

# The Existence of Relationship Management to the Customer Loyalty: A Case Study of Rejeki Smartfren Care Program Through Social Media Twitter

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**Abstract**— *The customer relationship management is a very important activity for a company to build and bond their relationship with their customers. PT Smartfren Telecom Tbk is one of the leading telecommunication service providers in Indonesia which is founded in 2011. As a young company, PT Smartfren Telecom Tbk needs customer loyalty towards their brand. The main purpose of this study is to explain the result of Rejeki Smartfren Care program on Twitter as a relationship management and its effect and correlation to customer loyalty in PT Smartfren Telecom Tbk. Based on the literature review and the competence – the capability relationship management between company and the customer is from communication, relationship and mutual benefits. In addition, customer loyalty can be in the forms of saying positive things, giving recommendation to friends and purchasing the brand continuously. This study uses quantitative research method with the data gathered from 100 respondents through survey method. The data analysis was measured by validity, reliable, correlation, regression and hypostases test. Regression analysis proves that Rejeki Smartfren Care program is significantly related to customers’ loyalty. It is concluded from the statistical analysis result which shows an effect of 47.9 %.*

**Keywords:** *Customer Loyalty, Relationship Management, Smartfren, Twitter*

## I. INTRODUCTION

PT Smartfren Telecom Tbk is one of telecommunication providers which provides services for retail and corporate. Smartfren has been operating since 2011. In 2015, Smartfren brought an innovation by launching 4G LTE Advance service in Indonesia, and is also the leading 4G operator with the widest range of 4G service among the providers in Indonesia [1].

Even though PT Smartfren Telecom is considered as a new emerging provider, yet they have provided service for its 12 million customers. As a new emerging provider, Smartfren is surely required to establish a good relationship with its customers, hence they need to build the customers’ loyalty. In its efforts to do so, PT Smartfren Telecom TBK implements a relationship management strategy which is expected to maintain the customers’ loyalty in using Smartfren products. Establishing a long-term and effective relationship with the customers is a key factor in understanding customers’ needs

and preferences as well as achieving competitive advantage [2].

Brand Loyalty means by having customers who purchase the same product consistently. It could be explained as a strong commitment of the customers in repeating order towards a product brand in the future [3]. According to Oliver in Nurjaman and Umam, loyalty is a customers’ long term commitment to repeatedly order despite the situation which might change their purchase behavior [4].

Customer loyalty represents customers’ loyalty over a certain brand. According to Japarinto [5], loyal customers are customers who tell positive things, recommend the products to friends and continuously purchase the brand. Based on that definition, it can be concluded that a company needs loyal customers for their brand to be able to compete with the competitors. Loyal customers are valuable customers to a company as it is harder to grab new customers than to maintain the existing customers. Brand plays a key role in creating loyal customers [4].

In creating loyal customers, PT Smartfren Telecom TBK launches a program, entitled “Rejeki Smartfren Care”. The program is a relationship management effort by utilizing official social media of PT Smartfren Telecom TBK, i.e. twitter @smartfrencafe. Rejeki Smartfren Care program is a social Customer Relationship Management (sCRM) strategy conducted by PT Smartfren Telecom TBK in establishing a good relationship with its customers. Customer Relationship Management (CRM) is a company activity in building and maintaining beneficial customer relationship by delivering excellent values and satisfaction [7]. Whilst social Customer Relationship Management (sCRM) is customer relationship management strategy conducted through social media [5].

Relationship Management in Rejeki Smartfren Care program is a way to build customers’ loyalty. Customer Relation system helps companies stay connected to their customers, streamline processes, and improve profitability. [6] Relation Management Theory by John Ledingham [10] states that a company must conduct a process which enforces the focus on company’s relationship with main public, establishing sustainable and mutual relationship based on common interests, as well as understanding necessary factors to establish, develop and maintain relationships.

Consequently, this study uses the dimension of communication, relationship and mutual benefit. The relationship management program is a quiz conducted on Twitter.

By using Twitter, it surely helps the company to reach their customers as social media is crucial for them. There are many functions of social media, including improving identity, conversations, sharing, presence, relationships, reputation and group [7]. According to Nguyen and Mutum, in the research conducted by Omaka, Godwinokoubi & Chibuzor, a definition is derived from the exploration and discussion of eight principles, those are: the developing customer loyalty creates mutually beneficial exchanges between a firm and its customers, the increasingly sophisticated technological direct marketing systems such as email, social networking (e.g. Twitter), and CRM databases facilitate a greater interaction and monitoring customers for personalization, the modern informed-customers now form a greater part of the value creation process, thus continued data sharing allows adaptations to relational requirements [6]. In regard to the explanations above, this study aims to find out effect and correlation of relationship management towards customers' loyalty in Rejeki Smartfren Care program.

## II. METHODS

This research uses associative quantitative approach. This approach is used to figure out the impacts and correlation of relationship management in Rejeki Smartfren Care program in Twitter (X) towards the customers' loyalty (Y). The data collection was conducted by distributing questionnaires to 100 selected respondents during March to May 2017. The sample was defined by probability sampling using random sampling systematic technique. The population is derived from PT Smartfren Telecom TBK and Rejeki Smartfren Care accounts' followers on Twitter. Meanwhile, data analysis technique used is validity test, reliability test, correlation test, regression test and hypothesis T test.

## III. RESULTS

In this research, the researchers want to figure out the impacts and correlation of relationship management in Rejeki Smartfren Care program in Twitter (X) towards the customers' loyalty (Y). Based on the data collected from 100 selected respondents during March to May 2017, the respondents' profile can be categorized by gender, age and occupation. Based on gender category, 57% of the respondents are male, while the rest of 43% respondents are female. Based on the age category, 13% of the respondents are below 17 years old, 46% are 17 to 25 years old, 37% are 26 to 35 years old, 3% are 36 to 45 years old and 1% are above 45 years old. Based on the occupation category, 42% of the respondents are students, 15% are entrepreneurs, 25% are private sectors employees, 4% are civil servants and 14% are the others. From the data collection, it is proven that the majority of Rejeki Smartfren Care program followers on Twitter are 17-25 year-old male students.

After the data collection was completed, the data was statistically processed. From the process, it was seen that there is a significant and strong correlation between Relationship Management in Rejeki Smartfren Care program on Twitter (X) and Customers' Loyalty (Y). In the regression test, it is proven in the R square that there is 0.479 of determination

coefficient. Thus, it can be concluded that Customers' Loyalty (Y) is affected by Relationship Management in Rejeki Smartfren Care program on Twitter (X) as much as 47.9%, while the rest is affected by other factors. In simple linear regression analysis, it is obtained  $Y=2.751 + 0.662 X$  with the constant number of 2.751, which means that without Relationship Management in Rejeki Smartfren Care program on Twitter, customers' loyalty will be increased by 2,751 people. Regression coefficient of 0.662 represents the customers' loyalty improvement as much as 0.662 for every single additional activity of Relationship Management in Rejeki Smartfren Care program on Twitter.

Relationship Management in Rejeki Smartfren Care program on Twitter (X) has a value of 9.488. The result of the decision making is  $t \text{ value} > t \text{ table}$ . Independency degree was figured out by using formula of  $df = n - k$  (number of research variables). So,  $100 - 2 = 98$  is the  $t$  table result on 1.660 with the sig. level of 0.05. The result of decision making in this hypothesis is the variable of Relationship Management in Rejeki Smartfren Care program on Twitter (X) results on 9.488 of  $t$  value. Hence,  $t \text{ value} > t \text{ table}$  ( $9.488 > 1.660$ ). It is concluded that Relationship Management in Rejeki Smartfren Care program on Twitter (X) variable affects the Customers' Loyalty (Y) variable, or  $H_0$  is rejected and  $H_a$  is accepted.

Rejeki Smartfren Care program is a customer relationship management program. According to Azila & Noor [12], customer relationship management is a tool to build the relationship with the customers and improving the customers' satisfaction and loyalty. A relationship management theory by John Ledingham states the importance of relationship management process between an organization and public, where organization and public should establish a relationship as a statement of existence between the organization and the public [10]. In this case, one of PT Smartfren Tbk relationship management programs is reasoned by achieving customers' loyalty.

Communication, relationship and mutual benefit are the indicators of Relationship Management in Rejeki Smartfren Care program on Twitter (X) derived from the relationship management theory by John Ledingham and adjusted with this research.

### A. Communication

In maintaining relationship with the public or customers, a company should conduct a good communication, which means that company should understand the message delivered to the public through its relationship management program. The total of index average of communication is indicated as high/strong. One example of presented research instruments is that the message carried out on Rejeki Smartfren Care program quiz is easy to understand. Thus, the conclusion of communication indicator on variable X shows that the communication in Rejeki Smartfren Care program on Twitter works well with the customers.

### B. Relationship

Communication will lead to a relationship. Company should build relationship with its customers or public by building interaction and being open. In Rejeki Smartfren Care program, the company attempts to build relationship by initiating interaction, giving responses and being open for input or criticisms. The total of index average of relationship

is indicated as significantly high/very strong. One example of the research instruments is that the @smartfrenca Twitter administrators always give good response regarding public's inquiries about Rejeki Smartfren Care program. Thus, the conclusion of relationship indicator on variable X shows that Rejeki Smartfren Care program is able to establish a good relationship with the customers or public.

### C. Mutual benefits

Good communications will lead to good relationships. A good relationship will be beneficial for the respective parties. In building relationship, the company should bring benefits to the customers/ public, and the customers/ public should also bring benefits to the company [8]. Such thing is called as mutual benefits. The program shows that the mutual benefits indicator is the major indicator in relationship management activities between the company and customers. Relationship management of PT Smartfren Telecom Tbk in Rejeki Smartfren Care program offers various exciting, rewarding and useful gifts to the customers so that the program participants are encouraged to keep participating on any PT Smartfren Telecom Tbk's program.

Relationship Management in Rejeki Smartfren Care program (X) aims to maintain the customers' loyalty to say positive things, recommend the products to friends and continuously purchase Smartfren's products/ services [9]. Those three elements have the role as the indicators of Customers' Loyalty variable (Y).

#### A. Say positive things

Customers' who say positive things about a brand are loyal customers. The total of index average of say positive things indicator is indicated as high/ strong. This shows that Rejeki Smartfren Care program on Twitter results in significant numbers of respondents who share good experiences in using Smartfren products/ services. One instrument used as an indicator is "I will share my good experience in using Smartfren products."

#### B. Recommend the product to friends

Recommending a brand to friends is one of many characteristics of loyal customers. The total of index average of recommend the products to friends indicator is indicated as high/ strong. The conclusion of recommend the products to friends indicator on variable Y shows that there is a significant numbers of respondents who recommend Smartfren brand to their friends by conducting Rejeki Smartfren Care program.

#### C. Continuous purchasing

Purchasing company's products continuously by customers can be considered as the customers' loyalty. The total index average of continuously purchasing indicator on variable Y shows that the significant number of respondents who purchase Smartfren products/ services is an impact of conducting Rejeki Smartfren Care program.

It is proven that PT Smartfren Telecom Tbk has implemented John Ledingham's theory of relationship management. It is shown that Rejeki Smartfren Care program on Twitter which is a relationship management program aims to build relationship with its customers and to improve the customers' loyalty, has positively affected the customers'

loyalty. John Ledingham's theory of relationship management states that a company should establish a good relationship with its customers by communicating, building relationship and offering benefits [10]. PT Smartfren Telecom Tbk has completely implemented the relationship management theory through Rejeki Smartfren Care program on Twitter. It is confirmed by the majority of respondents' which are "agree".

## IV. CONCLUSIONS

The research result concludes that Relationship Management in Rejeki Smartfren Care program on Twitter significantly and obviously affects, and has a strong correlation with customers' loyalty to PT Smartfren Telecom Tbk. The effect of Relationship Management in Rejeki Smartfren Care program on Twitter towards customers' loyalty to PT Smartfren Telecom Tbk has scored 47.9% and 0.692 of relationship, which is considered as having a strong and positive relationship.

The analysis result confirms that as a CRM, Rejeki Smartfren Care program held through an interactive quiz that offers various gifts, is able to build customers' loyalty to PT Smartfren Telecom Tbk. The program helps PT Smartfren Telecom Tbk to build a good relationship in creating loyal customers. Besides, through communication, relationship and mutual benefit, Rejeki Smartfren Care program results in creating loyal customers who say positive things, recommend the products to friends and purchase the products continuously.

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