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The Effect of Service Quality and Customer Relationship Management (CRM) on Customer Loyalty

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ABSTRACT

This study aims to examine and prove the effect of Service Quality and Customer Relationship Management (CRM) on Customer Loyalty at Notary and Land Deed Making Officer (PPAT) A in Lamongan. This study uses a quantitative approach with multiple linear regression analysis. The number of samples taken is 102 respondents and data collection is implemented by questionnaires to obtain the data. The results of this study are that Service Quality and Customer Relationship Management simultaneously affect the customer loyalty at the Notary and Land Deed Making Officer (PPAT) A in Lamongan. The service quality and customer relationship management simultaneously have the significant influence on customer loyalty, and this is verified by the value of F_{count} is bigger than the value of F_{table} , namely $F_{count} (29.387) > F_{table} (3.12)$. The customer relationship management partially has a positive effect on customer loyalty and service quality variable partially has a negative effect on customer loyalty

Keywords: *Service Quality, Customer Relationship Management (CRM), Customer Loyalty.*

INTRODUCTION

In business competition, various methods are used by service providers for the competition with other companies. One way for it is to improve the service quality with customers by improving the good relations with customers. One of the hotly discussed marketing topics today is service quality. Service quality is the level of excellence expected and control over the excellence level to meet the clients need, how their habits are, and how the companies fulfill the customers' needs.

The marketing strategy is implemented for increasing the number of customers who come to use the services provided by the notary. Many strategies have been conducted, including improving the service quality. Various definitions of service quality stated by (Senjaya et al., 2020) that service quality is an activity of expected excellence and control over these advantages to meet the customer needs.

Service quality is a powerful weapon in the company's excellence, especially companies that engaged in the service sector. These advantages are to fulfill Customer Relationship Management (CRM). (Senjaya et al., 2020) states that service quality is an activity of expected excellence and control over these advantages to meet customer needs. Service quality is a form of customer assessment of the level of service perceived (perceived service) with the level of service expected (expected value) (Ardiansyah, 2017).

Customer loyalty begins from the customers' assessment of the product or service quality he receives (perception) based on the conceptualized expectations in their mind. These expectations arise from products or services that have been received previously (experience) as well as mouth to mouth news that reaches the customers. The assessment will lead to satisfaction and dissatisfaction. The customers will be satisfied when the quality provided has met or even exceeded their expectations.

Based on the research result conducted by (Yauwerissa & Putra, 2021) that service quality has a positive and significant effect on customer loyalty, along with the customer relationship management. This is in line with research by (Setiawan & Setiawan, 2021) that customer relationship management and service quality have an effect on the company's image at PT. National Pension Savings Bank, Tbk Banjarmasin Branch Office. Customer relationship management, service quality and company image affect customer loyalty at PT. National Pension Savings Bank, Tbk Banjarmasin Branch Office. Customer relationship management provides a greater influence on customer loyalty without going through the company image. The quality of service provided through a good corporate image will have a greater influence on customer loyalty.

Notary office and Land Deed Making Officer (PPAT) A which located at Ruko Demangan Residence No. 17 Sukomulyo, Lamongan Regency, was established in 2017 and has 12 employees with approximately 50 clients per year. Along with development era, more people are able to obtain the higher education to become a notary and Land Deed Making Officer (PPAT) and caused more parties are open their practice as a notary and land certificate maker official (PPAT), especially in Lamongan.

Based on the explanation above, this study aims to determine whether the service quality has a partial effect on notary customer loyalty and Land Deed Maker Officer (PPAT) A in Lamongan or not, is the Customer Relationship Management (CRM) has a partial effect on customers loyalty and Land Deed Making Officer (PPAT) A in Lamongan or not, and is the service quality and Customer Relationship Management (CRM) have a simultaneous effect on customer loyalty of Notary and Land Deed Maker (PPAT) A in Lamongan or not.

LITERATURE REVIEW

Marketing

Marketing is a social process that includes the activities needed to enable the individuals and organizations to get what they need and what they want through exchanges with other parties, also to develop the sustainable exchange relationships. (Tjiptono Fandy, 2019) marketing is an activity, a series of institutions, and processes for creating, communicating, delivering, and exchanging value offers to customers, clients, partners, and the wider community.

Service Quality

Service quality is the expected level of excellence and control over the level of excellence to meet the consumer desires. Meanwhile, according to (Kotler & Keller, 2016) service quality is one of the important elements into consumers' consideration in purchasing a product.

There are five main dimensions arranged in order of their relative importance, such as: Reliability, Responsiveness, Confidence, Empathy, and Tangible. Of the five indicators, customers consume and enjoy services directly without intermediaries, then it is the customer who must determine the service quality.

Customer Relationship Management (CRM)

According to (Tjiptono Fandy, 2019) Customer Relationship Management (CRM) is a core business strategy that integrates internal processes and functions

of external networks to create and deliver the value for target customers in order to earn a profit. According to Alma (Alma, 2010) Customer Relationship Management (CRM) is a process of obtaining, maintaining and improving profitable customer relationships with the aim in creating customer value, then the customers are satisfied and able to maximize the companies' profits in order to gain the competitive advantage.

According to (Yani rahmawati Oktianur, kusniawati aini, 2019) there are four indicators that affect the Customer Relationship Management: Technology, People, Process,, Knowledge and Insight.

Customers Loyalty

(Tjiptono Fandy, 2019) states that customer loyalty is a brand loyalty perspective which applicable to brands, services, shops/suppliers, product categories and activities. Customer loyalty is a customer's commitment to brands, services and shops/suppliers based on a positive attitude and reflected in the consistent repeating purchases. Lovelock and Wright in (Priansa, 2017) states that consumer loyalty to voluntarily continue in becoming long term customer.

According to (Sangadji & Sopiah, 2013) states that loyal consumers are an important asset for the company. This can be seen from its characteristics, such as making regular purchases, making purchases in all product or service lines, recommending other products, and showing strength from the attractiveness of similar products from other competitors.

The Influence of Service Quality (X₁) With Customer Loyalty (Y)

Service quality is a powerful strategy in company competence, especially for companies which engaged in services, such as banks, airline stock, and other service. In order to maximize the marketing services, every company needs to provide the right of service quality since it is able to determine the success or failure of customer decisions and as an important consideration for customers who will become loyalty customer in the future.

RESEARCH METHOD

Research Types and Approach

This research is descriptive research with a quantitative approach. According to (Silalahi, 2017) states that descriptive research aims to carefully describe the symptom characteristics or problem that being studied. This study is to test the research hypothesis whether the effect of service quality and Customer Relationship Management (CRM) on customer loyalty at Notary and Land Deed Making Officer (PPAT) at A in Lamongan. The approach used in this research is a quantitative approach. According to (Sugiyono, 2019), quantitative research methods are scientific ways to obtain data with certain goals and uses.

The population in this research are consumers who manage the file management of name transfer, inheritance, company establishment deed, mortgage granting deed (APHT) regulates the terms and conditions regarding granting mortgage rights from debtors to creditors in connection with debts that are guaranteed with mortgage rights at a notary and official Land Deed Maker (PPAT) A in Lamongan.

According to (Sugiyono, 2019), sample is part of the number and characteristics owned by the population. The number of samples taken in this research is 102 respondents

The data collection conducted in this research is by using primary data and secondary data. According to (Sugiyono, 2019), primary data is a data source that directly provides data to data collectors. Primary data in this study were obtained from respondents' answers through interviews, questionnaires and observations. Meanwhile, the secondary data was obtained from literature study.

The validity test was implemented through factor analysis by correlating between instrument item scores in one factor and correlating factor scores with the total score. The measurements in this reliability study will be assisted by SPSS to test the Cronbach alpha (α) statistic. The results of the statistical test Cronbach alpha (α) will determine whether the instrument used in the research is reliable or not. The questionnaire is declared reliable when *cronbach alpha* value is (α) > 0.60.

Partial correlation analysis is used to determine the relationship between the correlation of the two variables. The data was examined through normality test by Kolmogorov – Smirnov in the SPSS program in examining whether there is autocorrelation or not in the regression model, the Durbin-Watson tests (DW Test) can be used with the stipulation that there is an autocorrelation when the Durbin-Watson value is $1 < DW < 3$.

Hypothesis testing

According to (Sugiyono, 2019), the hypothesis is a temporary answer to the research problem formulation, where the research problem formulation has been stated in the question sentence.

RESULT AND DISCUSSION**Description of Respondents Characteristics**

The description of respondents in this research is to describe the data on the respondents' characteristics based on gender, age, last education, as follows:

The results showed that the total male respondents are 55 people or 53.9% and from the total female respondents as many as 47 people or 46.1%. It can be concluded that customers at Notary and Land Deed Making Officer (PPAT) A in Lamongan are more dominantly male.

Table 1. Respondents' Characteristics based on Gender

Age	Total	Percentage (%)
15-30 years old	56	54,9 %
31-45 years old	32	31,4 %
46-60 years old	14	13,7 %
Total	102	100 %

Source: Data processed by researchers

From the table above, it showed that most respondents are aged 15-30 years old, as many as 56 respondents or 54.9% and followed by respondents who aged 31-45 years as many as 32 respondents or 31.4%. While the smallest respondents were aged 46-60 years as many as 14 respondents or 13.7%. It can be concluded that the client at Notary and Land Deed Making Officer (PPAT) A Lamongan is between 15-30 years old.

Table 2. Respondents' Characteristics based on Education

Last Education	Frequency	Percentage %
Junior High School	2	2%
Senior High School	53	52 %
Bachelor Degree	38	37,3 %
Master Degree	8	7,8 %
Postgraduate	1	1%
Total	102	100%

Source: Data processed by researchers

Table 2 above shows that educated customer in high school level as many as 53 or 52%, Bachelor level as many as 38 or 37.3%, Master degree level was 8 respondents or 7.8%, and Postgraduate S-3 level as much as 1 respondent or 1%. It can be explained that the most clients of Notaries and Land Deed Making Officials (PPAT) who their last education is in high school as many as 53 respondents or 52% of all respondents.

Statistical Description

From the data obtained, it can be seen that the service quality variable with a total of 102 data (N) has a minimum value of 23 and a maximum of 35 with a standard deviation of 2.553. The Customer Relationship Management (CRM) variable has a minimum value of 37 and a maximum of 53 with a standard deviation of 3,418. Meanwhile, the customer loyalty variable has a minimum value of 24 and a maximum of 40 with a standard deviation of 2,399.

Interval

Intervals have nominal (classification) and ordinal characteristics. The interval size has nominal and ordinal properties and able to determine the amount of distance between categories (Silalahi, 2017). The answer choice codes are as follows:

Answer Options	Score
SS = Strongly Agree	5 Score
S = Agree	4 Score
N= Neutral	3 Score
TS = Disagree	2 Score
STS = Strongly Disagree	1 Score

The tendency of respondents' variation answers to research variables can be determined based on the frequency distribution, where first the interval value can be determined to determine the answers' category with the following formulation:

$$\text{Interval Class} = \frac{\text{Highest value-lowest value}}{5 \text{ criteria}}$$

In calculate the interval with formula above; the following calculation will obtain a class interval of 0.8, then the frequency distribution can be categorized.

The Description of Research Variables According to Respondents Characteristics

Service Quality Variable (X1)

Respondents' description based on reliability indicators

From the results of data collection through the questionnaires consisting of statements regarding the reliability indicators, it can be explained that the client agrees with an average score of 4.05, which means that the employee is able to explain about the product that the client does not understand.

Respondents' description based on responsiveness indicators

From the results of data collection through the questionnaires consisting of statements regarding the responsiveness indicators, it can be explained that the client agreed with an average score of 3.97, which means that employees are always responsive in resolving client complaints.

Respondents' description based on confidence indicators

From the results of data collection through the questionnaires consisting of statements about the confidence indicators, it can be explained that the client agreed with an average score of 3.95, which means that the employee is able to convince the client to solve their problem properly.

Respondents' description based on empathy indicators

From the results of data collection through the questionnaires consisting of statements regarding the empathy indicators, it can be explained that the client agreed with an average score of 4.0, which means that employees are pay full attention to the client.

Respondents' description based on tangible indicators

From the results of data collection through the questionnaires consisting of statements about tangible indicators, it can be explained that the client agrees with an average score of 4.24 which means that a comfortable place to visit is able to affect the service quality variables.

Customer Relationship Management (CRM) Variable (X2)**Respondents' description based on technology indicators**

From the results of data collection through the questionnaires consisting of statements regarding the technology indicators, it can be explained that the client agrees with an average score of 4.04 which means that the customer gets information about the file completeness via whatsapp and telephone.

Respondents' description based on human indicators

From the results of data collection through the questionnaires consisting of statements regarding the human indicators, it can be explained that the client agreed with an average score of 4.19, which means that employees are able to establish the good relationships with clients.

Respondents' description based on process indicators

From the results of data collection through the questionnaires consisting of statements regarding the process indicators, it can be explained that the client agreed with an average score of 4.10, which means that the process and procedure for submitting files is not complicated and relatively fast.

Respondents' description based on knowledge and understanding indicators

From the results of data collection through the questionnaires consisting of statements regarding the knowledge and understanding indicators, it can be explained that the client agrees with an average score of 4.04 which means that Notaries and Land Deed Making Officials (PPAT) are able to handle and provide the best solutions to problems faced by clients.

Customers' Loyalty Variable (Y)**Respondents' description based on transaction habits indicator**

From the results of data collection through the questionnaires consisting of statements regarding the transaction habits indicators, it can be explained that the client stated strongly agree with the average score of 4.25 which means that the customer feels comfortable with the transactions conducted in resolving the case properly.

Respondents' description based on repurchases indicators

From the results of data collection through the questionnaires consisting of statements regarding indicators of repurchase habits, it can be explained that the client states strongly agree with the average score of 4.23, which means that the client will repeat to using the service.

Respondents' description based on recommendation indicators

From the results of data collection through the questionnaires consisting of statements regarding the recommendation indicators, it can be explained that the customer states strongly agree with the average score of 4.31 which means that the customer will return to using the service since its good relationships among the clients.

Respondents' description based on commitment indicators

From the results of data collection through the questionnaires consisting of statements regarding the commitment indicators, it can be explained that customers strongly agree with an average score of 4.25, which means that customers will always use the service provided.

Validity Test

Before the research instrument is used to collect data, it is necessary to conduct the validity test. The valid instrument means that the measuring instrument used to obtain data is valid, in other words the instrument can be used to measure what should be measured (Sugiyono, 2019). The analysis of the validity test shows that all the statement items of the service quality variable are valid since the values of each statement item are bigger than the critical value (0.3). The analysis of the validity test shows that all statements of the Customer Relationship Management (CRM) variable are valid, because the values of each statement item are bigger than the critical value (0.3).

Reliability Test

The results of the Cronbach Alpha (α) statistical test will determine whether the instrument used in the research is reliable or not. The questionnaire is declared reliable when the value of Cronbach Alpha (α) $>$ 0.60. After examining the reliability test using the SPSS version 20.00 for windows program on the research variables used, the results can be seen in the table below:

Variable	Cronbach's Alpha	Critical Value	Description
X ₁	0,913	0,60	Reliable
X ₂	0,895	0,60	Reliable
Y	0,955	0,60	Reliable

The description of the table above is as follows:

1. Service quality variable (X₁) with an Alpha value of 0.913 bigger than 0.60, then the service quality variable is proven to be reliable or can be used.
2. Customer Relationship Management (CRM) variable (X₂) with an Alpha value of 0.895 bigger than 0.60, then the variable of Customer Relationship Management (CRM) is proven to be reliable or can be used.
3. The customer loyalty variable (Y) with an Alpha value of 0.955 is bigger than 0.60, then the customer loyalty variable is proven to be reliable or can be used.

Correlation Analysis

The results of the analysis show that the service quality variable (X₁) shows

a result of 0.756, which means that the service quality variable (X1) has a degree of perfect correlation. The Customer Relationship Management (CRM) variable (X2) shows a result of 0.756 with the meaning that the variable (X2) has a degree of perfect correlation, and the customer loyalty variable (Y) shows the results of 0.454 and 0.610, which means that the Y variable has a moderate correlation level.

Normality test

The results of the analysis obtained the value of sig. of unstandardized residual of 0.276 since the value of sig. 0.276 is bigger than 0.05, meaning that the data is normally distributed.

Autocorrelation Test

The Effect of Service Quality and Customer Relationship Management (CRM) on Customer Loyalty Based on the results of the F test (simultaneous test) shows that the F_{count} is 29.387 with a significance value of 0.000. When compared with the expected significance level of 5%, it means that the significance of F_{count} is smaller than the expected significance level of (3.09 < 0.05). Thus, the variables of service quality and Customer Relationship Management (CRM) simultaneously have a positive and significant effect on customer loyalty.

The results of this research are relevant to Lovelock's (2017) theory that to create real loyalty, the customer satisfaction is needed. It is necessary for Customer Relationship Management (CRM) and service quality or it is necessary to maintain close relationships with consumers and the service quality as the key to build the customers' loyalty. This research results proving that service quality and Customer Relationship Management (CRM) have a significant influence on customer loyalty.

Discussion

The Effect of Service Quality on Customer Loyalty

In the calculation results, it is obtained that t_{count} is -128 which is smaller than t_{table} , which is -1.66039 and the significance t value of 0.000 is smaller than = 0.05 since it is calculated $(-128) < t_{table} (-1.66039)$. Then the service quality variable (X1) is not significant to customer loyalty (Y) at Notaries and Deed Makers Land (PPAT) A in Lamongan.

The results of this research are relevant to Ardiyanti Mila Ayu's research (2019) which states that the basis for true loyalty is based on customer satisfaction, where service quality is the main input. This theory is in line with

research conducted by Solichin (2017) on Quick Chicken Restaurant customers, Jalan Jawa N0.63 Jember, with the results proving that service quality has a significant influence on customer loyalty.

The Influence of Customer Relationship Management on Customer Loyalty

Based on the calculation, the t_{count} is 5.118, which is bigger than the t_{table} which is 1.66039. It is obtained that the value of t significance = 0.000 is smaller than = 0.05. Because t_{count} (5.118) > t_{table} (1.66039), then the Customer Relationship Management (CRM) (X2) variable has a significant effect on customer loyalty (Y).

The results of research by (Yani rahmawati Oktianur, kusniawati aini, 2019) The influence of Customer Relationship Management (CRM) regulates the relationship between the company and its consumers, then both of them get the maximum value from their relationship. The efforts to understand the consumers' needs are necessary to maintain the consumer trust and increase the value of consumer loyalty to the company. With the results of hypothesis testing, it can be concluded that Customer Relationship Management (CRM) is negative and not significant to customer loyalty.

The Influence of Service Quality and Customer Relationship Management (CRM) on Customer Loyalty

Based on the results of F test (simultaneous test) shows that the value of F_{count} is 29.387 with the significance value of 0.000. when the result is compared with the expected significance level of 5%, it means that the significance of F_{count} is smaller than the expected significance level ($3.09 < 0.05$). Thus, the variables of service quality and Customer Relationship Management (CRM) simultaneously have a positive and significant effect on customer loyalty. influenced by other factors beyond this discussion.

The results of this study are relevant to Lovelock's (2017) theory that to create real loyalty, customer satisfaction is needed. It is necessary for Customer Relationship Management (CRM) and service quality or it is necessary to maintain close relationships with consumers and the service quality. The result of this research is proving that service quality and Customer Relationship Management (CRM) have a significant influence on customer loyalty.

CONCLUSION

Based on the results of research conducted at Notary/PPAT A in Lamongan are that service quality variable (X1) partially has a negative effect on customer loyalty (Y). This is evidenced by the value of t_{count} which is smaller than the value

of t_{table} , which is $t_{count} (-128) < t_{table} (-1.66600)$. The variable of customer relationship management (X2) partially has a positive effect on customer loyalty (Y). This is proved by the value of t_{count} is bigger than the value of t_{table} , called $t_{count} (5.118) > t_{table} (1.66600)$. meanwhile, the service quality variable (X1) and customer relationship management (X2) simultaneously have the significant influence on customer loyalty (Y). This is verified by the value of F_{count} is bigger than the value of F_{table} , namely $F_{count} (29.387) > F_{table} (3.12)$.

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