

## **INCREASING CUSTOMER LOYALTY THROUGH CUSTOMER RELATIONSHIP MANAGEMENT, PRODUCT QUALITY, AND DIGITAL MARKETING**

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### **ABSTRACT**

This study aims to determine the effect of Customer Relationship Management, product quality, and digital marketing on customer loyalty at PT. Tugu Beton Semesta Abadi Semarang. The population used in this study were all companies or organizations that use services from PT. Tugu Beton Semesta Abadi Semarang had 562 companies, while the sample size was 85 respondents. The sampling technique used was purposive sampling. The data source used was primary data, with data collection using a questionnaire. The data analysis technique used was multiple linear regression analysis. The results of the hypothesis test showed that Customer Relationship Management, product quality, and digital marketing had a positive and significant effect on customer loyalty. The coefficient of determination value was 0.655, meaning that Customer Relationship Management, product quality, and digital marketing can explain the variation in customer loyalty variables by 65.5 percent, so it still requires follow-up with further research, especially regarding customer loyalty. The study concludes that CRM, product quality, and digital marketing also have a positive effect on customer loyalty. The suggestions for managers are must increase the technology utilization, improve product innovation development, and enhance digital marketing.

**Keywords:** Customer Relationship Management, Product Quality, and Digital Marketing, and Customer Loyalty

### **INTRODUCTION**

To face increasingly complex competition, companies need an effective and integrated marketing strategy. This strategy consists of steps such as determining target markets, segmentation, and developing a marketing mix to produce superior value with the aim of gaining competitive advantage in the market (Kotler & Keller, 2022).

Customer loyalty is the key to a company's success in maintaining and developing its customer segments in a dynamic market (Kotler & Armstrong, 2020). Customer loyalty is a commitment to a brand, store, or supplier from customers who show positive behavior by making continuous repeat purchases without being influenced by marketing carried out by competitors (Azis et al., 2023). Customer loyalty will reflect the consumer's commitment to a particular company, becoming a crucial element in the business development process (Suryawan et al., 2024). Various factors can influence customer loyalty. Factors that influence increasing customer loyalty include Customer Relationship Management, product quality, and digital marketing (Bintarto et al., 2021; Amarta et al., 2022).

Customer Relationship Management (CRM) is a strategy or effort made by a company to establish long-term relationships with customers so that they do not turn to competitors, where both parties will benefit from this relationship (Bintarto et al., 2021). The implementation of the CRM program aims to create customer loyalty to the company, so that the relationship that is established is not just as a seller and buyer, but develops into a

partnership relationship. Through this approach, companies can understand the needs and desires of customers and can prevent switching to competitors (Azis et al., 2023).

Product quality is the ability of a product to carry out its functions; these functions include durability, reliability, production accuracy, ease of operation and maintenance, and other valuable attributes for the product as a whole (Novia et al., 2023). Product quality is a form of innovation offered by a business to attract customers by encouraging them to switch from competitors' products, so that they choose to buy and use the products produced (Amarta et al., 2022).

Digital marketing is an internet-based marketing strategy that utilizes digital media such as websites, social media, email, mobile devices, and digital television to expand markets, understand consumers, increase product value, and build customer loyalty to achieve company goals (Faradila & Shiddiqy, 2024). Digital marketing is a strategy carried out to promote and introduce products or services to the wider community. As an important aspect of running a business, digital marketing plays a role in introducing the business and products offered, with the aim of reaching potential customers, converting them into loyal customers, and maintaining customer loyalty (Rostiani et al., 2022).

Research on the effect of CRM, product quality, and digital marketing on customer loyalty has also been conducted by previous researchers, but the results are still different or inconsistent. Several researchers, such as Bintarto et al., (2021); Azis et al., (2023); and Putri et al., (2023) concluded that CRM has a positive and significant effect on customer loyalty, while Mamahit et al., (2022); and Nabila et al., (2022) concluded that CRM has a positive but insignificant effect on customer loyalty. The results of research by Abdullah et al., (2022); Amarta et al., (2022); Sandi et al., (2023); and Faradila & Shiddiqy (2024) concluded that product quality has a positive and significant effect on customer loyalty, while results of research by Somalia et al., (2022); and Novia et al., (2023) concluded that product quality has a positive and insignificant effect on customer loyalty. Previous research by Abdullah et al., (2022); Amarta et al., (2022); and Putri et al., (2023) concluded that digital marketing has a positive and significant effect on customer loyalty, while research by Novia et al., (2023) concluded that digital marketing has a positive and insignificant effect on customer loyalty.

Customer studies in this study will be conducted on the research object of PT. Tugu Beton Semesta Abadi Semarang. PT. Tugu Beton Semesta Abadi is one of the leading companies in the construction and precast concrete sector located in Semarang, Central Java. The company has various main divisions, including batching plants, sales of concrete and precast products, and fabrication and sales of spare parts. Supported by modern equipment such as concrete pumps, excavators, truck mixers, and cranes, the company can meet customer needs with the best quality. With a focus on innovation, efficiency, and customer service, PT. Tugu Beton Semesta Abadi continues to strengthen its position as a trusted partner in supporting construction projects in Central Java and its surroundings.

PT. Tugu Beton Semesta Abadi continues to strive to maintain customer loyalty through various strategies, such as improving product quality and services, as well as implementing modern technology in its operations. However, these efforts have not been fully optimal because there are still several obstacles, such as increasingly fierce competition and challenges in establishing long-term relationships with customers, as well as the use of digital marketing strategies that have not been maximized (See [Table 1](#)). This has an impact on customer loyalty, which can be seen in the following Table 1 of the decline in the number of customers:

**Table 1.** Amount Customers of PT. Tugu Beton Semesta Abadi

No	Year	Amount Customer
1	2019	510 Companies
2	2020	530 Companies
3	2021	590 Companies
4	2022	568 Companies
5	2023	550 Companies

Source : PT. Tugu Beton Semesta Abadi Semarang (2024).

The decline in loyalty may be caused by various factors, such as increasing competition in the industry, shifting customer needs, or less-than-optimal marketing and customer relationship strategies implemented by the company. Although the company has succeeded in attracting new customers initially, the main challenge seems to lie in retention or the ability to maintain customer loyalty in the long term. This decline indicates the need for evaluation and strengthening of strategies, both in the implementation of CRM, improving the quality of its products, and utilizing digital marketing to ensure customers remain loyal.

Based on this explanation, the problems that arise are related to the inconsistency of the results reflected in the differences in findings in previous studies or research gaps regarding the influence of CRM, product quality, and digital marketing on customer loyalty. Another problem is seen from the decline in loyalty experienced by PT. Tugu Beton Semesta Abadi Semarang. Based on the background, this study aims to analyze factors for increasing customer loyalty through customer relationship management, product quality, and digital marketing.

## LITERATURE REVIEW

### The Influence of Customer Relationship Management on Customer Loyalty

Customer Relationship Management (CRM) plays a major role in increasing customer loyalty by creating a more personal and valuable relationship between the company and its customers. When customers feel appreciated and treated specially, they are more likely to make repeat purchases and remain loyal, even recommending products to others. By utilizing CRM effectively, companies can strengthen long-term customer relationships and build ongoing loyalty.

Research conducted by Bintarto et al. (2021), Azis et al. (2023), and Putri et al. (2023) states that CRM has a positive and significant effect on customer loyalty. Based on this description, the hypothesis proposed is:

H1: Customer Relationship Management positively and significantly affects customer loyalty.

### The Influence of Product Quality on Customer Loyalty

Product quality plays an important role in shaping customer loyalty because customers tend to be loyal to brands or products that consistently meet or exceed their expectations. When a product offers good quality, such as durability, stable performance, and meets customer needs, customers feel satisfied and are more likely to make repeat purchases and recommend the product to others (referrals). Therefore, companies that focus on improving product quality will find it easier to retain customers and build long-term, mutually beneficial relationships.

The results of research by Abdullah et al. (2022), Amarta et al. (2022), Sandi et al. (2023), and Faradila & Shiddiqy (2024) explain that the better the quality of the products offered by the company, will make significant a positive contribution to increasing customer loyalty. Based on this description, the hypothesis proposed is:

H2: Product quality has a positive and significant effect on customer loyalty.

### The effect of Digital Marketing on Customer Loyalty

The right digital marketing strategy can strengthen long-term relationships with customers and increase loyalty by building more personal and targeted relationships with customers through online platforms such as social media, email marketing, and digital advertising campaigns. Research by Abdullah et al. (2022), Amarta et al. (2022), Sandi et al. (2023), and Faradila & Shiddiqy (2024) concluded that digital marketing has a positive and significant effect on customer loyalty. Based on this description, the hypothesis proposed is:

H3: Digital marketing has a positive and significant effect on customer loyalty.

The research framework can be shown at [Figure 1](#).

## RESEARCH METHODS

### Population and Sample

The population used is all companies or organizations that use services from PT. Tugu Beton Semesta Abadi Semarang until November 2024 with a total of 562 companies. The research sample will be determined using the Slovin Formula, with a margin of error of 10%, obtained from 85 respondents. The sampling technique used in this study is purposive sampling, a sampling technique with certain considerations. The criteria used for sampling include: (1) Customers of PT. Tugu Beton Semesta Abadi Semarang, who are registered until 2024 (2) Customers who have purchased products or services more than twice. Sampling was carried out using a Google form.

### Measurement

The data collection technique used is a questionnaire guide using a Likert scale with questions using a score of 1-5, ranging from strongly disagree to strongly agree. Customer relationship management is a management strategy that integrates business and technology to build, maintain, and enhance long-term relationships with customers to create loyalty and

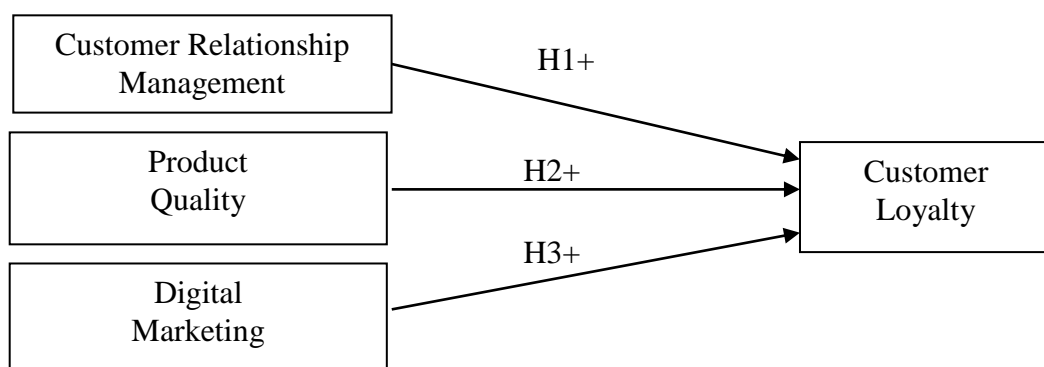


Figure 1. Research Framework

competitive advantage, and increase. The company's value in the eyes of customers gaining mutual benefits through the management of interactions and information. In this study, CRM is operationalized with data and information, processes, technology, and human resources. Product quality is the ability of a product to perform its functions optimally according to customer needs or desires, including aspects such as durability, reliability, performance quality, ease of use, maintenance, and other relevant attributes in providing added value to consumers and meeting customer expectations, both stated and implied. Product quality is operationalized with indicators: durability, reliability, performance quality, ease of use, and customization.

Digital marketing is a marketing strategy that utilizes digital technology and internet-based platforms, such as websites, social media, email, and mobile devices, to increase brand awareness, expand market reach, build stronger relationships with customers, and increase sales and customer loyalty to achieve the company's business goals. Customer loyalty is a long-term commitment by customers to remain loyal to a particular brand, store, or supplier by making consistent repeat purchases, which are influenced by positive experiences obtained from the product or service, and are reflected in customer behavior that purchases repeatedly and is willing to recommend the product or service to others. Indicators of customer loyalty consist of: repeat purchases, defense against negative influences, recommending to others, buying outside the product or service line.

**Data Analysis**

The data analysis in this study consists of validity tests, reliability measurements, classic assumptions, and multiple regressions.

**RESULT AND DISCUSSION**

**Result**

Table 2 is the result of the respondents' demographics. It shows more respondents were more men than women, most are over 41-50 years old, most are bachelor graduation. Further, Table 3 shows that from the results of the validity test, it is known that all the indicator variables used have a calculated r value greater than the r table ( $r_{\text{calculated}} > 0.374$ ), so all indicators for each research variable can be said to be valid. The results of the reliability test show that all variables have a Cronbach's alpha value greater than 0.70, so it can be said that all measuring concepts for each variable are reliable (Ghozali, 2021).

**Table 2.** Identity Respondent

<b>Characteristic</b>	<b>Amount</b>	<b>Percentage</b>
<b>Gender</b>		
Man	62	72.9
Woman	23	27.1
<b>Age</b>		
21-30 Years	6	7.1
31-40 Years	18	21.2
41-50 Years	34	40.0
51-60ears	20	23.5
>60	7	8.2
<b>Education</b>		
High School	17	20.0
Diploma	9	10.6
Bachelor	57	67.1
Postgraduate	2	2.4

**Table 3.** Validity and Reliability Test Results

<b>Variable</b>	<b>R-count</b>	<b>Cronbach Alpha</b>
Customer Relationship Management	0.635, 0.885, 0.899, 0.855	0.836
Product quality	0.758, 0.849, 0.880, 0.682, 0.817	0.857
Digital Marketing	0.940, 0.898, 0.808, 0.943	0.913
Customer Loyalty	0.874, 0.838, 0.910, 0.921	0.906

**Table 4.** Hypothesis Result

<b>Hypothesis</b>	<b>Coefficient</b>	<b>p-value</b>
Customer relationship management (CRM) toward Customer Loyalty	0.318	0.14
Product quality toward Customer Loyalty	0.328	0.10
Digital marketing toward Customer Loyalty	0.300	0.11

Note = Adj R Square 0.655, F= 54.258, Sig.000b

The results of the classical assumption test show that there are no symptoms of multicollinearity, there is no heteroscedasticity, and the data are normally distributed. Furthermore, Adj. R Square is 0.655 with F F-statistic of 0.000 and smaller than 0.05. These results can be concluded if the resulting regression model is fit, significant, and suitable for use. The results of the regression test show a confidence level of 95% or a significance level of 5% for the three influences, so that H1, H2, and H3 can be accepted (see [Table 4](#)).

## Discussion

The results of the data analysis conducted showed that hypothesis one can be accepted, meaning that Customer Relationship Management (CRM) has a positive and significant effect on customer loyalty. The results of this analysis indicate that the implementation of effective CRM—contributes significantly to increasing customer loyalty at PT. Tugu Beton Semesta Abadi Semarang. By utilizing customer data optimally, companies can better understand customer needs and preferences, thus enabling the provision of more personalized and relevant services. A structured and data-driven CRM strategy can be a key factor in retaining customers and increasing the company's competitiveness in the industry. The results of the descriptive analysis of the CRM variable, where the majority of respondents gave positive responses to each indicator measured. The increasingly high and positive perception of CRM implementation reflects how this strategy has been effective in increasing the company's customer loyalty. These results have supported the research results of Bintarto et al. (2021); Azis et al. (2023); dan Putri et al. (2023), which stated that CRM has a positive and significant effect on customer loyalty.

Based on the results of the data analysis carried out, it shows that hypothesis two can be accepted, meaning that product quality has a positive and significant effect on customer loyalty. These results indicate that product quality plays an important role in building customer loyalty. Reliable, durable, and customer-oriented products provide a satisfying user

experience, so that customers tend to remain loyal and make repeat purchases. The results of the descriptive analysis show that the majority of respondents gave a positive response to the quality of the products offered by PT. Tugu Beton Semesta Abadi Semarang. This strengthens the evidence that high-quality products not only increase customer satisfaction but also build their trust and loyalty to the company. These results have supported the research results of Abdullah et al. (2022), Amarta et al. (2022), Sandi et al. (2023), and Faradila & Shiddiqy (2024), which state that product quality has a positive and significant effect on customer loyalty.

The results of the data analysis conducted showed that hypothesis three can be accepted, meaning that digital marketing has a positive and significant effect on customer loyalty. These results indicate that effective digital marketing allows companies to build closer relationships with customers through various digital communication channels. The results of the descriptive analysis showed that the majority of respondents gave a positive response to the implementation of digital marketing by PT. Tugu Beton Semesta Abadi Semarang. The digital marketing strategy implemented not only increases customer loyalty but also creates a more positive and memorable experience in every digital interaction they have with the company. These results have supported the research results of Abdullah et al. (2022), Amarta et al. (2022), and Putri et al. (2023), which state that digital marketing has a positive and significant effect on customer loyalty.

## CONCLUSION AND RECOMMENDATION

### Conclusion

Based on the results and discussion, it can be concluded that customer relationship management has a significant effect on customer loyalty. The next conclusion proves that the product quality and digital marketing also have a positive and significant effect on customer loyalty.

### Suggestions

Based on the conclusions drawn, the suggestions given by the researcher include the following: (1) PT. Tugu Beton Semesta Abadi Semarang must be able to increase the use of technology in CRM management, especially in terms of technology utilization. (2) PT. Tugu Beton Semesta Abadi Semarang must be able to improve product quality, especially regarding aspects of reliability and product innovation development. (3) PT. Tugu Beton Semesta Abadi Semarang must be able to improve digital marketing, especially in terms of cost transparency. Incentive programs, such as discounts or customer loyalty, can be made more varied and competitive to increase their appeal

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