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

INTRODUCTION

In business competition, various strategies are employed by service providers to outperform competitors. One key approach is enhancing service quality by fostering good relationships with customers. Service quality is a widely discussed topic in marketing today and refers to the expected level of excellence and the ability to maintain it to meet customer needs, understand their habits, and fulfill their expectations. Marketing strategies are implemented to increase the number of customers utilizing services, such as those provided by notaries, and one effective strategy is improving service quality. According to Senjaya et al. (2020), service quality involves achieving and maintaining excellence to meet customer needs. This aspect plays a crucial role in achieving a competitive edge, particularly for service-oriented businesses, as it supports Customer Relationship Management (CRM). Senjaya et al. (2020) describe service quality as the alignment of perceived service (what customers experience) with expected service (what they anticipate). Similarly, Ardiansyah (2017) highlights that service quality is measured by comparing these two aspects. Customer loyalty stems from customers' evaluations of the quality of products or services they receive, influenced by prior experiences, word-of-mouth, and conceptualized expectations. Positive assessments lead to satisfaction, while unmet expectations result in dissatisfaction. Research by Yauwerissa & Putra (2021) reveals that service quality significantly impacts customer loyalty alongside CRM. This finding aligns with Setiawan & Setiawan (2021), who found that CRM and service quality influence a company's image and customer loyalty, as evidenced at PT. National Pension Savings Bank, Tbk, Banjarmasin Branch. Their study also highlights that CRM has a greater direct impact on customer loyalty than when mediated through corporate image. The Notary and Land Deed Making Officer (PPAT) office "A," located at Ruko Demangan Residence No. 17, Sukomulyo, Lamongan Regency, was established in 2017. It employs 12 staff and serves approximately 50 clients annually. As education levels rise, more individuals qualify to practice as notaries and PPATs, increasing competition in areas like Lamongan. Based on the above context, this study aims to investigate whether service quality partially affects customer loyalty at Notary and PPAT "A" in Lamongan, whether CRM partially influences customer loyalty at Notary and PPAT "A" in Lamongan, and whether service quality and CRM simultaneously affect customer loyalty at Notary and PPAT "A" in Lamongan.

LITERATURE REVIEW

Marketing

Marketing is a social process involving activities that allow individuals and organizations to fulfill their needs and wants through exchanges with others, while also fostering sustainable exchange relationships (Tjiptono, Fandy, 2019). It

encompasses activities, a series of institutions, and processes for creating, communicating, delivering, and exchanging value propositions to customers, clients, partners, and society at large.

Service Quality

Service quality refers to the expected level of excellence and the management of that excellence to meet consumer expectations. According to Kotler and Keller (2016), service quality is a critical factor in consumers' decision-making process when purchasing a product.

Service quality is assessed through five main dimensions, listed by their relative importance: Reliability, Responsiveness, Assurance, Empathy, and Tangibles. Among these dimensions, customers experience services directly, without intermediaries, making them the ultimate judges of service quality.

Customer Relationship Management (CRM)

According to Tjiptono Fandy (2019), Customer Relationship Management (CRM) is a core business strategy that integrates internal processes, functions, and external networks to create and deliver value for target customers, ultimately aiming to generate profit. Alma (2010) defines CRM as the process of acquiring, maintaining, and enhancing profitable customer relationships, with the goal of creating customer value, ensuring customer satisfaction, and maximizing company profits to achieve a competitive advantage. Furthermore, Yani Rahmawati Oktianur and Kusniawati Aini (2019) identified four key indicators influencing CRM: Technology, People, Processes, and Knowledge and Insight.

Customer Loyalty

Tjiptono Fandy (2019) explains that customer loyalty is a perspective of brand loyalty applicable to brands, services, stores/suppliers, product categories, and activities. Customer loyalty reflects a customer's commitment to brands, services, or stores/suppliers, based on a positive attitude and demonstrated through consistent repeat purchases.

Lovelock and Wright (as cited in Priansa, 2017) describe consumer loyalty as the voluntary commitment to remain a long-term customer. Similarly, Sangadji and Sopiah (2013) highlight that loyal customers are valuable assets for a company. This is evident through characteristics such as regular purchases, purchasing across all product or service lines, recommending products to others, and resisting the appeal of competitors' similar products.

The Impact of Service Quality (X_1) 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 METHODOLOGY

This research employs a descriptive method with a quantitative approach. According to Silalahi (2017), descriptive research aims to carefully describe the characteristics of symptoms or problems under study. This study investigates the influence of service quality and Customer Relationship Management (CRM) on customer loyalty at the Notary and Land Deed Making Officer (PPAT) A in Lamongan.

A quantitative approach is used in this research. As defined by Sugiyono (2019), quantitative research methods are scientific approaches to obtaining data for specific purposes and applications. The population in this study consists of clients managing legal documents such as name transfers, inheritance, company establishment deeds, and mortgage granting deeds (APHT). These deeds regulate terms and conditions for granting mortgage rights from debtors to creditors for debts secured by mortgage rights, processed through Notary and PPAT A in Lamongan.

As noted by Sugiyono (2019), a sample represents a portion of the population with shared characteristics. This study involves 102 respondents as its sample. Data collection is carried out using primary and secondary data. According to Sugiyono (2019), primary data is directly obtained from respondents through interviews, questionnaires, and observations. Secondary data, on the other hand, is sourced from literature studies.

The validity of the research instruments was tested using factor analysis, correlating individual item scores within a factor and factor scores with total scores. Reliability testing was conducted using SPSS to calculate Cronbach's alpha (α). A questionnaire is considered reliable if the Cronbach's alpha (α) value exceeds 0.60. Partial correlation analysis was employed to examine the relationship between two variables. Normality testing was conducted using the Kolmogorov–Smirnov test in SPSS. To assess autocorrelation in the regression model, the Durbin-Watson test (DW Test) was used, where autocorrelation is indicated if the Durbin-Watson value falls between 1 and 3.

RESULT AND DISCUSSION

Research Result

Description of Respondents Characteristics

The respondent description in this study outlines their characteristics based on gender, age, and education level, as follows:

The results indicate that male respondents total 55 individuals (53.9%),

while female respondents total 47 individuals (46.1%). It can be concluded that customers of Notary and Land Deed Official (PPAT) A in Lamongan are predominantly 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: Processed Data by Researchers

Based on the table above, most respondents are between 15 and 30 years old, with 56 respondents or 54.9%. This is followed by 32 respondents or 31.4% who are aged 31-45 years. The smallest group consists of 14 respondents or 13.7%, aged 46-60 years. It can be concluded that the majority of clients at the Notary and Land Deed Making Officer (PPAT) A Lamongan are between 15 and 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: Processed Data 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:

Table 3. Criteria of Answer Options

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

Source: Processed Data by Researchers

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:

$$\text{Interval Class} = \frac{\text{Highest Value} - \text{Lowest Value}}{5 \text{ Criteria}}$$

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 (X_1)

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 Indicators

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:

Table 4. Reliability Test

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

Source: Processed Data by Researchers

The table above shows that the service quality variable (X₁) has an Alpha value of 0.913, which is greater than 0.60, indicating that it is reliable and can be used. Similarly, the Customer Relationship Management (CRM) variable (X₂) has an Alpha value of 0.895, also exceeding 0.60, proving its reliability. Lastly, the customer loyalty variable (Y) has an Alpha value of 0.955, which is higher than 0.60, confirming that it is reliable and applicable.

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 Fcount 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 Fcount 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.

Research 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 $(-128) < t_{\text{table}} (-1.66039)$. Then the service quality variable (X_1) 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 No. 63 Jember, with the results proving that service quality has a significant influence on customer loyalty.

The Effect 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 $t_{\text{count}} (5.118) > t_{\text{table}} (1.66039)$, then the Customer Relationship Management (CRM) (X_2) 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 Effect 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 (X_1) 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 $t_{\text{count}} (-128) < t_{\text{table}} (-1.66600)$. The variable of customer relationship management (X_2) 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 $t_{\text{count}} (5.118) > t_{\text{table}} (1.66600)$. Meanwhile, the service quality variable (X_1) and customer relationship management (X_2) 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 $F_{\text{count}} (29.387) > F_{\text{table}} (3.12)$.

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