
The Effect of Customer Relationship Management (CRM) on Customer Satisfaction and Customer Loyalty at the SMEs

Nurvika Apriani Sapar¹, Muhammad Rakib^{2*}, Nur Halim³

^{1,2,3}Department of Business and Entrepreneurship, Universitas Negeri Makassar, Indonesia

ABSTRACT: This study aims to analyze the effect of Customer Relationship Management (CRM) on customer satisfaction and customer loyalty at Cafe Kampus Tiga. In the context of the food and beverage industry, the implementation of effective Customer Relationship Management is expected to increase positive interactions with customers, strengthen long-term relationships, and encourage customers to continue to return. This study uses a quantitative approach. Data were collected through questionnaires distributed to 83 respondents who are Cafe Kampus Tiga customers. The analysis technique used is path analysis with SPSS software. The results of this study indicate that Customer Relationship Management has a significant effect on customer satisfaction. Customer Relationship Management has a significant effect on customer loyalty. Customer satisfaction has a significant effect on customer loyalty. Customer Relationship Management has a significant effect on customer loyalty through customer satisfaction.

KEYWORDS: Customer Relationship Management, Customer Satisfaction, Customer Loyalty

I. INTRODUCTION

The growth and development of people's lives have experienced quite rapid progress; this is supported by advances in technology and information as well as changes in people's lifestyles that are increasingly modern. All aspects of people's lives are inseparable from increasingly fierce competition. This tight competitive environment, consumers have broad opportunities to get products that suit their desires and needs so that to fulfill this, a business must be able to provide products that are of better quality (better in quality), cheaper in price (cheaper in price), faster information (faster delivery) and better service (better in service) compared to its competitors. In this era of modern business competition, which demands innovation, creativity, and competitiveness to attract customers/consumers, the attractiveness of a business aims to achieve this attraction (Rakib et al., 2023)

One way to survive in this increasingly competitive environment is to implement Customer Relationship Management (CRM). Good communication with customers is essential for fostering loyalty. Through Customer Relationship Management, companies are expected to build strong communication and relationships with their customers, enabling them to produce products not only with high quality and competitive prices but also with customer needs and desires. The business world uses a term for managing customer relationships, called CRM (Customer Relationship Management). Customer Relationship Management (CRM) is the process of acquiring, retaining, and developing profitable customers. The crucial role of Customer Relationship Management (CRM) lies in its ability to strengthen the relationship between a company and its customers by deeply understanding their needs and preferences. CRM enables companies to manage customer data in an integrated manner, enabling them to provide more personalized, relevant, and consistent service. This not only increases customer satisfaction but also strengthens their loyalty to the company's brand or products. Thus, customers who feel valued and understood are more likely to make repeat purchases and recommend products to others, ultimately increasing the company's profitability (Yum & Kim, 2024). Customer satisfaction alone is never enough. If a customer finds a better service provider, they are likely to switch to another provider. Therefore, customer satisfaction must be balanced with customer loyalty. The concept of loyalty itself is complex and dynamic. Repeat purchases do not necessarily reflect loyalty. In conclusion, customer loyalty exists when a customer purchases a product or service repeatedly and has a commitment to remain loyal to that product

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II. LITERATURE REVIEW

A. Customer Relationship Management and Customer Satisfaction

Customer Relationship Management is the process of carefully managing detailed information about individual customers in areas closely related to them to maximize customer loyalty and satisfaction (Gazi et al., 2024). Customer Relationship Management (CRM) is a comprehensive business strategy within a company that enables it to effectively manage customer relationships. Through CRM, companies can engage in a variety of approaches to gather information about customer needs and desires (Nilashi et al., 2023). CRM is the process of building relationships between companies and customers by increasing customer satisfaction (Haryandika et al., 2021).

Customer Relationship Management (CRM) is defined as a company's efforts to focus on retaining customers (and preventing them from leaving for competitors) by collecting data on all forms of customer interaction, whether by phone, email, website feedback, or conversations with sales and marketing staff (Ledro et al., 2025).

Customer Relationship Management is a basic business strategy that combines internal processes and activities with external networks to generate and provide value to target customers profitably. The purpose of Customer Relationship Management, in general, CRM (Customer Relationship Management) aims to provide more effective feedback and better integration to build a deeper understanding of consumers and increase consumer value from the company. CRM can help in automating many aspects of customer relationships, which is very important to be able to maintain personal interactions with customers (Nethanani et al., 2024). The benefits of Customer Relationship Management (CRM) include reducing costs, increasing operational efficiency, increasing time to market, increasing revenue, and customer loyalty (Saha et al., 2021).

Customer satisfaction is the degree to which a person feels after comparing a product's perceived performance or outcome with what the customer expects and feels. This satisfaction is crucial for maintaining market position and customer loyalty. Customer satisfaction is one of the reasons why customers decide to shop at a particular location (Widyana & Firmansyah, 2021). Customer satisfaction is the feeling of pleasure or disappointment that arises after comparing the perceived performance (result) of a product with the expected performance. Satisfaction is a crucial point in the circulation of a business; in fact, customer satisfaction significantly determines the success or failure of a business. Measuring customer satisfaction is crucial because it provides useful information for companies, shareholders, investors, governments, and consumers (Suchánek & Králová, 2015).

Customer satisfaction is a customer's perception of a product, and the extent to which it meets their expectations by purchasing or using it. Customer satisfaction also reflects the product's quality and benefits to the customer. Customer satisfaction is the primary goal of all marketing programs. This is achieved through the hope that customers will be loyal to the products they purchase. The higher the level of customer satisfaction, the higher the customer loyalty (Dibyo et al., 2021). The relationship between two Customer Relationship Management variables and customer satisfaction in previous research conducted by Alfian Rahmat showed that Customer Relationship Management has a positive and significant effect on Customer Satisfaction. Improving Customer Relationship Management at AUTO2000 will result in increased Customer Satisfaction

Based on the above description, the following research hypothesis can be proposed:

Hypothesis 1: Customer Relationship Management has a positive and significant effect on customer satisfaction.

B. Customer Relationship Management and Customer Loyalty

Customer relationship management (CRM) is the process of carefully managing detailed information about individual customers and all customer 'touch points' to maximize customer loyalty. Some companies can save costs by shifting customers to web-based self-service, the core purpose of customer relationship management is aimed at customer profitability, while in a non-profit context it is used for operational efficiency or increased satisfaction (Kankam Boadu, 2019). Customer Relationship Management is a fundamental business strategy that combines internal processes and activities with external networks to profitably generate and deliver value to target customers (Abdela et al., 2023).

Loyalty is a deeply held commitment to repurchase or support a preferred product or service in the future despite situational influences and marketing efforts that could potentially cause customer switching (Uncles et al., 2003). Customer loyalty is a consumer's effort to remain loyal with awareness, a strong impression of quality, satisfaction, and pride in a product followed by repeat purchases. Customer loyalty is a behavior related to a product's brand, including the likelihood of renewing a contract in the future, how likely the customer or consumer is to change their support for the brand, how likely the customer is to increase the positive image of a product. If the product is unable to satisfy the customer, the customer will react by leaving (the customer will state that the customer will stop purchasing the brand or product) (Voorhees et al., 2017).

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The relationship between two Customer Relationship Management variables and customer satisfaction in previous research conducted by Rahmawati et al., (2019) showed that Customer Relationship Management influences customer loyalty. This means that the better the customer relationship management, the better the customer loyalty. Based on the above description, the following research hypothesis can be proposed:

Hypothesis 2: Customer Relationship Management has a positive and significant effect on customer loyalty.

C. Customer Satisfaction and Customer Loyalty

Customer satisfaction is the overall attitude toward a product or service after its acquisition and use. In other words, customer satisfaction is a post-purchase evaluative judgment resulting from a particular choice. If the perceived outcome meets or exceeds expectations, customers will be satisfied. When customers are satisfied with a product, they are more likely to continue purchasing and using it and tell others about their pleasant experiences with it (Ridwan et al., 2015). Customer loyalty is a deeply held commitment to repurchase or repurchase a preferred product or service consistently in the future, regardless of situational influences and potential marketing efforts (Lee, 2020). Customer loyalty can be achieved by investing more time and effort in managing long-term relationships with customers, creating memorable experiences for them, and meeting their needs and desire. Customer loyalty is a sincere commitment to repeatedly purchase a particular brand of product or service in the near future, regardless of marketing efforts and situational factors that have the potential to change customer switching behaviour. Customer loyalty is referred to as a measure of a supplier's achievement in maintaining and sustaining long-term reciprocal relationships with customers (Mokha & Publication, 2021).

Customer satisfaction is a crucial factor influencing long-term customer loyalty. The relationship between customer satisfaction and loyalty has been demonstrated by various theories and studies. Customer satisfaction occurs when customers compare their expectations for a product or service with their perceived performance. This theory explains that if performance exceeds expectations (positive disconfirmation), customers are satisfied and therefore tend to be loyal (Schiebler et al., 2025). Based on the above description, the following research hypothesis can be proposed:

Hypothesis 3: Customer satisfaction has a positive and significant effect on customer loyalty.

III. METHOD

This research uses a quantitative approach. It will be conducted at the Campus Three Cafe on Jalan Bumi Tamalanrea Permai Pacceraakkang, Biringkanaya District, Makassar City, South Sulawesi. The study will be conducted in June 2025.

Data collection was conducted using standardized research instruments, with the primary objective of testing previously formulated hypotheses. This study employed a quantitative method. According to Sugiyono, the quantitative method is a method based on the philosophy of positivism, used to research specific populations and samples, data collection using research instruments, with the aim of testing established hypotheses. The variables in this study are Customer Relationship Management (X) and Customer Satisfaction (Z) which are moderating variables, Customer Loyalty (Y) as the dependent variable. According to Sugiyono, the quantitative method is a method based on the philosophy of positivism, used to research specific populations and samples, data collection using research instruments, with the aim of testing established hypotheses. The population in this study was customers of the "Café Kampus Tiga" in 2024 with a total of 495 respondents. In this study, the probability sampling method was used, which is a sample selection technique that provides an equal opportunity for each element in the population to be selected as a sample. To determine the number of samples in this study, the Slovin formula was used, namely:

$$n = \frac{N}{1 + (N \cdot e)}$$

Where:

n = Number of samples

N = Population size

e = Error tolerance limit

In applying this formula, the first step is to determine the error tolerance limit (e), expressed as a percentage. The smaller the value of (e), the higher the level of accuracy of the sample in describing the population.

$$n = \frac{495}{1 + (495 \times 0.1^2)} = 83,1$$

In this study, the error tolerance limit set was 10%, so the number of samples obtained was 83.1 which was then

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rounded up to 83 respondents. The data collection technique used a questionnaire. This study used a questionnaire instrument with a Likert scale to test the validity of the data through validity and reliability tests. Data analysis was conducted using a quantitative approach, processed using SPSS statistical software, and the analysis technique used was path analysis.

IV. RESULTS AND DISCUSSION

A. Respondent Characteristics

Data collection using a structured questionnaire distributed via Google Forms yielded 83 respondents, resulting in 83 respondents used in the final analysis. Prior to analysis, the researcher conducted a verification process to ensure that all respondents met the criteria, namely having made a purchase and visited the cafe on campus three. This verification aimed to minimize potential bias and increase the accuracy of the research results. After screening, all respondent data was deemed suitable for further analysis. The characteristics of the 83 respondents in this study indicate that 49 (59%) respondents were male and 34 (41%) respondents were female. This indicates a male predominance in this study.

B. Path Coefficient of Customer Relationship Management on Customer Satisfaction

Results of the Path Coefficient Test of Customer Relationship Management on Customer

Table 1. Path Coefficient of Customer Relationship Management on Customer Satisfaction

Independent Variable	Path Coefficient (Beta)	t	sig	Information
Customer Relationship Management	0.584	6.470	0.000	Significant
Dependent variable Customer Satisfaction				
R Square (R ²) : 0.341				

Source: SPSS Processed Data, 2025.

The results of direct testing of the influence of Customer Relationship Management on customer satisfaction can be seen in Table 1. The research hypothesis tested is as follows:

H1: Customer Relationship Management has a significant influence on Customer Satisfaction

Shows that the significance value of variable X = 0.000<0.05. This result provides the conclusion that Customer Relationship Management has a significant effect on Customer Satisfaction. This shows that the influence of Customer Relationship Management on Customer Satisfaction, which has a positive direction, means that increasing Customer Relationship Management will provide an increase in Customer Satisfaction.

C. Path Coefficient of Customer Relationship Management on Customer Loyalty

Result of the path coefficient test of customer relationship management on customer loyalty

Table 2. Path Coefficient of Customer Relationship Management on Customer Loyalty

Independent Variable	Path Coefficient (Beta)	t	sig	Information
Customer Relationship Management	0.577	6.361	0.000	Significant
Dependent variable Customer Loyalty				
R Square (R ²) : 0.333				

Source: SPSS Processed Data, 2025.

The results of direct testing of the influence of Customer Relationship Management on Customer Loyalty can be seen in Table 2. The research hypothesis tested is as follows:

H2: Customer Relationship Management has a significant influence on Customer Loyalty.

Shows that the significance value of variable X = 0.000<0.05. This result provides the conclusion that Customer Relationship Management has a significant effect on Customer Loyalty. This shows that the influence of Customer Relationship

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Management on Customer Loyalty, which has a positive direction, means that increasing Customer Relationship Management will provide an increase in Customer Loyalty.

D. Path Coefficient of Customer Satisfaction on Customer Loyalty

Result of the path coefficient test of Customer Satisfaction on Customer Loyalty.

Table 3. Path Coefficient of Customer Satisfaction on Customer Loyalty

Independent Variable	Path Coefficient (Beta)	t	sig	Information
Customer Satisfaction	0.671	8.138	0.000	Significant
Dependent variable Customer Loyalty				
R Square (R ²) : 0.450				

Source: SPSS Processed Data, 2025.

The results of direct testing of the effect of Customer Satisfaction on Customer Loyalty can be seen in Table 3. The research hypothesis tested is as follows:

H1: Customer Satisfaction has a significant effect on Customer Loyalty.

Shows that the significance value of the variable $Z = 0.000 < 0.05$. This result provides the conclusion that Z has a significant effect on Customer Loyalty. This shows that the influence of Customer Relationship Management on Customer Loyalty, which has a positive direction, meaning that Increasing Customer Relationship Management will provide an increase in Customer Loyalty. The path diagram model can be described as follows:



Figure 1. The Effect of Customer Relationship Management (CRM) on Customer Satisfaction and Customer Loyalty at the SMEs

E. Discussion of Hypothesis Testing Results

1. The Influence of Customer Relationship Management on Customer Satisfaction

Based on the frequency count, the majority of respondents agreed with the statements in the Customer Relationship Management variable, which includes four indicators: Trust, Commitment, Communication, and Conflict Management. Table 1 shows the results of the analysis, which shows a positive influence on the Customer Relationship Management variable, including Customer Satisfaction, with a beta path coefficient of 0.584, or 58.4%. Customer Relationship Management has been proven to be successful in making customers satisfied with Cafe Kampus Tiga services.

These results indicate that Cafe Kampus Tiga is able to satisfy its customers by providing good service through Customer Relationship Management. This has succeeded in meeting customer expectations. Therefore, it can be concluded that good Customer Relationship Management can influence customer satisfaction. This research aligns with several previous studies, including research by Alfian Rahmat (2018), which stated that Customer Relationship Management variables have a significant

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influence on customer satisfaction. Improving the implementation of Customer Relationship Management can increase customer satisfaction.

2. The Influence of Customer Relationship Management on Customer Loyalty

Based on the frequency calculations, this study shows that the Customer Relationship Management variable has four indicators: Trust, Commitment, Communication, and Conflict Management, which influence Customer Loyalty. The path analysis test revealed a positive correlation between the Customer Relationship Management variable and Customer Loyalty, with a beta path coefficient of 0.577, or 57.7%. These results indicate that Customer Relationship Management has a positive and significant effect on Customer Loyalty, amounting to 57.7%. This research is supported by several previous studies, including one, which found that Customer Relationship Management significantly influences customer loyalty.

Based on previous research and according to experts, this study also proves that Cafe Kampus Tiga. Customer Relationship Management is capable of realizing and increasing customer loyalty. Cafe Kampus Tiga ability to meet customer expectations is proven to increase customer loyalty.

3. The Influence of Customer Satisfaction on Customer Loyalty

Loyalty is based on customer satisfaction, with service quality as the primary input. Customer Relationship Management is the process of modifying customer behavior over time and learning from each interaction to create ways to manage, maintain, and strengthen customer bonds with the company. If a company is able to reduce costs, increase satisfaction, strengthen loyalty, and ultimately increase value for the business, the results of this study indicate that customer satisfaction, with indicators of overall customer satisfaction, satisfaction with service quality, and confirmation of expectations, influence customer loyalty. This is determined by the influence between the variables of customer satisfaction and customer loyalty, as indicated by a beta path coefficient of 0.671, or 67.1%.

CONCLUSIONS

Based on the results of data processing and analysis that have been carried out, it can be concluded that all hypotheses in this study have been proven to be accepted and show a positive and significant influence. Customer Relationship Management is proven to have a direct influence on customer satisfaction, which means that if Customer Relationship Management at Cafe Kampus Tiga is improved, it will have an impact on increasing Customer Satisfaction. In addition, Customer Relationship Management is also proven to contribute significantly in shaping customer loyalty. Customer satisfaction also plays an important role in customer loyalty, indicating that if Customer Satisfaction at Cafe Kampus Tiga is improved, it will have an impact on increasing Customer Loyalty. Based on the results of the research that have been described and the conclusions obtained, there are several suggestions that can be done, namely as follows:

1. It is hoped that the cafe can maintain and improve its Customer Relationship Management services, as Customer Relationship Management variables have a significant influence on Customer Satisfaction and Customer Loyalty, including adequate service quality and facilities, which will increase Customer Loyalty.
2. Considering that the independent variables in this study are very important in influencing Customer Loyalty, it is hoped that the results of this study can be used as a reference for future researchers to develop this research by considering other variables outside the variables already included in this study.

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