

Electronic Customer Relationship Management and Electronic Service Quality as Antecedents of Customer Retention

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ABSTRACT

The number of internet users in Indonesia is increasing every year. One of the activities that most users do on the internet is e-commerce. There are many e-commerce service providers in Indonesia. A survey conducted by the Indonesian Internet Service Providers Association (APJII) proves that Tokopedia has the highest number of visitors, up to 157.1 million. It can be a market opportunity for the company. The emergence of many competitors in the marketplace requires research on electronic CRM, electronic service quality, and customer retention. This study aims to analyze the effect of Electronic Customer Relationship Management and Electronic Service Quality on Customer Retention. Research on E-CRM and E-SERVQUAL obtained varied results, especially those conducted in the marketplace in Indonesia. The subjects were customers who had made online transactions at Tokopedia with purchase intensity at least twice in the last six months. The sample of 200 respondents was analyzed using Structural Equation Model (SEM) through the AMOS program. The result shows that electronic customer relationship management and electronic service quality positively and significantly affect customer retention.

Keywords: E-CRM, E-SERVQUAL, customer retention

1. INTRODUCTION

The level of internet users in Indonesia is growing rapidly every year. The Indonesian Internet Service Providers Association (APJII) surveyed internet users' behavior during the COVID-19 pandemic. As a result, the majority of users access the internet for more than 8 hours in one day. According to APJII, several reasons for accessing the internet during the pandemic are social media, message communication, online games, and online shopping via e-commerce. There are 5 (five) marketplaces with the highest number of visitors in Indonesia. Tokopedia is in first place with 157.1 million visitors, Shopee with 139.3 million, Lazada with 27.7 million, Bukalapak with 22.8 million, and followed by Orami with 17.8 million.

But unfortunately, there are still quite a lot of low reviews about Tokopedia. Many customers have complained about the poor service system and the Tokopedia mobile application system, which quite often experiences problems despite updating. To overcome this, companies can implement good and positive E-CRM in the form of a company's commitment to quality and attention to customers.

A good and positive relationship in the form of the company's commitment to quality and attention to customers is the main thing. This relationship is important because it can help companies address customer needs and expectations

from their perspective. Basically, E-CRM is designed to focus on customers who are managed on a single server.

The main concept of customer relationship management is the creation of customer value which aims not only to maximize the company's revenue but also to gain a competitive advantage. Competitive advantage is not only about price, but also based on the ability of service providers to help customers to generate value for the company and build long-term relationships with customers. It can be said that customer relationship management is a concept that helps customer relationships become effective and efficient.

In addition, companies can improve E-SERVQUAL as an effective method of maintaining a market competitive advantage. Implementation of E-CRM and E-SERVQUAL has a positive effect on customer retention. The implementation of E-CRM has become the main strategy by e-commerce companies, especially in developing countries and therefore many companies are willing to develop and maintain proper relationships with their customers in providing sustainable benefits as a strategy. long-term success.[1] The quality of electronic services is an important point in creating a competitive advantage and maintaining long-term relationships for companies that are fully operational online.[2]

Other researchers find that there is a positive relationship between service quality, e-Satisfaction, and customer

retention.[3] Increasing customer retention through increasing customer satisfaction is also the main driver for adopting E-CRM. [4]

This study refers to the finding that E-CRM practices affect customer retention. [5] Furthermore, customer satisfaction mediates the relationship between service quality and customer retention. [6] However, in other research was found that customer satisfaction did not affect customer retention. [7] Therefore, this study did not use customer satisfaction as a mediating variable.

Despite the varying results and not many studies explaining a similar relationship, the findings show that this effect is getting bigger and bigger. This research is becoming increasingly important considering that there are still many complaints related to Tokopedia services, so it is necessary to study the factors that affect customer retention.

2. LITERATURE REVIEW

2.1. Retention Theory

Retention of customers does not only apply in traditional or physical markets but also occurs in virtual or electronic markets such as in e-commerce. The concept of retention is a form of customer acquisition so which the company seeks to retain existing customers, then designed to attract new customers. The company has made customer retention efforts since its first contact with customers. This is intended so that customers do not switch to other competitors and that long-term relationships can be established. [8]

2.2. Customer Retention (CR)

Customer retention is the tendency of future customers to stay and the customer's intention to repurchase. [9] Other authors define customer retention as a customer's future tendency to stay with a service provider.[10] Customer retention is considered very important in influencing the company's profitability. [11]

2.3. Electronic Customer Relationship Management (E-CRM)

E-CRM as an internet technology-based application aims to achieve customer relationship management.[12] E-CRM is the application of data and communication technology in expanding the scope of services for customers.[13] E-CRM is a combination of hardware, software, processes, applications, and management commitment in improving customer service, retaining customers, and providing analytical capabilities. [14]

2.4. Electronic Service Quality (E-SERVQUAL)

Service quality can be described by comparing customers with their current experience with services obtained from previous experience in handling similar services.[15] E-

SERVQUAL is a new version of service quality. Researchers define E-SERVQUAL as an overall customer evaluation and assessment of the superiority and quality of electronic services provided in the virtual market. E-SERVQUAL can be defined as an expansion of the website's ability to provide online shopping, purchasing, and distribution activities services facilities effectively and efficiently by companies. [16]

2.5. Hypothesis Development

A good application of E-CRM from the time the purchase has not been made until after the purchase is made to maintain and maintain relationships with customers can lead to customer retention. Customers who are satisfied because of a well-served shopping experience will buy or come back. This is in line with the opinion that state if the implementation of E-CRM is carried out properly, then the benefits that can be achieved for the company are increased customers, improved service, and customer support. [17] The researcher then draws the first hypothesis as follows:

Hypothesis 1: E-CRM has a positive effect on customer retention

A well-run E-SERVQUAL implementation can lead to customer retention. When the customer service provided by the company is high, customer retention is also high. Customers can easily understand the quality of service provided when making a transaction even though the purchase transaction has not yet occurred.[18] It can be said, customers depend on the quality of service provided by the company. Based on the description above, the researcher proposes the following hypothesis:

Hypothesis 2: E-SERVQUAL has a positive effect on customer retention.

The research model that explains the relationship between variables can be seen in Figure 1.

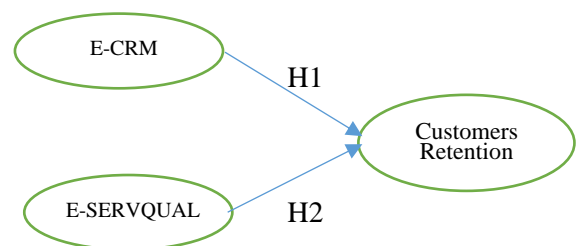


Figure 1 Research Model

3. RESEARCH METHOD

This study uses primary data with a quantitative approach. The data collection technique in this study used a survey method with online questionnaires via Google Forms as a research tool. The population of this study is the users of the Tokopedia E-Commerce Marketplace in Yogyakarta. The sampling technique is a non-probability method or non-

random selection in the form of purposive sampling. The criteria for respondents in this study are over 17 years old and have made online purchases at Tokopedia at least 2 times in the last 6 months. Respondents' answers collected were then processed using SEM analysis through the AMOS program.

4. RESULT

In this study, researchers managed to collect as many as 200 respondents who met the criteria of respondents. It is known that 96 people made purchases twice in the last 6 months at Tokopedia or 48% of 200 respondents. The majority of respondents in this study were female with a total of 113 people or 56.5% of 200 respondents. The majority of respondents who make purchases through Tokopedia are around 17-25 years old with a total of 153 people or 76.5% of the 200 respondents. Respondents with a senior high school education dominated the survey results with a total of 127 people or 63.5% of the 200 respondents. The majority of shoppers at Tokopedia are students or university students with a total of 130 people or 65% of the 200 respondents of Tokopedia

4.1. Validity and Reliability Test

The validity test is carried out by taking into account the standard factor loading value of each indicator or dimension. If the standard loading factor value > 0.5 then it is declared valid. If it is not valid, then the indicator or dimension is dropped in the next analysis. [19] Besides, it also uses Pearson's Product Moment with a significance level of 5%. All items have met the criteria.

A reliability test is used to test the consistency of measurement. High reliability indicates that the indicators have high consistency in measuring the latent construct. [19] A construct has good reliability if the Construct Reliability (CR) value is > 0.70 and the Variance Extracted (VE) value is > 0.50. [20] In this study, each variable has met these criteria (see Table 1).

Table 1. The result of the Reliability Test

Variables	Construct Reliability	Variance Extracted
E-CRM	0.919	0.694
E-SERVQUAL	0.927	0.717
CR	0.912	0.675

4.2. SEM Assumption Test

SEM analysis requires a sample of at least 5 (five) times the number of indicator variables used. [21] In this study, the number of respondents collected was 200 people. The number of respondents has met the requirements of the specified number of samples, namely 5 x 20 items of indicator variables = 100 samples.

Detection of multivariate outliers is done by taking into account the value of Mahalanobis Distance. The criteria used are located at a significance level of p 0.001. The distance is evaluated by using the outlier limit in degrees of freedom equal to the number of indicators used. In this study, there are 20 indicators. While univariate outliers can be done by determining the threshold value that will be categorized as outliers by converting the value of research data into a standard score which can be called Zscore. The Zscore threshold value is in the range of -4 to 4. [20] The results show that there is no outlier in both univariate and multivariate.

Evaluation of univariate and multivariate normality with AMOS was carried out by looking at the critical ratio (cr) criteria of kurtosis and skewness. The conditions for the critical ratio (cr) value are in the range between -2.58 to 2.58 (-2.58 < cr < 2.58) with a significance level of 1% (0.01). [19] The result found that the data were normal.

Furthermore, multicollinearity can be known by looking at the determinant of the sample covariance matrix which is small or close to zero in the sample moments. The result indicated that there is multicollinearity in this study of 0.000. However, when the correlation between exogenous constructs is not very strong or is < 0.85 the research can still be continued. [22] In this study, it was found that the correlation between exogenous constructs; E-CRM and E-SERVQUAL, was 0.84 < 0.85. Therefore, the process of the results of this research can still be continued.

4.3. The Goodness of Fit Criteria

The model suitability test can be done by looking at the Goodness of Fit criteria. If it meets the criteria, it can be explained that the model in the study is in accordance with the data or fits the data used in the study.

Table 2 shows that most of the criteria fit, although some criteria do not meet the criteria. However, these results have shown that the model fits the data used. In other words, the proposed model is good and acceptable.

Table 2. The Goodness of Fit Criteria

The goodness of fit index	Cut-off value	This model	Result
Chi-Square	< 109.7733	219.312	Unfit
Probability	> 0.05	0.00	Unfit
CMIN/DF	< 2.00	2.521	Marginal
GFI	> 0.90	0.869	Marginal
AGFI	> 0.80	0.819	Fit
TLI	> 0.90	0.940	Fit
NFI	> 0.90	0.921	Fit
CFI	> 0.90	0.950	Fit
RMSEA	< 0.08	0.087	Marginal
PGFI	0.00-1.00	0.630	Fit
PNFI	0.60-0.90	0.763	Fit

4.4. Hypothesis testing

Hypothesis testing in this study used the Structural Equation Modeling (SEM) method using AMOS. The results of hypothesis testing are shown in Table 3.

Table 3. Hypothesis Test Results

Hypothesis	Standardized Estimate	CR	P	Result
CR <-- E-CRM	0.633	6.799	***)	Supported
CR <-- E-SERVQUAL	0.337	3.999	***)	Supported

***) less than 0.001

The P value in Table 3 will be compared with a significance level of 0.05 or the hypothesis will be supported if the CR value is > 1.96 . Referring to Table 3, the estimated value of E-CRM standardized regression weights on customer retention is 0.633 with CR 6.799 and P less than 0.001. Therefore, it can be concluded that hypothesis 1 is supported, meaning that there is a positive effect of E-CRM on customer retention.

Furthermore, the estimated value of standardized regression weights between E-SERVQUAL and customer retention is 0.337 with a CR of 3.999 and a P of less than 0.001. Based on these results, the second hypothesis is also supported. Therefore, it can be concluded that E-SERVQUAL affects customer retention positively and significantly.

5. DISCUSSION

Based on the results of the research that has been done, it can be seen that both hypotheses are supported. Hypothesis 1 (H1) test results show that there is a positive and significant effect of electronic customer relationship management on customer retention. The results of this study prove that a good application of E-CRM from the time of purchase has not been made until after the purchase is made to maintain and maintain relationships with customers can lead to customer retention. Customers who are satisfied because of a well-served shopping experience will buy or come back. This finding is in line with previous research. The three E-CRM indicators (pre-purchase, at-purchase, and post-purchase) significantly affect customer retention. [4]

Then in Hypothesis 2 (H2), researchers suspect that there is a positive and significant influence between electronic service quality on customer retention. Based on the results of hypothesis testing, it is proven that there is a positive and significant effect of electronic service quality on customer retention. The results of this study prove that the implementation of E-SERVQUAL that runs well can lead to customer retention. When the customer service provided by the company is high, customer retention is also high. This finding is in line with previous research which found a positive and significant influence between customer service and customer retention. [23]

6. CONCLUSION

Based on the results of Hypothesis 1 (H1) test, shows that E-CRM has a positive and significant effect on customer retention. This shows that when Tokopedia carries out good and structured customer relationship management starting from before they make a purchase (pre-purchase) when the purchase process is in progress (in-purchase) until the purchase has been completed (post-purchase). This can directly increase customer retention.

Based on the results of the Hypothesis 2 (H2) test, shows that E-SERVQUAL has a positive and significant effect on customer retention. This finding concludes that Tokopedia has provided good services such as providing easy access to use, maintaining privacy and security, and being responsive to problems experienced by customers. In addition, Tokopedia has also provided a system that operates properly and accurately and the features provided are complete, neat, and attractive. Tokopedia's implementation action turned out to lead to direct customer retention.

7. LIMITATIONS AND FUTURE RESEARCH

This research was only conducted on Tokopedia respondents who were in Yogyakarta, while Tokopedia users were widely spread in other areas. To provide representative results, the next researcher should research a wider scope.

This study only uses a closed questionnaire so it only obtains limited results and cannot elaborate on other things that are more in-depth. Open questionnaires or interviews can be conducted to obtain more information from the respondents.

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