

THE EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM) ON CUSTOMER SATISFACTION AND ITS IMPACT TOWARD CUSTOMER LOYALTY

(Survey Base on the perception of the Customer of BRI Bank in University of Brawijaya)

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Abstract

The objective of this research is to analyze and explain the effect of Customer Prospecting, Relations with Customers, Interactive Management, Understanding Customer Expectations, Empowerment, Partnerships, and Personalization on Customer Satisfaction and Its Impact on Customer Loyalty, and also to analyze and explain the effect of Customer Satisfaction on Customer Loyalty. This research is conducted at BRI Bank in University of Brawijaya. The large samples that taken in this research were determined by using a formula of Slovin, the samples that could be taken are 99 persons. Meanwhile the sampling technique was done by using purposive sampling. Data Analysis Methodis conducted by Descriptive Statistics Analysis and Inferential statistic analysis that is Path Analysis.

The result of this research shown there is an effect between Customer Prospecting (X_1) on Customer Satisfaction (Z) with Beta value is equal to 0.351 by a significance level of 0.000. There is an effect between Relations with Customers (X_2) on Customer Satisfaction (Z) with Beta value is equal to 0.158 by a significance level of 0.010. There is an effect between Interactive Management (X_3) on Customer Satisfaction (Z) with Beta value is equal to 0.161 by a significance level of 0.023. There is an effect between Understanding Customer Expectations (X_4) on Customer Satisfaction (Z) with Beta value is equal to 0.272 by a significance level of 0.000. There is an effect between Empowerment (X_5) on Customer Satisfaction (Z) with Beta value is equal to 0.145 by a significance level of 0.022. There is an effect between Partnerships (X_6) on Customer Satisfaction (Z) with Beta value is equal to 0.208 by a significance level of 0.002. There is an effect between Personalization (X_7) on Customer Satisfaction (Z) with Beta value is equal to 0.225 by a significance level of 0.000. There is an indirect effect between Customer Prospecting (X_1) on Customer Loyalty (Y) with Beta value is equal to 0.146 by a significance level of 0.002. There is an effect between Relations with Customers (X_2) on Customer Loyalty (Y) with Beta value is equal to 0.100 by a significance level of 0.017. There is an effect between Interactive Management (X_3) on Customer Loyalty (Y) with Beta value is equal to 0.097 by a significance level of 0.042. There is an effect between Understanding Customer Expectations (X_4) on Customer Loyalty (Y) with Beta value is equal to 0.111 by a significance level of 0.013. There is an effect between Empowerment (X_5) on Customer Loyalty (Y) with Beta value is equal to 0.09 by a significance level of 0.030. There is an effect between Partnerships (X_6) on Customer Loyalty (Y) with Beta value is equal to 0.13 by a significance level of 0.004. There is an effect between Personalization (X_7) on Customer Loyalty (Y) with Beta value is equal to 0.103 by a significance level of 0.017. There is an effect between Customer Satisfaction (Z) on Customer Loyalty (Y) with Beta value is equal to 0.533 by a significance level of 0.000.

Keywords: Customer Relationship Management (CRM), Customer Satisfaction, Customer Loyalty.

INTRODUCTION

In line with the development of the world of marketing that makes the level of competition among the companies in Indonesia becomes higher, therefore, that particular company tries to strengthen more on the marketing strategy. In fact, besides the tight competition among the companies, the focus of business changes from the product centric to the customer centric. Getting new customers and loyalties—those two become the most important thing to keep the bank existence. Moreover, a strategy is needed to get customers' loyalty, one of which is Customer Relationship Management (CRM). The creation of the client's or customer's satisfaction can make the relationship between the service provider and the customer is harmonious. After that, it can create the customer's loyalty and finally it can give more profits to the company. The existence and success of the service provider are relied on the quality of the service that is based on the company's environment and the capability of the employee to give service as well as to explain the products offered customer's needs and wants.

CRM can be understood as a business philosophy, a business strategy, a business process, or a technological tool. As a business philosophy (Ryals and Knox, 2001) stated that "CRM is a relationship orientation, customer retention and superior customer value created through process management". As a business strategy "CRM is a customer-focused business strategy that aims to increase Customer Satisfaction and Customer Loyalty by offering a more responsive and customized services to each customer" (Croteau and Li, 2003). CRM as a business process was defined as "a macro-level (i.e., highly aggregated) process that subsumes numerous sub-processes, such as prospect identification and customer knowledge creation" (Srivastava, et al., 1999). As a technology, "CRM is an enabling technology for organizations to foster closer relationships with their customers" (Hsieh, 2009).

The Customer Loyalty created is because the customer was satisfied with the service that provided to them properly. Business people provide the best service to their customers, so that customers keep loyal with the product that have been offered or that have been used by customers over the years. The customers were satisfied if their needs are always served properly, with Customer Satisfaction will give

effect to the product that have been offered or the product that have been used.

To create Customer Satisfaction, the companies that engaged in community services should create and maintain a system to acquire more customers and also has the ability to retain customers to keep loyal. So should be considered effective way to be able to win the competition with programs that are retaining customers.

From the above explanations, Customer Satisfaction and Customer Loyalty are part of the important factors for CRM. So it is now more important than ever for Banks to properly identify the customers and products that can most improve their bottom line profitability. At the same time, banks must find new ways to target customers with the products that are most appropriate to their needs and to serve customers with greater cost-efficiency.

Based on the Research Questions above, then the objective of this research are:

1. To analyze and explain the effect of Customer Prospecting on Customer Satisfaction
2. To analyze and explain the effect of Relations with Customers on Customer Satisfaction
3. To analyze and explain the effect of Interactive Management on Customer Satisfaction
4. To analyze and explain the effect of Understanding Customer Expectations on Customer Satisfaction
5. To analyze and explain the effect of Empowerment on Customer Satisfaction
6. To analyze and explain the effect of Partnerships on Customer Satisfaction
7. To analyze and explain the effect of Personalization on Customer Satisfaction
8. To analyze and explain the effect of Customer Prospecting on Customer Loyalty
9. To analyze and explain the effect of Relations with Customers on Customer Loyalty
10. To analyze and explain the effect of Interactive Management on Customer Loyalty
11. To analyze and explain the effect of Understanding Customer Expectations on Customer Loyalty
12. To analyze and explain the effect of Empowerment on Customer Loyalty
13. To analyze and explain the effect of Partnerships on Customer Loyalty
14. To analyze and explain the effect of

- Personalization on Customer Loyalty
15. To analyze and explain the effect of Customer Satisfaction on Customer Loyalty.

LITERATURE REVIEWS

CRM

According to Body and Limayem (2004), CRM is organized as a series of events. These are clustered together according to types of action that constitute the extent of CRM in the context of this research. The extent of CRM comprises independent variables presented in the conceptual model. The seven major CRM components identified as follow:

1. Customer Prospecting

The term customer prospecting refers to all the various means employed in business to track, locate, and attract new customers (Reinartz and Kumar, 2003). Many firms have developed databases that contain detailed interaction data on prospects as well as customers (Thomas, 2001). In the process described by Payne (1994), the concept of CRM is understood in terms of a loyalty scale leading from the customer prospect, through customer, client, and supporter, to partner. According to Payne (1994), customer prospecting plays a key role at the beginning of the CRM process.

2. Relations with Customers

The “relations with customers” component of CRM concerns the extent to which firms initiate, develop, maintain, and improve relationships with other firms (Reinartz and Kumar, 2003). Most definitions that can be found in the literature regard “relations with customers” as representing the keystone of CRM. The concept of relations with customers also relates, according to the literature, to customer loyalty. Chow and Holden (1997), for example, estimate that firms are oriented towards the benefits that can be reaped from the construction of customer loyalty. In addition, these authors specify that there has been a paradigmatic change so that the relationship with the customer is now seen as the unit of value.

3. Interactive Management

Gronroos (1994), Interactive management is a key aspect of CRM functions. It comprises all actions designed to transform the prospective client who enters

into contact with the business representatives into an active and effective customer. It is conceptually based on reciprocity, which constitutes one important dimension of CRM and feedback is an important part of the core of interactive management (Bitner, 1995).

4. Understanding Customer Expectations

This concept stresses the importance of identifying the customers' desires and supplying to those customers products and services that meet their expectations (Power, 1988 cited by Evans and Laskin, (1994). Szeinbach, Barnes, and Garner (1997), describe understanding customer expectations as the strategy adopted by firms to generate more knowledge of customer expectations and needs and to provide customers with the best services in order to win their loyalty.

5. Empowerment

Empowerment generally refers to the process a firm adopts to encourage and reward employees who exercise initiative, make valuable creative contributions, and do whatever is possible to help customers solve their problems (Herzberg, 2003).

6. Partnerships

Partnerships are created when suppliers work closely with customers and add desired services to their traditional product and service offerings (Evans and Laskin, 1994). Payne (1994), puts partnering at the extreme end of his loyalty scale, regarding it as an important step that usually leads to the development of a close and durable relationship between supplier and customer.

7. Personalization

Personalization refers to the extent to which a firm assigns one business representative to each customer and develops or prepares specific products for specific customers. Personalization is about selecting or filtering information for a company by using information about the customer profile (Schubert, 2003).

Customer Satisfaction

There are as many definitions about Customer satisfaction. According to Hill and Alexander (2006), customer satisfaction is a measure of how your organization's total product performs in relation to a set of customer requirements.

Customer Loyalty

Customer Loyalty can be measured through their intent to repurchase, satisfaction and tolerance to price fluctuation. Customer loyalty includes customers' repurchasing behavior and their preference toward s certain product or service, pointed out that customer loyalty includes behavior loyalty and attitude loyalty (Griffin, Backman and Cropmton in *Liu*, 2008)

CONCEPTUAL FRAMEWORK AND HYPOTHESES

The concept of Customer Relationship Management (CRM) (X) consist of 7 variables: Customer Prospecting (X_1), Relations with Customers (X_2), Interactive Management (X_3), Understanding Customer Expectations (X_4), Empowerment (X_5), Partnerships (X_6) and Personalization (X_7), whereas its mediate variable namely Customer Satisfaction (Z) and the dependent variable is Customer Loyalty (Y).

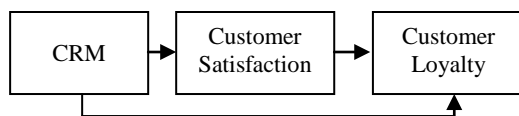


Figure 3.1
Conceptual Model

Hypotheses

- H₁: Customer Prospecting affects Customer Satisfaction
- H₂: Relations with Customers affects Customer Satisfaction
- H₃: Interactive Management affects Customer Satisfaction
- H₄: Understanding Customer Expectations affects Customer Satisfaction
- H₅: Empowerment affects Customer Satisfaction
- H₆: Partnerships affects Customer Satisfaction
- H₇: Personalization affects Customer Satisfaction
- H₈: Customer Prospecting affects Customer Loyalty
- H₉: Relations with Customers affects Customer Loyalty
- H₁₀: Interactive Management affects Customer Loyalty
- H₁₁: Understanding Customer Expectations affects Customer Loyalty
- H₁₂: Empowerment affects Customer Loyalty
- H₁₃: Partnerships affects Customer Loyalty
- H₁₄: Personalization affects Customer Loyalty
- H₁₅: Customer Satisfaction affects Customer Loyalty

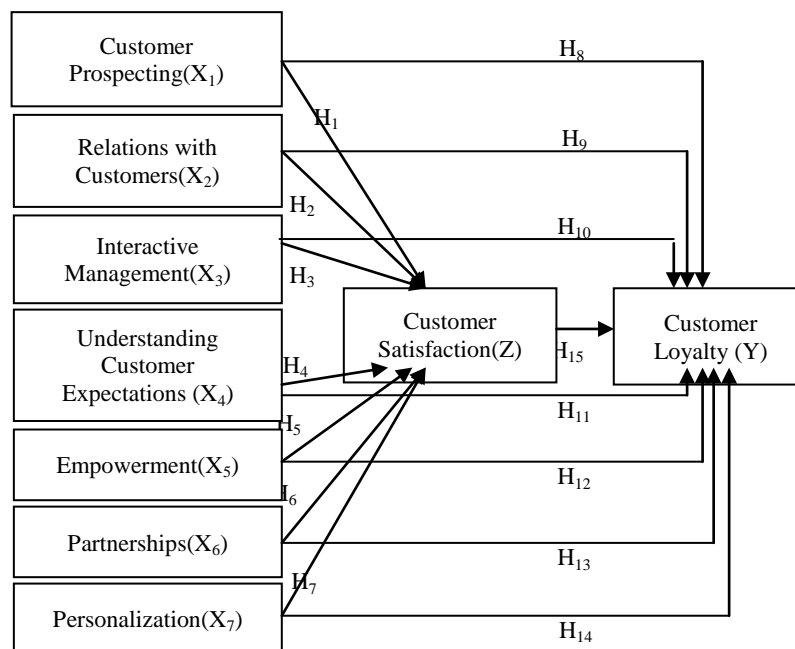


Figure 3.2
Hypotheses Model

RESEARCH METHOD

This research can be categorized as a type of Explanatory Research. According to Gratton (2010), Explanatory Research is involved in explaining why something happens, and assessing causal relationship between variables. Therefore this research to get the description about the relationship and influence between several independent variables on the dependent variable. The approach used in this research is a Quantitative Approach. according to Aliaga and Gunderson in Muijs (2011), Quantitative Research is explaining phenomena by collecting numerical data that are analyzed using mathematically based methods (in particular statistics). This research to determine the effect of Customer Relationship Management (CRM) to Customer Loyalty through Customer Satisfaction. Location of the research chosen is BRI Bank in University of Brawijaya on street. MT. Haryono 163 Malang. And the populations In this research are all of customers of BRI Bank in University of Brawijaya Street. MT Haryono No. 163 Malang are 7500 customers.

The large samples that taken in this research were determined by using a formula of Slovin, Based on the sample calculation then known the samples that could be taken are 99 people. the sampling technique was done by using purposive sampling, and the respondent characteristic in this research is that the Customer who does the transaction directly in BRI Bank in University of Brawijaya. The quality of the research instrument relating to the validity and reliability of the instrument and the quality of data collection relating to the accuracy of methods that are used to collect data. In this research the techniques used to collect data was questionnaire. The Data Analysis Method used in this research are Descriptive Statistics Analysis and Inferential statistic analysis by using Path Analysis.

Research Variables

Operational definition in research:

1. Customer Relationship Management (CRM) is a process in obtaining, maintaining, and improving customer benefit. Requires a sharp focus in the service attributes that will be generating value to the customer so that will create loyalty. The primary things behind the concept of Customer Relationship Management are to strengthen the long-term relationships and therefore creating repetitive

purchases. Item that used to measure the idea of Customer Relationship Management using seven common components are Customer Prospecting, Relations with Customers, Interactive Management, Understanding Customer Expectations, Empowerment, Partnerships, and Personalization.

2. Customer Satisfaction is a comparison between products perceived with that predicted before it was purchased or consumed. If the product that be felt beyond expected so the consumer will be satisfied, and the opposite if the perceived lower than the expectations the consumer will be dissatisfied. Customer satisfaction was measured from the service Automated Teller Machine (ATM), Internet Banking, the customer service at the teller, customer service that provided by the customer service staff, either directly or via telephone.
3. Customer Loyalty is a deeply held commitment to re-buy or re-patronize a preferred product/service consistency in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts have the potential to cause switching behavior. Loyalty was measured from the level of customer loyalty such as saying positive things about others BRI, recommending BRI to others, loyalty and regard BRI as a friend or partner.

RESEARCH RESULTS AND DISCUSSION

Respondent Description

Based on the calculation, then can be explained that from 99 respondents, there are 49 persons or 49.5% of male respondents and 50 persons or 50.5% female respondents. It means that most customers of BRI Bank are female. Based on age, there are 45 persons or 45.5% of respondents are 17-23 years old, 16 persons or 16.2% are 24-30 years old, 13 persons or 13.1% are 31-37 years old, 11 persons or 11.1% are 38-44 years old, 8 persons or 8.1% are 45-51 years old, 1 person or 1.0% are 52-58 years old, 4 persons or 4.0% are 59-65 years old, and 1 person or 1.0% are 66-72 years old. It means that most customers of Bank BRI are in the average of 17 to 23 years old. Based on profession, respondents with profession as a Government Employee as many as 15 persons or 15.2% of respondents, Private Employee as many as 15

persons or 15.2% of respondents, Student as many as 49 persons or 49.5 %, of respondents, Entrepreneur as many as 17 persons or 17.2% of respondents, and the remain as many as 3 persons or 3.0% of respondents have other professions. It means that most customers of BRI Bank respondents have profession as Student. Based on education level, respondents' education level with the Upper Secondary School as many as 4 persons or 4.0% of respondents, Diploma as many as 10 persons or 10.1% of respondents, Scholar as many as 66 persons or 66.7% of respondents, Master's Degree as much as 13 persons or by 13.1% of respondents, Doctor as much as 3 persons or 3.0% of respondents, and respondents with the level of education besides Upper Secondary School, Diploma, Scholar, Master's Degree and Doctor as many as 3 persons or 3% of respondents. It means that the majority of BRI Bank customers who are the respondents of this research are the Scholars. Based on the income can be known that respondents with the income under 2 million dollars as many as 56 persons or 56.6% of respondents, 2 to 4 million dollars as many as 5 persons or 5.1% of respondents, 4 to 6 million dollars as many as 14 persons or 14.1% of respondents, 6 to 8 million dollars as many as 5 persons or 5.1%, and respondents with the incomes over 8 million dollars as many as 19 persons or 19.2% of respondents. It means that most customers of BRI Bank respondents have a monthly income <2,000,000.

Base on the long time be customer, The number of respondents with less than 2 years as many as 15 persons or 15.2% of respondents, 2-5 years as many as 49 persons or 49.5% of respondents, 5-10 years as many as 29 persons or 29.3% of respondents, and the customer of more than 10 years as many as 6 persons or 6.1% of respondents. It means that the majority of BRI Bank customers belong to the customers for 2-5 Years. Based on Getting Information, there are 30 persons or 30.3% of respondents obtain the information about BRI Bank from their family, 33 persons or 33.3% of respondents obtain it from their friends, 23 persons or 23.2% of respondents obtain it from information media (newspapers, magazines, radio), and 13 persons or 13.1% of respondents obtain it from others (by their own self or their work office). It means that most customers of BRI Bank respondents obtain information about the Bank BRI from friend. Base on Types of Services and Savings, the

number of respondents who use Simpedes saving as many as 6 persons or 6.1% of respondents, Britama savings as many as 55 persons or 55.6% of respondents, Britama Business as many as 13 persons or 13.1% of respondents, Simaskot savings as many as 9 persons or 9.1% of respondents, Haji savings as many as 4 persons or 4.0% of respondents, Deposit savings as many as 8 persons or 8.1% respondents, and who use the Giro as many as 4 persons or 4.0% of respondents. It means that most of BRI Bank customers use the Britama savings. Base on the use of other services, there are 47 persons or 47.5% of respondents never use the services of another financial institution before using the services of BRI Bank and 52 persons or 54.2% of respondents never use the services of another financial institution before using the services of BRI Bank (BNI Bank, BCA Bank, Mandiri Bank, etc.). It means that most customers of BRI Bank respondents never use the services of another financial institution before using the services of BRI Bank.

Data Analysis

Descriptive Analysis

Besides an overview of the respondents, the descriptive statistic analysis also describes the answers of respondents in terms of the item in each variable of Customer Relationship Management (CRM), level of Customer Satisfaction variable and level of Customer Loyalty variable.

Inferential Statistic Analysis

Path Analysis

1. The effect of Customer Prospecting on Customer Satisfaction

Base on the result of analysis shows the effect from Customer Prospecting variable toward Customer Satisfaction variable is significant with its Coefficient Path (b_1) is 0.351, t_{test} is 5.773 and significant value is 0.000. The statistical data processing result indicates that H_0 is rejected and H_1 is received. It means that there is a partial effect from Customer Prospecting variable toward Customer Satisfaction variable.

2. The effect of Relations with Customers on Customer Satisfaction

Base on the result of analysis shows the effect from Relations with Customers variable toward Customer Satisfaction variable is significant with its Path Coefficient (b_2) is 0.158, t_{test} 2.627 and significant value is

0.010. The statistical data processing result indicates that H_0 is rejected and H_2 is received. It means that there is a partial effect from Relations with Customers variable toward Customer Satisfaction variable.

3. The effect of Interactive Management on Customer Satisfaction

Base on the result of analysis shows the effect from Interactive Management variable toward Customer Satisfaction variable is significant with its Path Coefficient (b_3) is 0.161, t_{test} is 2.321 and significant value is 0.023. The statistical data processing result indicates that H_0 is rejected and H_3 is received. It means that there is a partial effect from Interactive Management variable toward Customer Satisfaction variable.

4. The effect of Understanding Customer Expectations on Customer Satisfaction

Base on the result of analysis shows the effect from Understanding Customer Expectations variable toward Customer Satisfaction variable is significant with its Path Coefficient (b_4) is 0.272, t_{test} is 4.511 and significant value is 0.000. The statistical data processing result indicates that H_0 is rejected and H_4 is received. It means that there is a partial effect from Understanding Customer Expectations variable toward Customer Satisfaction variable.

5. The effect of Empowerment on Customer Satisfaction

Base on the result of analysis shows the effect from Empowerment variable toward Customer Satisfaction variable is significant, with its Coefficient Path (b_5) is 0.145, t_{test} is 2.323 and significant value is 0.022. The statistical data processing result indicates that H_0 is rejected and H_5 is received. It means that there is a partial effect from Empowerment variable toward Customer Satisfaction variable.

6. The effect of Partnerships on Customer Satisfaction

Base on the result of analysis shows the effect from Partnerships variable toward Customer Satisfaction variable is significant, with its path coefficients (b_6) is 0.208, t_{test} is 3.132 and significant value is 0.002. The statistical data processing result indicates that H_0 is rejected and H_6 is received. It means that there is a partial effect from Partnerships variable toward Customer Satisfaction variable.

7. The effect of Personalization on Customer Satisfaction

Base on the result of analysis shows the effect from Personalization variable toward Customer Satisfaction variable is significant, with its Path Coefficient (b_7) is 0.225, t_{test} is 3.752 and significant value is 0.000. The statistical data processing result indicates that H_0 is rejected and H_7 is received. It means that there is a partial effect from Personalization variables toward Customer Satisfaction variable.

8. The effect of Customer prospecting on Customer Loyalty through Customer Satisfaction

Base on the result of analysis show the effect from Customer Prospecting variable toward Customer Loyalty variable is significant with its path coefficients (P_1) is 0.187, t_{test} are 5.773 and 3.124 and significant values are 0.000 and 0.002. The statistical data processing result indicates that H_0 is rejected and H_8 is received. It means that there is a partial effect from Customer Prospecting variable toward Customer Loyalty variable through Customer Satisfaction variable.

9. The effect of Relations with Customers on Customer Loyalty through Customer Satisfaction

Base on the result of analysis show the effect from Relations with Customers variable toward Customer Loyalty variable is significant with its path coefficients (P_2) is 0,084, t_{test} are 2.627 and 2.433 and significant values are 0.010 and 0.017. The statistical data processing result indicates that H_0 is rejected and H_9 is received. It means that there is a partial effect from the Relations with Customers variable toward Customer Loyalty variable through Customer Satisfaction variable.

10. The effect of Interactive Management on Customer loyalty through Customer Satisfaction

Base on the result of analysis show the effect from Interactive Management variable toward Customer Loyalty variable is significant with its path coefficients (P_3) is 0,085, t_{test} are 2.321 and 2.062 and significant values are 0.023 and 0.042. The statistical data processing result indicates that H_0 is rejected and H_{10} is received. It means that there is a partial effect from the Interactive Management variable toward Customer Loyalty variable through

Customer Satisfaction variable.

11. The effect of Understanding Customer Expectations on Customer Loyalty through Customer Satisfaction

Base on the result of analysis show the effect from Understanding Customer Expectations variable toward Customer Loyalty variable is significant with its path coefficients (P_4) is 0,144, t_{test} are 4.511 and 2.523 and significant values are 0.000 and 0.013. The statistical data processing result indicates that H_0 is rejected and H_{11} is received. It means that there is a partial effect from the Understanding Customer Expectations variable toward Customer Loyalty variable through Customer Satisfaction variable.

12. The effect of Empowerment on Customer Loyalty through Customer Satisfaction

Base on the result of analysis show effect from Empowerment variable toward Customer Loyalty variable is significant with its path coefficients (P_5) is 0,077, t_{test} are 2.323 and 2.210 and significant values are 0.022 and 0.030. The statistical data processing result indicates that H_0 is rejected and H_{12} is received. It means that there is a partial effect from the Empowerment variable toward Customer Loyalty variable through Customer Satisfaction variable.

13. The effect of Partnerships on Customer Loyalty through Customer Satisfaction

Base on the result of analysis show the effect from Partnerships variable toward Customer Loyalty variable is significant with its path coefficients (P_6) is 0,110, t_{test} are 3.132 and 2.955 and significant values are 0.002 and 0.004. The statistical data processing result indicates that H_0 is rejected and H_{13} is received. It means that there is a partial effect Partnerships variable toward Customer Loyalty variable through Customer Satisfaction variable.

14. The effect of Personalization on Customer Loyalty through Customer Satisfaction

Base on the result of analysis show the effect from Personalization variable toward Customer Loyalty variable is significant with its path coefficients (P_7) is 0,119, t_{test} are 3.752 and 2.422 and significant values are equal to 0.000 and 0.017. The statistical data processing result indicates that H_0 is rejected and H_{14} is received. It means that there is a partial effect from Personalization variable toward

Customer Loyalty variable through Customer Satisfaction variable.

15. The effect of Customer Satisfaction on Customer Loyalty

Base on the result of analysis show the effect from Customer Satisfaction variable toward Customer Loyalty variable is significant with its path coefficients (b_8) is 0.533, t_{test} is 7.725 and significant value is 0.000. The statistical data processing result indicates that H_0 is rejected and H_{15} is received. It means that there is a partial effect from the Customer Satisfaction variable toward Customer Loyalty variable.

Discussion

1. The effect of Customer Prospecting (X_1) on Customer Satisfaction (Z)

The results of research show that there is an effect from Customer Prospecting (X_1) toward Customer Satisfaction (Z). This effect is shown by the value of regression coefficient (b_1) is 0.351 and significance is 0.000. These findings are matched with the opinion of Kotler (2002) Organizations that can implement CRM successfully are those that have a great deal of information concerning the customer and where there are differentiated needs among the customers. The identification of customers enables the organizations to select those customers that they regard as being strategically significant and who they believe can contribute to the success of the organization.

2. The effect of Relations with Customers (X_2) on Customer Satisfaction (Z)

The results of research show that there is an effect from Relations with Customers (X_2) toward Customer Satisfaction (Z). This effect is shown by the value of regression coefficient (b_2) is 0.158 and significance is 0.010. These findings are matched with the opinion of Payne (2000) asserts that CRM is concerned with "the creation, development and enhancement of individualized customer relationships with carefully targeted customers and customer groups resulting in maximizing their total customer life-time value.

3. The effect of Interactive Management (X_3) on Customer Satisfaction (Z)

The results of research show that there is an effect from Interactive Management (X_3) toward Customer Satisfaction (Z). This effect is shown by the value of regression coefficient

(b_3) is 0.161 and significance is 0.023. These findings are matched with previous empirical studies that conducted by Berndt et.al, (2005) With a Pearson value (r) of 0.598, the correlation is moderately positive as the r value of 0.598 is less than 0.6.

4. The effect of Understanding Customer Expectations (X_4) on Customer Satisfaction (Z)

The results of research show that there is an effect from Understanding Customer Expectations (X_4) toward Customer Satisfaction (Z). This effect is shown by the value of regression coefficient (b_4) is 0.272 and significance is 0.000. These findings are matched with the opinion of Dominici and Guzzo (2010) CRM helps companies make sense of customer needs, manage these relationships more intelligently and help predict the future. CRM is a tool and process that allows an organization to identify, understand and serve customers to improve customer service, retain valuable customers, and help provide analytical capabilities (Dimitriadis, 2006).

5. The effect of Empowerment (X_5) on Customer Satisfaction (Z)

The results of research show that there is an effect from Empowerment (X_5) toward Customer Satisfaction (Z). This effect is shown by the value of regression coefficient (b_5) is 0.145 and significance is 0.022. These findings are matched with previous empirical studies that conducted by Peters and Mazdarani (2008) analyzed the effect of employee empowerment on service quality and customer satisfaction and concluded a positive relationship between the two variables.

6. The effect of Partnerships (X_6) on Customer Satisfaction (Z)

The results of research show that there is an effect from Partnership (X_6) toward Customer Satisfaction (Z). This effect is shown by the value of regression coefficient (b_6) is 0.208 and significance is 0.002. These findings are matched with the opinion of Peppers and Rogers (1993) and Vavra (1992) on a broader level, CRM may mean customer retention or partnering. Corporations should seek new interaction mechanisms to improve customer relations by achieving complete communication with customers, building partnerships with customers, and getting more non-structured information about customers

that is leveraged to drive CRM activities. (Ben Wu, et al., 2009)

7. The effect of Personalization (X_7) on Customer Satisfaction (Z)

The results of research show that there is an effect from Personalization (X_7) toward Customer Satisfaction (Z). This effect is shown by the value of regression coefficient (b_7) is 0.225 and significance is 0.000. These findings are matched with the opinion of Dyche (2002) Personalization is defined as the practice of one-to-one marketing through the use of mass customization, allowing customers to seek unique solutions to their specific needs. The great diversity in the needs, wants, and resources of customers makes customer behavior less predictable and forecasting less accurate. These findings are matched with previous empirical studies that conducted by Berndt et al. (2005).

8. The effect of Customer Prospecting (X_1) on Customer Loyalty (Y)

This research shows that there are direct and indirect effects from customer prospecting (X_1) toward customer loyalty (Y). The regression coefficient of direct effect (b_1) is 0.333 or 33,3% and its significance is 0.000. While for the indirect effect, the coefficient is 0.187 or 18,7%. This indirect effect is mediated by the customer satisfaction variable. It comes from a well investigation conducted by BRI Bank toward their customers' background. Therefore, the customers' character and banking service needs can be certainty identified and understood. These findings are matched with the opinion of Payne (1994), the concept of CRM is understood in terms of a loyalty scale leading from the customer prospect, through customer, client, and supporter, to partner.

9. The effect of Relations with Customers (X_2) on Customer Loyalty (Y)

This research shows that there are direct and indirect effects from Relations with Customers (X_2) toward Customer Loyalty (Y). The regression coefficient of direct effect (b_2) is 0.184 or 18,4% and its significance is 0.000. While for the indirect effect, the coefficient is 0.084 or 8,4%. This indirect effect is mediated by the Customer Satisfaction variable. These findings are matched with previous empirical studies that conducted by Body and Limayem (2004) states that relations with customers have a positive and direct impact on customer

loyalty. BRI Bank has done an effectively effort to build a good relationship with customers. Therefore it may bring an impact toward their satisfaction. Besides that, BRI Bank has given enough effort in order to increase a well relationship with the customers that makes them satisfy and then bring a good impact toward their loyalty.

10. The effect of Interactive Management (X_3) on Customer Loyalty (Y)

This research shows that there are direct and indirect effects from Interactive Management (X_3) toward Customer Loyalty (Y). The regression coefficient of direct effect (b_3) is 0.183 or 18,3% and its significance is 0.002. While for the indirect effect, the coefficient is 0.085 or 8,5%. This indirect effect is mediated by the Customer Satisfaction variable. These findings are matched with the opinion of Narayandas and Rangan (2004), the key to co-creation marketing is collaboration, cooperation, and communication. Through this, firms can work with individual customers to offer customized solutions, create relationship value, enhance customer loyalty, and reduce the cost of doing business. BRI Bank has given a well-done effort in responding the customers' service needs that may create a closer relationship between BRI Bank and the customers. Besides that, BRI Bank's service is getting better from time to time since the customers' advices to increase the service. BRI Bank also does a good effort to capture the customers' opinion. Therefore, it makes the relationship between BRI and customers getting better from time to time that may bring a good impact toward customer loyalty.

11. The effect of Understanding Customer Expectations (X_4) on Customer Loyalty (Y)

This research shows that there are direct and indirect effects from Understanding Customer Expectation (X_4) toward Customer Loyalty (Y). The regression coefficient of direct effect (b_4) is 0.256 or 25.6% and its significance is 0.000. While for the indirect effect, the coefficient is 0.144 or 14.4%. This indirect effect is mediated by the Customer Satisfaction variable. These findings are matched with the opinion of Almotairi (2008) the main reason to choose customer loyalty as consequence of e-CRM performance because the main objective of CRM is to

translate the customer information into customized products and services that meet customers' expectations in order to gain their loyalty. This research shows that BRI Bank has done great efforts in terms of understanding the customers' wishes. Producing customers' expected products and providing well service and complete facilities belongs to BRI Bank efforts. Thus, it makes the customers get the satisfaction for every banking transaction in BRI Bank and the customers may have an intention to have more transactions and keeping their self for being the BRI Bank's customers.

12. The effect of Empowerment (X_5) on Customer Loyalty (Y)

This research shows that there are direct and indirect effects from Empowerment (X_5) toward Customer Loyalty (Y). The regression coefficient of direct effect (b_5) is 0.171 or 17,1% and its significance is 0.002. While for the indirect effect, the coefficient is 0.077 or 7,7%. This indirect effect is mediated by the Customer Satisfaction variable. These findings are matched with previous empirical studies that conducted by Body and Limayem (2004) states that empowerment have a positive and direct impact on customer loyalty. And These findings are matched with the opinion of Herzberg (2003) Empowerment generally refers to the process a firm adopts to encourage and reward employees who exercise initiative, make valuable creative contributions, and do whatever is possible to help customers solve their problems. This research shows that BRI Bank conducts an empowerment program in order to increase the Customer Satisfaction and Customer Loyalty. It is done by giving reward to the customers and optimizing the employees' service performing, i.e. helping the customers' problems and having a responsiveness to respond the customers' complaints.

13. The effect of Partnerships (X_6) on Customer Loyalty (Y)

This research shows that there are direct and indirect effects from Partnership (X_6) toward Customer Loyalty (Y). The regression coefficient of direct effect (b_6) is 0.247 or 24.7% and its significance is 0.000. While for the indirect effect, the coefficient is 0.110 or 11.0%. This indirect effect is mediated by the Customer Satisfaction

variable. These findings are matched with previous empirical studies that conducted by Body and Limayem (2004) states that partnerships have a positive and direct impact on customer loyalty. This research shows that BRI Bank has done good enough effort to develop the business partnership in order to increase the service and facilities for the customers through the business partners. There are many conveniences that the customers may get such as to make cross-banking transaction, to make transaction in the shopping areas and to do the various bill payments. These customers' obtained-facilities have brought a direct impact toward their satisfaction and loyalty.

14. The effect of Personalization (X_7) on Customer Loyalty (Y)

This research shows that there are direct and indirect effects from Personalization (X_7) toward Customer Loyalty (Y). The regression coefficient of direct effect (b_7) is 0.222 or 22.2% and its significance is 0.00. While for the indirect effect, the coefficient is 0.119 or 11.9%. This indirect effect is mediated by the Customer Satisfaction variable. These findings are matched with previous empirical studies that conducted by Body and Limayem (2004) states that Personalization have a positive and direct impact on customer loyalty. A well effort of BRI Bank is done in order to produce a product or service that can fulfill the customers' needs. The increasing of customers' satisfaction proves it. Besides that, through the customers' needs compiling, it makes them become loyal customers as the pleasure they got.

15. The effect of Customer Satisfaction (Z) on Customer Loyalty (Y)

This research shows that there is direct effect from Customer Satisfaction (Z) toward Customer Loyalty (Y). The regression coefficient of direct effect (b_8) is 0.533 or 53.3% and its significance is 0.00. These findings are matched with previous empirical studies that conducted by Taylor and Hunter (2002) demonstrated that customer loyalty is influenced by customer satisfaction in an e-CRM environment. These findings indicates that BRI Bank has been success in order to create the customers' loyalty by giving a highly satisfaction to them through a good service

and providing the expected banking products.

Contribution of Research

Theoretical Aspects

Development the concept of Customer Relationship Management in the study of marketing knowledge. And Additional information for other researchers

Practical Aspect

Additional information concerning with Customer Relationship Management to the BRI Bank in University of Brawijaya. And Recommendation to increase the marketing that conducted by BRI Bank in University of Brawijaya.

Limitation of research

1. This research is limited and focus on the banking companies, i.e. BRI Bank in University of Brawijaya. Therefore this finding couldn't be generalized to the other similar companies.
2. There are some respondents who couldn't read the questioners well, for they had a sight problem. Thus, the researcher should help them. In other hand, the researcher's words might influence the respondents' perception.

CONCLUSION AND RECOMMENDATIONS

Conclusion

1. There is a significant direct effect between Customer Prospecting (X_1) toward Customer Satisfaction (Z),
2. There is a significant direct effect between Relations with Customers (X_2) toward Customer Satisfaction (Z).
3. There is a significant direct effect between Interactive Management (X_3) toward Customer Satisfaction (Z),
4. There is a significant direct effect between Understanding Customer Expectations (X_4) toward Customer Satisfaction (Z).
5. There is a significant direct effect between Empowerment (X_5) toward Customer Satisfaction (Z).
6. There is a significant direct effect between Partnerships (X_6) toward Customer Satisfaction (Z).
7. There is a significant direct effect between Personalization (X_7) toward Customer

Satisfaction (Z).

8. There is a significant direct and indirect effect between Customer Prospecting (X_1) toward Customer Loyalty (Y).
9. There are significant direct and indirect effects from Relations with Customers (X_2) toward Customer Loyalty (Y).
10. There are significant direct and indirect effects between Interactive Management (X_3) toward Customer Loyalty (Y).
11. There are significant direct and indirect effects between Understanding Customer Expectations (X_4) toward Customer Loyalty (Y).
12. There are significant direct and indirect effects between Empowerment (X_5) toward Customer Loyalty (Y).
13. There are significant direct and indirect effects between Partnerships (X_6) toward Customer Loyalty (Y).
14. There are significant direct and indirect effects between Personalization (X_7) toward Customer Loyalty (Y).
15. There is a significant direct effect from Customer Satisfaction (Z) toward Customer Loyalty (Y).

Recommendations

Suggestion for the further research

This research is held in BRI Bank. For a great understanding of the influence from CRM toward customers satisfaction and loyalty may also be implemented on the other research in other sectors. Besides that, researches concerning the other variables (which are not included in this research model) are needed to be analyzed in order to deeply understand their effects toward the customers' satisfaction and loyalty.

Suggestion for the BRI Bank

BRI Bank have to further enhance in implementing Customer Prospecting, Relations with Customers, Interactive Management, Understanding Customer Expectations, Empowerment, Partnerships and Personalization, thus the customers will become more satisfied and loyal.

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