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Implementation of Customer Relationship Management (CRM) to Improve Customer Retention (A Case Study of Supermarkets in the Kelapa Gading Area of North Jakarta)

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ABSTRACT

This research was motivated by the intense competition within the modern retail industry in the digital economy era, which has encouraged companies to shift from transactional strategies toward relationship marketing approaches to maintain business sustainability. The premium supermarket sector in North Jakarta faces significant challenges in retaining customers with high expectations amid increasingly aggressive competitor promotions. This study aimed to describe the implementation of Customer Relationship Management (CRM) and evaluate its effectiveness, measured through the dimensions of People, Process, Product, and Information Technology (IT), both partially and simultaneously in relation to customer retention among supermarkets in the Kelapa Gading area, North Jakarta. This study employed a quantitative descriptive and verification approach, with primary data collected through questionnaires distributed to 102 respondents selected using a purposive sampling technique. Data were analyzed using Multiple Linear Regression Analysis with the assistance of SPSS software. The results of the partial hypothesis testing (t-test) showed that the People, Product, and IT dimensions had positive and significant effects on customer retention, with the People dimension being the most dominant factor. In contrast, the Process dimension did not have a significant effect on customer retention, indicating that operational processes were perceived as a basic standard rather than a differentiating factor among premium consumers. Simultaneously, the F-test results demonstrated that all CRM dimensions significantly affected customer retention, with an explanatory contribution of 43.6% based on the Adjusted R-squared value, while the remaining 56.4% was influenced by other external factors not examined in this study.

INTRODUCTION

The development of the digital economy has significantly transformed the landscape of the modern retail industry (Hagberg, Sundstrom, & Egels-Zandén, 2016). Advances in information technology, the rapid expansion of e-commerce platforms, and increasing customer expectations regarding service quality have compelled retail companies to adapt to an increasingly competitive business environment. Under these conditions, companies can no longer rely solely on transactional marketing strategies that focus on short-term sales growth. Instead, they are required to adopt relationship marketing strategies that position customers as strategic assets to be maintained over the long term (Guha et al., 2018; Pearson, 2016; Peppers & Rogers, 2016). Retaining existing customers is considered more effective and efficient than acquiring new customers because the cost of customer acquisition is generally higher than the cost of maintaining existing customers (Jahan & Sanam, 2026).

From a modern marketing perspective, a company's ability to retain customers is reflected in the concept of Customer Retention. Customer retention refers to a company's ability to maintain long-term relationships with customers, encourage repeat purchases, foster loyalty, and reduce the likelihood of customers switching to competitors. A high level of customer retention indicates that a company can provide value that meets or exceeds customer expectations. Conversely, low customer retention may lead to declining revenue, reduced market share, and an increased risk of customer attrition due to the availability of competitive alternatives (Alshurideh, 2016; Gattermann-Itschert & Thonemann, 2022; Hawkins & Hoon, 2019; Loureiro et al., 2025; Mehta et al., 2016).

One of the strategic approaches widely adopted to improve customer retention is Customer Relationship Management (CRM). According to Relationship Marketing Theory, CRM is a business strategy that integrates processes, human resources, information technology, and product offerings to establish, manage, and sustain long-term, mutually beneficial relationships between companies and customers (Guerola-Navarro, Gil-Gomez, Oltra-Badenes, & Soto-Acosta, 2024). CRM should not be viewed merely as the implementation of technological tools; rather, it represents a customer-oriented business philosophy. Effective CRM implementation enables companies to understand customer preferences, identify consumer behavior patterns, and deliver more personalized services, thereby enhancing customer satisfaction and loyalty (Anshari et al., 2019; Fernando et al., 2023; Ijomah et al., 2024; Rane et al., 2023, 2024).

Conceptually, CRM implementation can be assessed through four key dimensions: People, Process, Product, and Information Technology (IT). The People dimension reflects employees' competencies, attitudes, and capabilities in providing customer service. The Process dimension represents the effectiveness of procedures and service workflows implemented by companies to fulfill customer needs. The Product dimension relates to the quality, variety, and uniqueness of products offered to customers. Meanwhile, the Information Technology (IT) dimension reflects a company's ability to utilize digital technologies to manage customer data, provide efficient services, and maintain continuous communication with customers (ArminKia et al., 2025; Chen et al., 2021; Luftman et al., 2017; Masoud & Basahel, 2023; Xie et al., 2016).

The premium retail industry in Indonesia, particularly supermarkets operating in the Kelapa Gading area of North Jakarta, faces increasingly complex challenges in retaining customers. This area is recognized as one of the major business and residential centers with relatively high purchasing power. Consumers in the premium segment are generally more selective and demand superior product quality, responsive services, comfortable shopping experiences, and technology-based conveniences. Furthermore, the increasing number of promotional programs offered by modern supermarkets and digital platforms provides customers with numerous alternatives, thereby increasing the potential for customer switching. These conditions require premium retail companies to implement effective CRM strategies to establish strong emotional and functional relationships with customers.

Several previous studies have demonstrated a significant relationship between CRM implementation and customer retention. Sari and Rahadhini (2020) found that CRM positively influenced customer loyalty through increased customer satisfaction in the supermarket sector. Similarly, Lestari and Hidayat (2021) concluded that CRM implementation played an important role in maintaining competitive advantage through improved customer relationship management practices. Nguyen and Mutum (2022) also reported that CRM dimensions significantly affected customer retention in the grocery retail industry. Furthermore, Pratama (2023) demonstrated that comprehensive CRM implementation improved repurchase intentions and strengthened customer retention in modern retail businesses.

However, previous studies still reveal several research gaps. Most previous research has examined CRM as a general construct without specifically analyzing the individual effects of the People, Process, Product, and Information Technology dimensions. In addition, studies examining CRM implementation within Indonesia's premium supermarket segment, particularly in the Kelapa Gading area of North Jakarta, remain limited. The characteristics of premium customers, who generally have higher expectations than general retail consumers, may result in different effects of each CRM dimension on customer retention. Therefore, further research is needed to identify the CRM dimensions that contribute most significantly to customer retention in the premium retail industry.

The urgency of this research is reinforced by the intense competition in the premium retail sector and the need for supermarkets in the Kelapa Gading area to develop effective customer retention strategies. With the emergence of various modern retail formats and increasingly sophisticated consumer expectations, premium supermarket operators must identify the CRM dimensions that are most effective in building customer loyalty and reducing customer churn. This research is particularly relevant in the post-pandemic recovery period, during which consumer behavior has changed and retailers must adapt their strategies to retain customers. Moreover, the growing adoption of digital technologies in retail operations has made IT an increasingly important component of CRM, requiring further investigation within the premium supermarket context. This study aims to provide practical insights for supermarket managers in optimizing CRM strategies and maintaining competitive advantage in the premium retail sector.

This research contributes to the development of a CRM analytical model by examining the partial and simultaneous effects of the four main CRM dimensions—People, Process, Product, and Information Technology—on customer retention within the context of premium supermarkets in the Kelapa Gading area of North Jakarta. This study also provides additional insights into the importance of adopting a customer-centric approach when serving premium consumers, whose behaviors and expectations differ from those of general retail customers.

Based on the aforementioned background, the objectives of this study were: (1) to analyze the effect of the People dimension on customer retention in supermarkets in the Kelapa Gading area of North Jakarta; (2) to examine the effect of the Process dimension on customer retention; (3) to investigate the effect of the Product dimension on customer retention; (4) to determine the effect of the Information Technology (IT) dimension on customer retention; and (5) to evaluate the simultaneous effects of all CRM dimensions on customer retention. The findings of this study are expected to contribute theoretically to the development of literature on Customer Relationship Management and Customer Retention, while also providing practical insights for premium supermarket managers in formulating sustainable customer retention strategies.

METHOD

This study employed a quantitative descriptive and verification approach. The population consisted of premium self-service supermarket customers in the Kelapa Gading area, North Jakarta. The sample size was determined based on the approach proposed by Hair et al. (2010), resulting in a required sample range of 75–150 respondents based on the number of research indicators. This study obtained valid questionnaire responses from 102 respondents selected through a purposive sampling technique. Responses were measured using a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

Data analysis was conducted using SPSS software through three main stages: (1) instrument testing, including validity testing using the Pearson Product-Moment correlation and reliability testing using Cronbach's Alpha; (2) classical assumption testing, including normality, multicollinearity, and heteroscedasticity tests; and (3) multiple linear regression analysis, including partial hypothesis testing (t-test), simultaneous testing (F-test), and the coefficient of determination (R^2).

RESULTS AND DISCUSSION

Before conducting regression analysis, instrument testing was carried out. The results of the validity test showed that all question items for independent variables (X1, X2, X3, X4) and dependent variables (Y) had a value of r calculated > r of the table (0.1946) at a significance level of 5%, so it was declared valid. The results of the instrument reliability test are summarized in the table below:

Table 1. Instrument Reliability Test Results

Variabel	Cronbach's Alpha	Remarks
People (X1)	0,74	Reliabel
Process (X2)	0,68	Reliabel
Product (X3)	0,64	Reliabel
IT (X4)	0,64	Reliabel
Customer Retention (Y)	0,69	Reliabel

Classical assumption testing shows normally distributed data (P-P plots follow diagonal lines and are supported by the Kolmogorov-Smirnov test with Sig. > 0.05). The model is free from heteroscedasticity. The results of the multicollinearity test proved that the entire Tolerance value > 0.10 (People = 0.709; Process = 0.755; Product = 0.879; IT = 0.776) and VIF score < 10 (People

= 1,410; Process = 1.325; Product = 1,137; IT = 1.289), so it was concluded that there were no symptoms of multicollinearity.

Results of Multiple Linear Regression Analysis and Hypothesis Test

Based on data processing using the OLS (Ordinary Least Squares) method in SPSS software, the multiple linear regression analysis model is summarized in the table below:

Table 2. Multiple Linear Regression Analysis Results

Model / Variable	Regression Coefficient (B)	t count	Significance (Sig.)	Remarks
People (X1)	0,397	4,384	0,002	Significant (H1 Accepted)
Process (X2)	0,162	1,498	0,137	Insignificant (H2 Rejected)
Product (X3)	0,274	2,462	0,011	Significant (H3 Accepted)
IT (X4)	0,309	2,460	0,016	Significant (H4 Accepted)

Based on the table above, the multiple linear regression equation is obtained as follows:

$$Y = -2.730 + 0.397X_1 + 0.162X_2 + 0.274X_3 + 0.309X_4$$

A constant value of -2.730 indicates the retention baseline value if all variables are zero. Through simultaneous testing (F Test), an F value of 20.508 was obtained, which far exceeded the F value of the table of 2.46 with a significance level of < 0.001 (< 0.05). This result proves that People, Process, Product, and IT together have a significant effect on Customer Retention (H5 accepted). The Adjusted R Square value obtained was 0.436, which means that the combined contribution of all CRM dimensions in explaining the variation in Customer Retention in supermarkets in the Kelapa Gading area was 43.6%, while the remaining 56.4% was influenced by other factors outside the regression model (such as store locations, pricing strategies, competitor promotions, or urgent consumer needs).

Discussion of Analysis Results

The Influence of People Dimension (X1) on Customer Retention (Y): The results of partial analysis prove that the People dimension has a positive and significant effect on customer retention with a t-value of 4.384 > 1.985 and a Sig. value of 0.002 < 0.05. This variable is the most dominant factor in the model. This confirms that in the premium retail industry in the Kelapa Gading area, the role of the frontline (salespeople, cashiers, customer service) is crucial. The friendly, communicative, and dexterous attitude of the staff builds strong emotional bonding, making it difficult for consumers to switch to competitors. These findings are in line with the CRM theory from Nguyen & Mutum (2022).

Effect of Process Dimension (X2) on Customer Retention (Y): Based on the results of the analysis, the Process dimension did not have a partial significant effect on Customer Retention (t count 1.498 < 1.985; Sig. 0.137 > 0.05). Although the direction of the relationship is one-way (positive coefficient 0.162), statistically the contribution is not real. This indicates that operational flows such as smooth queues or complaint systems are seen by premium customers as a baseline standard that must exist in high-end supermarkets, so that they do not directly encourage independent repurchase intentions.

Influence of Product Dimension (X3) on Customer Retention (Y): Partial test proved that the Product variable had a positive and significant effect on Customer Retention (t count 2.462 > 1.985; Sig. 0.011 < 0.05). The regression coefficient of 0.274 shows that completeness, uniqueness (imported goods), and the quality of fresh commodities in premium supermarkets in Kelapa Gading are the main drivers for the high-end segment to continue to shop because it creates a strong functional dependence.

The Influence of IT Dimension (X4) on Customer Retention (Y): The results of the partial test proved that the IT variable had a positive and significant influence on Customer Retention (t count 2.460 > 1.985; Sig. 0.016 < 0.05). The application of information technology is focused on the reliability of self-service digital membership applications. Applications that are userfriendly, stable, and able to present personal points and promos data in real-time have proven to be a strong attraction in maintaining the modern retail membership ecosystem.

CONCLUSION

Based on the results of the data analysis, it was concluded that the People, Product, and Information Technology (IT) dimensions had positive and significant effects on Customer Retention in supermarkets in the Kelapa Gading area, North Jakarta, with the People dimension identified as the most dominant determining factor. Meanwhile, the Process dimension did not have a significant partial effect on Customer Retention, as it was considered a basic service standard rather than a differentiating factor. Simultaneously, all CRM dimensions (People, Process, Product, and Information Technology) had a significant effect on Customer Retention, explaining 43.6% of the variation in customer retention levels.

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