

THE IMPACTS OF INFORMATION TECHNOLOGY, CUSTOMER RELATIONSHIP MANAGEMENT, SERVICE PERSONALIZATION, AND COMMUNICATION ON CUSTOMER LOYALTY.

Aulia Danibrata

ABSTRACT

Nowadays, consumers and competition change rapidly. The company, in this research was stated-owned banks in Indonesia, have to really carefully to monitor their customers and competitors. On the other side, consumer are better educated and better informed than before, and it is very simple for customer to seek out better superior alternatives. Basicly, it's a must for the stated-owned banks in Indonesia to increase the customer loyalty to retain their customer. Therefore, the purposes of this research is, to examine and investigate how information technology, customer relationship management, service personalization, and communication have impact on customer loyalty. Primary data was collected through structured sampling method among the customer of stated-owned banks in Indonesia. The respondents of this research were savings bank account holders from state-owned banks customers within Jakarta, Indonesia, using questionnaire survey, and choosen randomly from several location in Jakarta, Indonesia. The data was processed to explain the impact between independents and dependent variables. Furthermore, to test the hypotheses, the data was analyzed using regression analysis. The findings of this research concludes that information technology, customer relationship management, service personalization, and communication have impact on customer loyalty. The implication of this study is, that the result of the research provide companies (state-owned banks) with strong recommendation action to earn, maintain and developing strong customer loyalty, through information technology, customer relationship management, service personalization, and communication. This research is expected to make contributions to the bank managers, especially state-owned banks managers, by demonstrating the impact of applied sophisticated modern information technology to customer loyalty. Furthermore this research also contributes solution by providing comprehensive and integrated overview on customer relationship management, service personalization, and officer banking communication skill in servicing and managing state-owned banks customer to increase customer loyalty. So, the state-owned banks in Indonesia must connect tightly with their customers.

Keywords : Information technology, customer relationship management, service personalization, communication, customer loyalty

INTRODUCTION

Globalization has taken place in all fields, and Indonesia can not be separated from this condition. The inevitability of globalization is the tight competition in all business sectors. But globalization can be an opportunity for more advanced if it can take advantage of opportunities that arise due to globalization. The most perceived business sector is the service sector. Service sector has increased in almost all countries in the world. Even in developing countries, the increase is half that of GDP (Lovelock & Wirtz, 2011). To finance the business development, the banking industry becomes a very important element. Banking is a business that accommodates funds from the excess and channel to the parties in need. Thus banking becomes the backbone of the development of a country's economy and business. Such conditions also occur in Indonesia, where banks become a mainstay in financing the nation's economy. Currently there is competition between banks to get public funds, to be distributed to parties in need. Based on data from the Financial Services Authority (OJK), currently in Indonesia there are 116 banks.

The number of banks that many in Indonesia make people become free in choosing the bank that is considered best to meet their needs. While on the other hand, the bank to maintain and increase its market share, is always required to strive to provide the most appropriate service to meet customer expectations. Given the level of the economy that is still quite good, where Indonesia is a member of the G20, as well as economic growth is still good, of course this is an excellent opportunity for banks to get public funds. Furthermore, by looking at the banking functions that are so important as the backbone of development and business activities, it turns out that for now Indonesia also faces the problem of tight competition that occurs in the banking sector, both in terms of funding, credit distribution, and marketing services of other banks. Competition with the global banks, foreign banks operating in Indonesia, has made this sector an extraordinary market competition. Tight competition on the other side has a positive impact. The impact comes from the positive response of the business of goods and services. In addition, consumers have the advantage of providing a wide selection of products and services at competitive prices, on the other hand producers or companies must continue to strive as hard as possible to provide or provide the best range of products and services in the long term to survive, and become the customer's top choice. This causes a shift in consumer value, where the consumer bank in this case bank customers, has become increasingly clever in deciding to choose a product, already have higher demands, lower loyalty level against the bank. Furthermore, Indonesian customers are currently in a multiple loyalty situation, where customers have multiple banks to serve their financial transactions. The reason is that every bank has advantages to serve its financial transaction. The idea of this has also been expressed by Farquhar (2004) that customers in banks or financial institutions are currently "multi-banked", in which customers have several banks or financial institutions to serve their financial

transactions. One very important factor is managing customer loyalty. Customer loyalty is a research concept that has been studied since long, but still very relevant for further study.

However, to be able to retain existing customers and acquire new customers, the bank needs the right information technology support, as well as applying good customer relationship management. Proper service personalization, as well as good communication are essential to improve customer loyalty. There are several related research technologies on customer loyalty. Current bank customers rely heavily on information technology and have rarely come to bank branch offices to conduct banking transactions. Customers are already using technology such as ATM and other media channels such as mobile banking and internet banking. This is supported by research Sindwani & Goel (2015) that technology affects customer loyalty. However, companies are advised not to pushing customers so hard to use technology, which can degrade the perceived quality. On the other hand, technology makes service highly standardized. (Kotler & Keller, 2016).

Managing good relationship with customer will maximize loyalty (Kotler & Keller, 2016). Furthermore Kotler & Keller (2016) reveals where this happens because CRM is able to provide excellent real time customer service through individual account information, so whatever happens, can be immediately solved. The importance of CRM is expressed by Anderson and Kerr (2002) stating that CRM is one of the most important ways to convince consumers to be loyal. Common failure in CRM is that the implementation of technology systems on CRM is often regarded as an implementation of CRM strategy. (Lovelock & Wirtz, 2011).

There are several studies that have been done to see the effect of CRM on customer loyalty. The research is done by Shaon & Rahman (2015), and Lam, Cheung & Law (2013) stating that CRM affects consumer loyalty. Furthermore, the bank must implement appropriate service personalization. This is because every customer has unique characteristics to be served by the banking system. In service personalization, the deep interaction elements between customers and banks, represented by bank employees, can occur intensely. Events that occur in the process of interaction is the excellence of banking to increase consumer loyalty. Furthermore, to know the service personalization to customer loyalty, there are several studies that have been done, namely by Ball, Coelho & Villares (2006), and Carvajal, Ruzzi, Nogales & Moreno (2011). To provide targeted information to customers, the bank must have the ability to communicate appropriately. No matter how good the products and services of the bank are, but not communicated properly, the customer can not know the bank's benefits. The customer must be clearly able to receive messages communicated by the company. (Clow & Baack, 2014). Some research conducted, to indicate the impact of communication on customer loyalty (Ball, Coelho & Villares, 2006) & Berezan, Yoo & Christodoulido, (2016). The banking industry is a service sector, therefore more difficult and complicated to apply than companies that market products in the form of goods. The reason is that services have abstract characteristics. To make customers loyal, companies need to apply the latest information technology, implement the right CRM, excellent service personalization, and effective communication to bank customers. Therefore, based on the above exposure, the purpose of this study is 1) To analyze the impact of information technology on customer loyalty 2). To study the impact of CRM on customer loyalty 3). To know the impact of service personalization on customer loyalty 4). To learn the communication on customer loyalty.

LITERATURE REVIEW

Information Technology

Currently, information technology has become a very basic thing in the banking industry worldwide (Bakare, 2015). There have been several studies conducted on banking banking technology today. As is well known, today's technology already has a very important role in banking industry. For convenience in transactions, as well as interaction with the company, customers are already using technology, namely Self Service Technology which can provide various convenience (Kotler & Keller, 2016). Kotler & Keller (2016) also added that traditional forms of Self Service Technologies (SSTs) such as Automated Teller Machine. Furthermore, it is possible that not all SSTs can improve service quality, but at least can make banking transactions more convenient, more precise and accurate, and of course faster. Of course if the transaction SSTs compared with transactions in bank branches. In addition, Lovelock & Wirtz (2011) added that with SSTs, customers can engage directly and deeper, and more independently in transactions with banking. Here are some examples of SSTs, such as automated banking terminals, automated telephone systems such as phone banking, and numerous internet-based services. (Lovelock & Wirtz (2011). However, there are some important issues related to SSTs, that is, if the service process is not going well, there is often no workable solution. The customer must contact the bank, or must go to the bank to get the solution. Yet this is what customers do not want to do. This is supported by research Sindwani & Goel (2015) that technology affects customer loyalty. Based on the above exposure, the proposed hypothesis is

H1 : Technology has impact on customer loyalty.

Customer Relationship Management (CRM)

Managing customer relationship is a very important thing for the company, because customer relationship determines the future of a company. Kotler & Keller (2016) argues about CRM is a process for managing information about customers and all related to customers touchpoint to increase loyalty. Furthermore, Lovelock & Wirtz (2011) argues that CRM is a comprehensive process that customer relationships must be built and maintained. Furthermore, Lovelock & Wirtz (2011) argues that CRM is a comprehensive process that customer relationships must be built and maintained. Further, it can be defined that CRM is a process based on valid knowledge and information about customer habits and needs (Laketa, Sanader, Laketa & Mistic, 2015). Furthermore (Laketa, Sanader, Laketa & Mistic, 2015) suggests that by applying the concept of CRM, banks can identify and anticipate customer needs and wants. Some research has been done has proved that CRM affect customer loyalty, which is done

by Ahmad (2016), Shaon & Rahman (2015), and Lam, Cheung & Law (2013).Based on the above exposure, the proposed hypothesis is

H2 : CRM has impact on customer loyalty.

Service Personalization

After knowing the needs and wants of the customer, a serviceperson can provide recommendations on what products and services customers need, through proper customization of products and services (Colwell, Scott, Jiang & Joshi, 2009). Personalization itself is the adjustment of service offerings to customers by the company (Carvajal, Ruzzi, Nogales & Moreno, 2011). In addition personalization is also strongly associated with one to one marketing. In addition, getting involved with personalization, then a product or service in the future can be expected to succeed (Ball, Coelho & Villares, 2006). Some research has been done has proved that service personalization affect the customer loyalty, which is done by Ball, Coelho & Villares (2006), and Carvajal, Ruzzi, Nogales & Moreno (2011). Based on the above exposure, the proposed hypothesis is

H3 : Service personalization has impact on customer loyalty.

Communication

There are several studies showing the effect of communication on customer loyalty. Broadly speaking, however, communication emphasizes the following, such as asking questions, seeking feedback, emphasizing attention to nonverbal communication, and actively listening (Daft, 2014). There are several studies showing the effect of communication on customer loyalty. Broadly speaking, however, communication emphasizes the following, such as seeking questions, seeking feedback, emphasizing attention to nonverbal communication, and actively listening (Daft, 2014).

As for definition, communication is a process for sending, receiving, and processing information (Clow & Baack, 2014). As for Clow & Baack (2014) then added that communication consists of several elements consisting of sender, encoding, transmission devices, decoding, and receiver, and then amplified with feedback. Communication is said to work if the receiver can understand the message as it is wanted or expected by the sender. Some research has been done to prove that communication affect the customer loyalty, which is done by Ball, Coelho & Villares, (2006) and Berezan, Yoo & Christodoulido, (2016).Based on the above exposure, the proposed hypothesis is

H4 : Communication has impact on customer loyalty.

Customer Loyalty

Having a loyal customer is the goal of the company, because customer loyalty can ensure long-term sustainability of the company. The loyalty itself is an in-depth commitment to repurchase or regularly make future purchases, although the marketing situations and activities undertaken have the potential for behavioral change (Kotler & Keller, 2016). According to Kaura, Prasad & Sharma (2014) customer loyalty is a fusion of customers' favored attitude and the behavior or repurchases. It is stated through the wishes of customers to recommend that product or service to others and repeat purchases.

RESEARCH METHODS & MODELS

Research Method.

This study uses state owned (government) banks in Jakarta as an object to examine about information technology, customer relationship management, service personalization, communication and customer loyalty in the banking industry. The respondents are savings accounts customers in state-owned banks, within Jakarta area. Jakarta is the capital of the Republic of Indonesia, where the circulation of money is the largest compared to other cities in Indonesia.

The scale items were measured on a 5 point Likert scale using following responses, strongly disagree to strongly agree.

Research model

Below is the research framework of this study. Information technology has effect on customer loyalty. CRM has effect on customer loyalty. Service personalization has effect on customer loyalty. Communication has effect on customer loyalty.

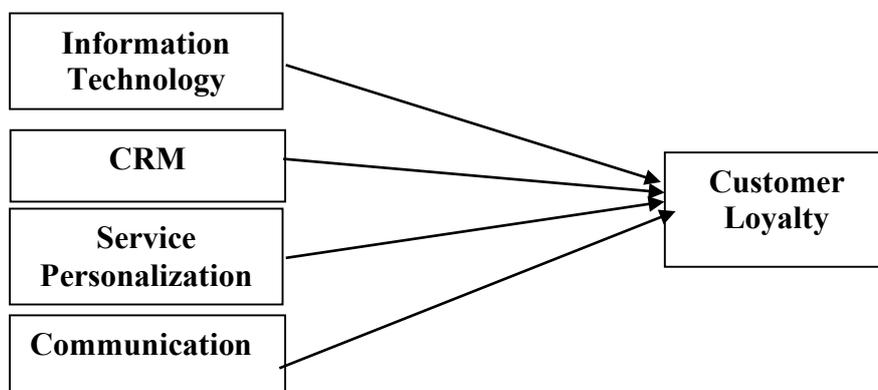


Figure 1. Research Model

DATA ANALYSIS

t-test is used to test the influence of independent variables partially on the dependent variable. The result is that all hypotheses are significant.

Table 1. Hypothesis testing information technology on customer loyalty (t test).

Variable	t	Sig
Information Technology	4,215	0,000

Source: Questionnaires that have been analyzed with SPSS program

Information technology has an effect on customer loyalty. This result proved the hypothesis that Information technology has an effect on customer loyalty

Table 2. Hypothesis testing CRM on customer loyalty (t test).

Variable	t	Sig
CRM	3,012	0,000

Source: Questionnaires that have been analyzed with SPSS program

CRM has an effect on customer loyalty. This result proved the hypothesis that CRM has an effect on customer loyalty

Table 3. Hypothesis testing service personalization on customer loyalty (t test)

Variable	t	Sig
Service Personalization	4,331	0,000

Source: Questionnaires that have been analyzed with SPSS program

Service personalization has an effect on customer loyalty. This result proved the hypothesis that Service personalization has an effect on customer loyalty

Table 4. Hypothesis testing communication on customer loyalty (t test)

Variable	t	Sig
Communication	4,138	0,000

Source: Questionnaire that has been analyzed with SPSS program

Communication has an effect on customer loyalty. This result proved the hypothesis that Communication has an effect on customer loyalty.

DISCUSSION

Based on the analyses on previous part of this research, it was found that hypothesis made in this research had significant support. From four hypotheses, all were supported. Based on the results of research, it can be seen that to increase customer loyalty, the bank must integrate elements of technology with elements of human touch (high human touch). Customers may interact directly with bank employees through live chatting. (Kotler & Keller, 2016). For CRM, today's customers want the CRM systems can offer a unified customer interface that delivers customization and personalization in an integrated way (Lovelock & Wirtz, 2011). Associated with communication, customers usually do personal communication with company staff to be able to understand a service effectively and to solve a problem. (Lovelock & Wirtz, 2011).

CONCLUSION

According Pride, Hughes & Kapoor (2017) said that successful marketer respond to customer needs and strive to increase value to buyers continually overtime. It may be more profitable for a company to focus on existing customer than to attempt to attract a new one who may never the same level of loyalty.

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Aulia Danibrata
Management Department
Trisakti School of Management, Jakarta, Indonesia.
Email : dani@stietrisakti.ac.id