Analysis of the Effect of Customer Relationship Management, Service Quality and Word of Mouth on e-Commerce Customer Loyalty through Customer Satisfaction as a Mediator

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Abstract: Customer satisfaction is a comprehensive assessment of service and as a result of the comparison between customer expectations and perceptions of actual service performance. The purpose of this study is to see the effect of the independent and dependent variables, using quantitative methods with the help of SmartPLS software. The results of this study indicate that CRM directly affects SQU and LOY, the SQU variable affects SAT and SQU has no effect on LOY, the WIM variable affects SQU and LOY, and SAT affects LOY. In indirect testing, the independent variables, namely CRM, SQU, and WOM, have an effect on SAT which is moderated by LOY.

Keywords: Customer Relationship Management, Service Quality, Word of Mouth, Loyalty, Customer Satisfaction

INTRODUCTION

Customer Relationship Management (CRM) is an interesting phenomenon to discuss because it involves the company's efforts in maintaining good relations with its customers. Customers are the most important asset in maintaining the survival of the company to survive in the face of global competition along with the times. According to Haryati, S (2018), "CRM is defined as a series of systematic strategies that are managed as an effort to better understand, attract, and maintain customer relationships maintaining the loyalty of the most profitable customers in order to achieve healthy company growth". Thus, CRM means the company's efforts to establish relationships that aim to maintain and increase customer loyalty. Laudon and Traver (2019) state that CRM is a system that stores customer information and stores and records all contacts that occur between customers and companies, and creates customer profiles for company staff who need information about these customers.

Service quality is an important factor in increasing consumer repurchase interest, repurchase interest is basically customer behaviour where customers respond positively to the quality of service of a company and intend to make a return visit or re-consume the company's products (Cronin and Steven, 2019). Service quality or good service quality is

able to increase customer satisfaction, the better the quality of service provided, the higher the satisfaction felt by consumers. In accordance with research conducted by Yahya, Aksari and Seminari (2018: 1405) states that maintaining maximum service quality makes customers satisfied with the overall service so that customer repurchase intentions can be maintained. According to Zeithaml and Bitner (2019), service quality is the level of excellence expected and control over that level of excellence to fulfil customer desires. Service quality is the level of service presented through interactions between service providers and customers. The importance of quality service delivery has become a major concern for businesses to gain a competitive advantage in this competitive marketing era. The quality of service received by consumers is expressed as the magnitude of the difference between consumers' expectations or desires and their level of perception.

Word of Mouth is one of the important marketing strategies and can be influenced by customer satisfaction obtained based on the perceived value of consumers and the brand image of a company, Currently, various ways are done by companies to market their products. One of them is by means of Word of Mouth (WOM). Word of mouth Another name for this strategy is word of mouth marketing. Actually, we have all done this in our daily lives. This is something that everyone naturally has. According to the opinion of Kotler and Keller in their book (2019), it is a communication carried out both orally and in writing directly or through electronic media between people. Nowadays, many people have blogs or websites that contain their experiences (reviews) of their experiences using a product. The person deliberately wants to tell the readers the good and bad of using the product so that they buy or even avoid the product. Communication from person to person is usually directly related to the advantages of a product or experience in using a product or service. Based on the above understanding, we can conclude earlier that the good and bad reputation of the company can spread quickly with the WOM technique.

Customer loyalty plays a very important role in business organisations or businesses. Customer loyalty includes an attitude component and a customer behaviour component. The customer attitude component is an idea such as the intention to return to buy additional products or services from the same company, willingness to recommend the company to others, demonstration of commitment to the company by showing resistance if there is a desire to switch to another competitor and willingness to pay a premium price Loyalty. Customers express intended behaviour with regard to products or services for the company. Customer loyalty as a mindset of customers holding a favourable attitude towards the company, committing to repurchase the company's products or services and recommending products or services to others (Saravanakumar, 2018).

Customer satisfaction is one of the important factors that must be considered by companies in order to satisfy their consumers. Consumer satisfaction according to Kotler (2019) is a person's feeling of pleasure or disappointment that comes from a comparison between his impression of the performance of a product and his expectations. The creation of customer satisfaction can provide benefits, including the relationship between the company and consumers to come back for repeat purchases, and can also form word of mouth recommendations that are profitable for the company. The more competitors, the more companies are required to be able to see every opportunity and develop strategies to be able to provide maximum customer satisfaction. For example, companies must be able to provide the best quality products, complete facilities, attractive prices, good promotions, and a positive company image to consumers. For this reason, a strategy is needed to be able to compete competitively with other companies.

METHOD
This research uses a questionnaire survey method as the research methodology. A total

of 454 questionnaires were filled out by respondents. The collected data were then analysed using Partial Least Squares and Structural Equation Modeling Tool (SMART-PLS).

RESULT AND DISCUSSION
Validity Test

The validity test is carried out by comparing the $_{rcount}$ value with the $_{rtable}$. The r value shows the correlation coefficient between the statement items and the total answers of the respondents. The significance level is 5% with n = 454, so the $_{rtable}$ value is 0.090. If $_{rcount\ is}$ positive, and rcount> $_{rtable}$, then the item is valid, whereas if $_{rcount}$ < $_{rtable}$, then the item is invalid.

Table 1. Validity Test

Code	R Value Count	R Table Value
X1.1	0.824	0.090
X1.2	0.811	0.090
X1.3	0.771	0.090
X2.1	0.847	0.090
X2.2	0.883	0.090
X2.3	0.891	0.090
X2.4	0.812	0.090
X2.5	0.749	0.090
X3.1	0.871	0.090
X3.2	0.897	0.090
X3.3	0.900	0.090
Z.1	0.818	0.090
Z.2	0.921	0.090
Z.3	0.908	0.090
Y.1	0.908	0.090
Y.2	0.917	0.090
Y.3	0.872	0.090
Y.4	0.843	0.090

In the validity test, all variables carried out have a value greater than the r table equation (0.090) with a *signif7icant* below 0.05. So it can be concluded that the value of the validity tested has been declared completely valid.

Reliability Test

Reliability analysis in this study uses *Cronbach Alpha* which aims to identify how well the questions used in the questionnaire relate to one another.

Table 2. Reliability Test

No.	Variables	*Cronbach Alpha*	*Alpha*	Results
1	CRM	0.708	0.6	Reliable
2	SQU	0.893	0.6	Reliable
3	WOM	0.867	0.6	Reliable
4	SAT	0.858	0.6	Reliable
5	LOY	0.907	0.6	Reliable

Based on the reliability test conducted using *Cronbach Alpha*, all research variables are reliable / reliable because the *Alpha* value is greater than 0.6, so the measurement tool has fulfilled the reliability test.

Hypothesis Test

Hypothesis testing is carried out by *t-test* on each direct effect path partially and indirect effects through mediating variables. Related to this test, hypothesis testing can be sorted into direct submission and indirect effect testing or mediating variable testing. In the following section, the results of direct effect testing and mediating variable testing are described successively.
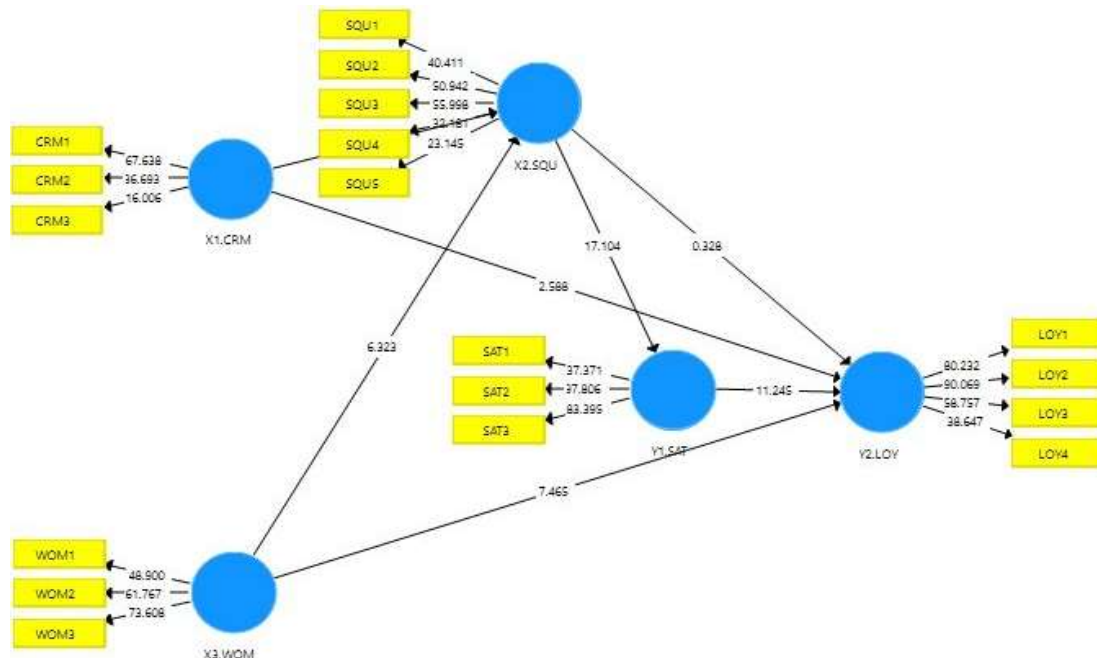

Figure 1. Outer Model

Table 3. Hypothesis Test

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
X1.CRM -> X2.SQU	0.551	0.547	0.043	12.801	**0.000**
X1.CRM -> Y2.LOY	0.116	0.116	0.045	2.588	**0.010**
X2.SQU -> Y1.SAT	0.659	0.655	0.039	17.104	**0.000**
X2.SQU -> Y2.LOY	0.016	0.015	0.050	0.328	**0.743**
X3.WOM -> X2.SQU	0.239	0.236	0.038	6.323	**0.000**
X3.WOM -> Y2.LOY	0.316	0.318	0.042	7.465	**0.000**
Y1.SAT -> Y2.LOY	0.502	0.501	0.045	11.245	**0.000**

The results of testing the research hypothesis based on Table 3 are as follows:
1. The CRM variable has an effect on SQU. This result can be seen in the coefficient value of 0.551 with a t-statistics value of 12.801. The t-statistics value is above the value of 1.96 and the sig value (0.000).
2. The CRM variable has an effect on LOY. This result can be seen in the coefficient value of 0.116 with a t-statistics value of 2.588. The t-statistics value is above the value of 1.96 and the sig value (0.010).
3. The SQU variable has an effect on SAT. This result can be seen in the coefficient value of 0.659 with a t-statistics value of 17.104. The t-statistics value is above the value of 1.96 and the sig value (0.000).
4. The SQU variable has no effect on LOY. This result can be seen in the coefficient value of 0.016 with a t-statistics value of 0.328. The t-statistics value is below the value of 1.96 and the sig value (0.743).

5. The WOM variable has an effect on SQU. This result can be seen in the coefficient value of 0.239 with a t-statistics value of 6.323. The t-statistics value is above the value of 1.96 and the sig value (0.000).
6. The WOM variable has an effect on LOY. This result can be seen in the coefficient value of 0.361 with a t-statistics value of 7.465. The t-statistics value is above the value of 1.96 and the sig value (0.000).
7. The SAT variable has an effect on LOY. This result can be seen in the coefficient value of 0.502 with a t-statistics value of 11.245. The t-statistics value is above the value of 1.96 and the sig value (0.000).

Path Analysis

Table 4. Path Analysis

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
X1.CRM -> -> Y1.SAT -> Y2.LOY	0.182	0.181	0.027	6.845	**0.000**
X2.SQU -> Y1.SAT -> Y2.LOY	0.331	0.329	0.036	9.142	**0.000**
X3.WOM -> -> Y1.SAT -> Y2.LOY	0.079	0.078	0.016	4.875	**0.000**

The results of testing the research hypothesis based on Table 4 are as follows:
1. The CRM variable has an effect on SAT which is mediated by LOY. This result can be seen in the coefficient value of 0.182 with a t-statistics value of 6.845. The t-statistics value is above the value of 1.96 and the sig value (0.000).
2. The SQU variable has an effect on SAT which is mediated by LOY. This result can be seen in the coefficient value of 0.329 with a t-statistics value of 9.142. The t-statistics value is above the value of 1.96 and the sig value (0.000).
3. The WOM variable has an effect on SAT which is mediated by LOY. This result can be seen in the coefficient value of 0.079 with a t-statistics value of 4.875. The t-statistics value is above the value of 1.96 and the sig value (0.000).

Discussion

The CRM variable affects SQU, which means that when the company implements CRM well, it will automatically increase customer satisfaction. The CRM variable has an effect on LOY. This means that the better the implementation of CRM in a business unit, the positive impact on customer loyalty. In the SQU variable has an effect on SAT, if the quality of service provided by the company is in accordance with expectations and performance, consumers will be happy because the expectations and performance of the service are good and consumer satisfaction will directly arise with the company. The SQU variable has no effect on LOY, which means that a high or excessive SQU can cause discomfort to consumers and reduce consumer loyalty. In the WOM variable has an effect on SQU, Word Of Mouth is one of the strategies that is very effective in influencing consumer satisfaction in using products or services and Word Of Mouth can build a sense of trust in customers. In the WOM variable affects LOY, the biggest advantage of word of mouth marketing lies in its ability to create consumer trust and loyalty, in the SAT variable affects LOY, it can be interpreted that good customer satisfaction with consumers can have an effect on high consumer loyalty.

CONCLUSION

The conclusion in this study found the results that CRM directly affects SQU and LOY, the SQU variable affects SAT and SQU has no effect on LOY, the WIM variable affects SQU and LOY, and SAT affects LOY. In indirect testing, the independent variables, namely CRM, SQU, and WOM, have an effect on SAT which is moderated by LOY.

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