		0.811	<b>0.750</b>	Valid
	CRM 3.3	8. Rent ASSA handles customer complaints quickly and precisely		0.846	0.726	Valid
	CRM 3.4	9. Rent ASSA is constantly improving service for an ongoing relationship with its clients		0.895	<b>0.761</b>	Valid
	CRM 4.1	10. Rent ASSA can understand wants and needs of customers through customer data analysis		0.919	0.665	Valid
<b>Customer Satisfaction</b>	CRM 4.2	11. ASSA Rent periodically and proactively solicits input from customers for further service improvement	0.878	0.523	<b>0.888</b>	Valid
	CS 1	1. I get a satisfactory vehicle rental service from ASSA Rent		0.863	<b>0.872</b>	Valid
	CS 2	2. I obtained a satisfactory experience as a customer of ASSA Rent		0.87	0.841	Valid
	CS 3	3. Rent ASSA is a provider of good vehicle rental, services		0.863	<b>0.887</b>	Valid
	CS 4	4. ASSA rent will be my top choice in meeting the needs for rental services		0.895	0.841	Valid
<b>Customer Loyalty</b>	CS 5	5. ASSA Services Rent overall satisfies me	0.780	0.912	0.762	Valid
	CL 1	1. I will give a positive testimony if asked by others about ASSA Rent		0.776	0.774	Valid
	CL 2	2. I am willing to recommend ASSA Rent to relatives, friends or family		0.785	<b>0.924</b>	Valid
	CL 3	3. I will make ASSA Rent most appropriate for others		0.759	0.850	Valid
	CL 4	4. I would order more vehicles from ASSA Rent when needed		0.795	<b>0.919</b>	Valid

employees for maintaining good relationship with consumers. This can be done through conducting a survey among consumers regarding the value from the services received.

The above findings correspond with the research results on consumer satisfaction where consumers stated that ASSA Rent a Car is a good vehicle rental service (CS 3) and also stated that they got satisfactory service (CS 1). Basing on other indicators of consumer loyalty, consumers of ASSA Rent a Car are willing to recommend this company to their relatives, friends etc. if the latter want to rent a vehicle (CL1) and consumers will rent more vehicles from the same company whenever needed (CL4).

Further research may refer to the following issues:

1. Further research may replace or add a variable other than CRM that can increase consumer satisfaction in driving consumer loyalty. That can directly improve consumer loyalty such as quality of service, marketing mix, and other marketing strategies.

2. Other studies may be performed with the same variables but at different times and places. In addition, the discussion can be complemented with different analysis tools that can generate meaningful input for companies and further research studies.

#### References:

- Bagasworo, W., Rima Dias, S.* (2014). Improved Student Satisfaction Through Quality Education Services. STIE Indonesia Banking School, Jakarta.
- Bhaskara, S.U.P., Mandey, S.L., Nelwan, O.* (2014). Customer Relationship Management (CRM) and Personal Sellig its effect on Customer Satisfaction in Virgo Express Tours & Travel Saturn. Journal EMBA, 2(1): 99–110.
- Chan, S.* (2003). Relationship Marketing: Marketing Innovations That Make Customers to its knees. Jakarta: Gramedia.
- Coltman, T., Devninney, T.M., Midgley, D.F.* (2011). Customer relationship management and firm performance. Journal of Information Technology, 26(3): 205–219.
- Ersi, D.Y., Samuel, H.* (2014). Analysis CRM, Customer Satisfaction and Loyalty Products Based on Raw Materials SMEs Wheat in East Jaya. Journal of Marketing Management, 8(1) = DOI:10.9744/pemasaran.8.1.1-8.
- Gordon, J.* (2002). Best Practices: Customer Relationship Management. Ivey Business Journal.
- Griffin, J.* (2005). Customer loyalty. Revised Edition, Jakarta: Erlangga.
- Hair, J.F., Black, W.C., Babin, B.J., Anderson, R.E.* (2010). Multivariate data analysis: A global perspective. Upper Saddle Rider: Pearson Education.
- Imasari, K., Nursalin, K.K.* (2011). Effect of Customer Relationship Management Customer Loyalty in PT. BCA Tbk. Focus Economics (FE), 10(3): 183–192.
- Kotler, P., Armstrong, G.* (2013). Principles of Marketing. 14th ed. Pearson Prentice Hall.
- Kotler, P., Keller, K.L.* (2010). Marketing Management. 12th ed. Prentice Hall.
- Malhotra, N.K.* (2010). Marketing Research: An Applied Orientation. Upper Saddle River: Prentice Hall.
- Raza, R., Rehman, Z.* (2012). Impact of relationship marketing tactics on relationship quality and customer loyalty: A case study of telecom sector of Pakistan. African Journal of Business Management, 6(14): 5085–5092.
- Senjaya, V., Samuel, H., Dharmayan, D.* (2013). Influence customer experience quality to customer satisfaction and customer loyalty in the café Excelso Tunjungan Plaza Surabaya: B2C perspective. Petra Marketing Management Journal, 1(1): 1–15.
- Wongkar, A.* (2013). Effect of Service Quality, Customer Value, Customer Relationship Management (CRM) for Customer Satisfaction and Customer Loyalty In PT. William Makmur Perkasa Manado, Vol. 1, No 3.