The Impact of Customer Relationship Marketing and Social Media Marketing on Customer Satisfaction and Retention: A Study at PT Sewu Segar Nusantara

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A R T I C L E I N F O

A B S T R A C T

This study explores the relationship between Customer Relationship Marketing (CRM), Social Media Marketing (SMM), Customer Satisfaction (CS), and Customer Retention (CR) at PT Sewu Segar Nusantara, with a focus on how CRM and SMM influence customer satisfaction and retention. Using a quantitative descriptive approach, data were collected through surveys from a sample of 100 customers who have purchased products for at least six months. Structural Equation Modeling (SEM) was employed to test the relationships between the variables. The results show that while CRM has no direct effect on customer retention, SMM significantly influences customer retention and satisfaction. Customer satisfaction serves as a crucial mediator, enhancing the impact of both CRM and SMM on retention. The study concludes that SMM is pivotal in improving customer engagement and loyalty, while CRM's impact on retention is indirect, mediated by customer satisfaction. Recommendations for businesses include investing in robust SMM practices, optimizing CRM systems for personalized customer interactions, and continuously monitoring customer satisfaction to ensure long-term retention. Future research could expand to other industries and incorporate qualitative methods to gain deeper insights into these dynamics.

INTRODUCTION

Customer retention (CR) means the capability of a company to retain its customers who continue buying the goods or services from them. This is especially vital for sustainability in business as it costs less to retain customers than it would be to acquire new ones. It is obvious from research that service quality and social media marketing (SMM) contribute greatly to customer satisfaction (CS), which leads to loyalty and repurchase intention (Cheraghalizadeh & Dědková, 2022); (Gonu et al., 2022). Retention strategies are more than just delivering good-quality products or services but providing an unforgettable customer experience. They play a crucial role in strengthening customer relationships and increasing brand awareness and image, thus mediating retention (Rofiq et al., 2020); (Sugiato et al, 2023). Combining exceptional service quality with innovative SMM strategies can substantially influence customer retention and ensure long-term business growth.

At PT Sewu Segar Nusantara, customer relationship marketing (CRM) and SMM serve as key components of its customer retention strategy. CRM facilitates long-term customer relationships through personalized interactions and the integration of technology-driven systems that enable deeper customer understanding (Saputro et al., 2020); (Shahzad, 2023). SMM complements this by enhancing brand visibility and fostering a community of loyal customers through relevant and engaging content (Yang et al., 2022); (Rofiq et al., 2020). Together, these strategies drive improved customer experiences, strengthen emotional connections with the brand, and enhance competitiveness in the market. Customer satisfaction plays a vital mediating role in this process, linking the efforts of CRM and SMM to better customer retention outcomes. High service quality and proactive SMM practices lead to satisfying customer experiences, which not only encourage repeat business but also cultivate brand advocates who promote the company's offerings (Cheraghalizadeh & Dědková, 2022); (Saputro et al., 2023).

The use of CRM and SMM strategies in an integrated way mediated by customer satisfaction offers aThis strategy emphasizes the role of personalized interaction with customers as well as digital innovation to enhance customer loyalty. Through attention to these factors, the company not only protects its customer stake but also creates a framework that can serve as a model for other companies on how to improve their customer retention and become successful. Sure-fire evolution in food and beverage essentially, robust framework for achieving sustained growth & driving competitive advantage.

LITERATURE REVIEW

Customer Relationship Marketing (CRM)

Customer Relationship Marketing (CRM) is defined as the process of creating, maintaining, and enhancing value-based relationships with customers and stakeholders. It focuses on building a committed customer base that benefits organizational growth (Saputro et al., 2020). CRM establishes mutual two-way communication between companies and customers, fostering intimacy, engagement, and commitment through effective and efficient interactions. By delivering personalized services and understanding customer

needs, CRM enhances customer satisfaction (CS) and loyalty. The relationship between CRM and customer retention (CR) is mediated by customer satisfaction, as a satisfying customer experience often leads to repeat business and loyalty (Gonu et al., 2022); (Shahzad, 2023).

H1: Customer Relationship Marketing positively influences Customer Retention.

H3: Customer Relationship Marketing positively influences Customer Satisfaction.

H6: Customer Satisfaction mediates the relationship between Customer Relationship Marketing and Customer Retention.

Social Media Marketing (SMM)

Social Media Marketing (SMM) involves leveraging social media platforms to achieve marketing goals such as increasing brand awareness, building brand image, and enhancing customer satisfaction. SMM includes activities like content sharing, paid advertisements, and direct interaction with customers to attract, retain, and create long-term relationships (Cheraghalizadeh & Dědková, 2022); (Yang et al., 2022). The direct impact of SMM on customer retention stems from its ability to enhance engagement and brand image, which strengthens customer loyalty. Customer satisfaction plays a mediating role between SMM and CR, as effective social media engagement improves customer experiences, leading to higher retention rates (Rofiq et al., 2020); (Menajang et al., 2023).

H2: Social Media Marketing positively influences Customer Retention.

H4: Social Media Marketing positively influences Customer Satisfaction.

H7: Customer Satisfaction mediates the relationship between Social Media Marketing and Customer Retention.

Customer Satisfaction (CS)

Customer Satisfaction (CS) is the level of contentment experienced by customers when a product or service meets or exceeds their expectations. It is an essential determinant of long-term loyalty and repeat purchases (Saputro et al., 2020); (Rofiq et al., 2020). Positive interactions and high-quality services are key contributors to CS, which also mediates the relationship between CRM, SMM, and Customer Retention. Satisfied customers are more likely to remain loyal to a company, reducing churn rates and ensuring sustained growth (Cheraghalizadeh & Dědková, 2022).

H5: Customer Satisfaction positively influences Customer Retention.

H6: Customer Satisfaction mediates the relationship between Customer Relationship Marketing and Customer Retention.

H7: Customer Satisfaction mediates the relationship between Social Media Marketing and Customer Retention.

Customer Retention (CR)

Customer Retention refers to the ability of a company to keep customers consistently engaged with its products or services. It focuses on creating loyal

customers who continue making repeat purchases and remain resistant to switching to competitors. Retention is driven by both CRM and SMM, directly through personalized services and brand engagement and indirectly via customer satisfaction (Leoparjo et al., 2023); (Cheraghalizadeh & Dědková, 2022).
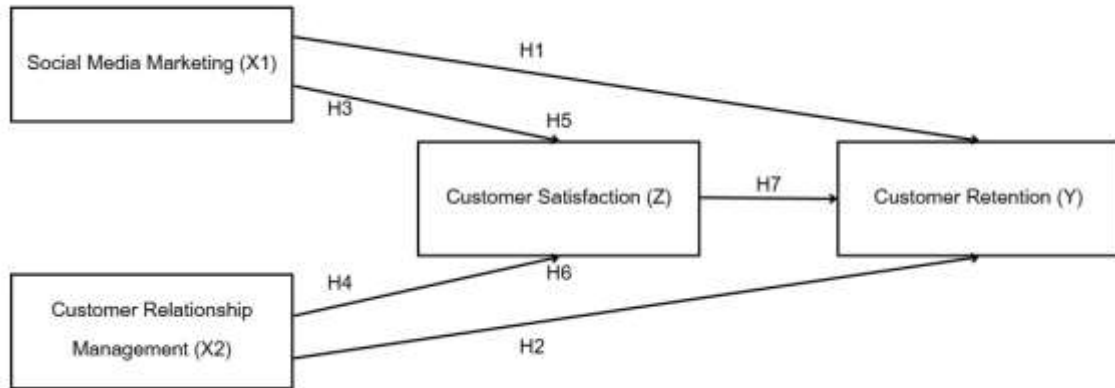

Figure 1. Conceptual Framework

METHODOLOGY

This study uses a quantitative descriptive design to examine the relationships between Customer Relationship Marketing (CRM), Social Media Marketing (SMM), Customer Satisfaction (CS), and Customer Retention (CR). Data will be collected through questionnaires distributed to a sample of 100 customers of PT Sewu Segar Nusantara who have used the products for at least six months. The goal is to assess how CRM and SMM impact CR, with CS acting as a mediator. The data will be analyzed using statistical tools to provide insights into effective customer retention strategies.

The population for this study consists of stores selling fresh fruits and partnering with PT Sewu Segar Nusantara. A purposive sampling method will be used, selecting stores that have purchased products from the company in the last year and use PT Sewu Segar Nusantara as their primary or supplementary supplier. Statistical analysis will be employed to identify patterns and relationships between the variables, providing guidance for improving customer retention strategies.

RESEARCH RESULT

The analysis utilized Structural Equation Modeling (SEM) to investigate the relationships between key variables, including Customer Relationship Marketing (CRM), Social Media Marketing (SMM), Customer Satisfaction (CS), and Customer Retention (CR). The research process involved the following systematic steps to ensure the validity and reliability of the results:

1. **Problem Identification and Framework Development:**
   The study began with identifying the key variables—Customer Relationship Marketing (CRM), Social Media Marketing (SMM), Customer Satisfaction (CS), and Customer Retention (CR). A conceptual framework was developed to hypothesize the relationships between these variables, as shown in Figure 1.

2. **Instrument Design and Data Collection:**
   A structured questionnaire was designed to measure the constructs. The questionnaire included multiple indicators for each variable, using a Likert scale for responses. Data were collected from customers of PT Sewu Segar Nusantara who had used its products for at least six months. Purposive sampling was employed, targeting stores that regularly purchase from the company.

3. **Data Preparation and Preliminary Analysis:**
   The collected data were screened for missing or inconsistent responses. Descriptive statistics were generated to provide an overview of the respondents' demographic profiles and to ensure the completeness of the data.

4. **Measurement Model Evaluation:**
   The measurement model was tested using SmartPLS software. The steps involved:
   a) Assessing the **Loading Factors** for each indicator to ensure they met the minimum threshold of 0.7.
   b) Evaluating **Composite Reliability (CR)** and **Average Variance Extracted (AVE)** to confirm internal consistency and convergent validity.
   c) Conducting a **Fornell-Larcker Criterion** analysis to establish discriminant validity.

5. **Structural Model Testing:**
   The structural model was analyzed to examine the hypothesized relationships between the variables. Key steps included:
   a) Computing **R-Square values** to assess the explanatory power of the model for CS and CR.
   b) Conducting hypothesis testing to evaluate the direct effects of CRM and SMM on CS and CR, as well as the mediating role of CS.
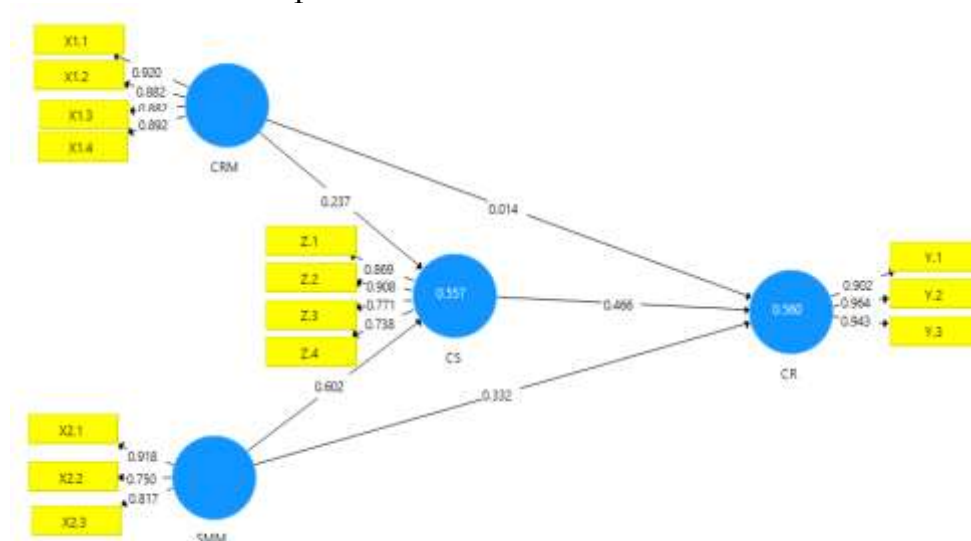   c) Analyzing path coefficients and significance levels using T-statistics and p-values.

Figure 2. Structural Equation Modelling

Table 1. Path Coefficients and Significance Levels

Relationship	Original Sample	Sample Mean	Standard Deviation	t-Statistics	p-Values
CRM -> CR	0.014	0.012	0.078	0.176	0.860
SMM -> CR	0.332	0.341	0.112	2.948	0.003
CRM -> CS	0.237	0.233	0.084	2.830	0.005
SMM -> CS	0.602	0.613	0.067	8.998	0.000
CS -> CR	0.466	0.458	0.129	3.620	0.000
CRM -> CS -> CR	0.110	0.108	0.052	2.117	0.035
SMM -> CS -> CR	0.280	0.279	0.082	3.427	0.001

The results from the analysis indicate varying levels of significance in the relationships between the studied variables. Customer Relationship Marketing (CRM) did not show a significant direct effect on Customer Retention (CR), as indicated by a low t-statistic (0.176) and a p-value of 0.860. In contrast, Social Media Marketing (SMM) demonstrated a significant direct influence on CR (t = 2.948, p = 0.003).

CRM and SMM both significantly impacted Customer Satisfaction (CS), with t-statistics of 2.830 (p = 0.005) and 8.998 (p < 0.001), respectively, highlighting their importance in improving satisfaction levels. Furthermore, CS significantly influenced CR (t = 3.620, p < 0.001), confirming its pivotal role as a direct driver of retention.

In terms of mediated relationships, CRM's influence on CR through CS was significant (t = 2.117, p = 0.035), while SMM's mediated effect on CR via CS was even stronger (t = 3.427, p = 0.001). These findings underscore the critical mediating role of Customer Satisfaction in enhancing retention strategies.

DISCUSSION

The findings from this study provide critical insights into the relationships between Customer Relationship Marketing (CRM), Social Media Marketing (SMM), Customer Satisfaction (CS), and Customer Retention (CR). The results emphasize the interplay among these variables, shedding light on the mechanisms that drive customer loyalty and retention.

The analysis revealed that CRM does not have a significant direct impact on CR (t = 0.176, p = 0.860). This finding suggests that while CRM is crucial for building relationships with customers, its direct influence on retention is limited. This result aligns with previous studies, which posit that CRM efforts are primarily effective in enhancing satisfaction, which indirectly influences retention (Saputro et al., 2020; Shahzad, 2023). CRM's reliance on long-term relational strategies rather than short-term transactional outcomes may explain this lack of direct significance.

In contrast, SMM demonstrated a significant direct effect on CR (t = 2.948, p = 0.003). This underscores the importance of digital engagement strategies in fostering customer loyalty. By delivering personalized and engaging content,

SMM helps create an emotional connection with customers, directly influencing their retention (Cheraghalizadeh & Dědková, 2022; Yang et al., 2022). This finding reinforces the idea that social media platforms offer dynamic tools for brand affinity and retention through immediate interaction and enhanced visibility.

Both CRM and SMM significantly impacted CS, with t-statistics of 2.830 (p = 0.005) and 8.998 (p < 0.001), respectively. CRM's contribution to CS is consistent with its focus on personalized services and deeper customer understanding. By addressing customer needs effectively, CRM builds trust and reliability, which are vital components of satisfaction (Saputro et al., 2020; Gonu et al., 2022).

The stronger influence of SMM on CS reflects the evolving role of digital platforms in shaping customer experiences. SMM leverages real-time engagement and user-friendly interactions, significantly enhancing customer satisfaction (Rofiq et al., 2020; Sugiato et al., 2023). These results suggest that companies prioritizing active social media presence can generate higher satisfaction by aligning with modern consumer expectations for connectivity and responsiveness.

Customer Satisfaction emerged as a critical mediator, bridging the relationships between CRM and SMM with CR. CS significantly influenced CR (t = 3.620, p < 0.001), confirming its role as a direct driver of customer loyalty. Satisfied customers are more likely to exhibit repeat purchasing behavior and resist competitive offers, thus improving retention rates (Cheraghalizadeh & Dědková, 2022).

The mediated relationships further emphasize the importance of CS. CRM's indirect impact on CR through CS was significant (t = 2.117, p = 0.035), indicating that its effectiveness in driving retention is largely dependent on its ability to enhance satisfaction. Similarly, SMM's mediated effect on CR via CS was stronger (t = 3.427, p = 0.001), reflecting the powerful role of satisfaction as the key pathway through which marketing efforts translate into loyalty (Yang et al., 2022; Saputro et al., 2023).

The significance of SMM in driving both CS and CR can be attributed to its adaptability to modern consumer behavior. Social media platforms enable businesses to meet customers' expectations for real-time engagement, personalized experiences, and responsive interactions. Conversely, the non-significant direct effect of CRM on CR may stem from the nature of CRM activities, which focus on relational rather than transactional outcomes. The true value of CRM lies in its ability to create satisfying experiences, which then foster retention (Rofiq et al., 2020).

The results emphasize the central role of CS as the core driver of retention strategies. Satisfaction acts as a key evaluative measure, influencing customers' repeat purchasing decisions and loyalty. Companies must consistently deliver high-quality services, personalized attention, and seamless digital interactions to maximize satisfaction and achieve long-term retention.

CONCLUSIONS AND RECOMMENDATIONS

This study concludes that:

1. SMM plays a critical role in enhancing both CS and CR, serving as a key strategy for building engagement and loyalty in the digital era.
2. CRM is essential for improving CS, but its direct impact on CR is mediated through satisfaction.
3. CS serves as the cornerstone of retention strategies, directly influencing loyalty and amplifying the effects of CRM and SMM.

To maximize customer retention, companies should:

1. **Invest in Robust SMM Practices:** Businesses should prioritize creating engaging, interactive, and customer-focused content to strengthen brand connections.
2. **Optimize CRM Systems:** Personalization and responsiveness should be at the forefront of CRM efforts to address customer needs effectively.
3. **Continuously Monitor Customer Satisfaction:** Regular feedback collection and analysis can identify areas for improvement, ensuring that customer expectations are consistently met or exceeded.

ADVANCED RESEARCH

This study acknowledges certain limitations, including its focus on a single company and its reliance on quantitative methods. Future research could:

1. Expand to other industries and geographic contexts to validate the findings.
2. Incorporate qualitative approaches, such as interviews or focus groups, to gain deeper insights into customer behavior.
3. Explore additional mediators, such as trust or brand equity, and moderators, such as customer demographics, to enhance the understanding of the relationships among CRM, SMM, CS, and CR.

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