

## THE INFLUENCE OF CUSTOMER RELATIONSHIP MARKETING ON CUSTOMER SATISFACTION AND REPURCHASE INTENTION AT PESSO COFFEE AND EATERY

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### ABSTRACT

**Background:** The coffee shop industry is becoming increasingly competitive, making it essential for businesses to implement Customer Relationship Marketing (CRM) strategies to enhance customer satisfaction and loyalty.

**Purpose:** This study aims to examine the impact of CRM on customer satisfaction and repurchase intention at PESSO Coffee and Eatery, a local coffee shop in Bali.

**Design/methodology/approach:** Data was collected from 128 respondents who had made at least two transactions in the past year. The analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM).

**Findings/Result:** The results indicate that CRM has a significant influence on customer satisfaction and repurchase intention. Additionally, customer satisfaction acts as a mediator in the relationship between CRM and repurchase intention.

**Conclusion:** CRM strategies play a crucial role in enhancing customer satisfaction and loyalty, especially in the highly competitive coffee shop industry.

**Originality/value (State of the art):** This study provides new insights into the effectiveness of CRM in increasing customer satisfaction and repurchase intention in the local coffee shop sector, an area that has been underexplored in previous research.

Keywords: Customer Relationship Marketing, Kepuasan Konsumen, Minat Beli Ulang, Industri Kedai Kopi.

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## INTRODUCTION

The coffee shop industry in Indonesia has experienced significant growth over the past decade, driven by changing consumer preferences and lifestyle trends. Coffee shops have evolved from mere beverage providers into important social spaces that offer unique experiences. This transformation is evident in the increasing number of local and international coffee shops, with the total number exceeding 300.000 in Indonesia by 2.950 (Widiati, 2020).

Despite this growth, competition in the coffee shop sector is intensifying, especially in urban areas such as Bali, where consumers have many options. This competitive landscape requires innovative strategies to attract and retain customers. One such approach is Customer Relationship Marketing (CRM), which focuses on building long-term relationships with customers through trust, communication, empathy, and responsiveness (Kotler & Keller, 2016; Ergo & Dharmani, 2020).

Pesso Coffee and Eatery, a local coffee shop in Bali, has adopted various CRM strategies, including personalized promotions, loyalty programs, and active social media engagement. These efforts aim to enhance customer satisfaction and encourage repeat purchases. However, the effectiveness of CRM in achieving these goals, particularly within the local coffee shop industry, remains underexplored. This study seeks to address this gap by examining the impact of CRM on customer satisfaction and repurchase intention at Pesso Coffee and Eatery. By doing so, it provides practical insights for coffee shop owners and managers looking to strengthen their competitive edge.

CRM is defined as a strategic approach to managing customer relationships through valuable interactions with the primary goal of enhancing customer satisfaction and loyalty (Kotler & Keller, 2016). This strategy goes beyond transactions, focusing instead on creating positive experiences that foster long-term trust and commitment between businesses and customers (Buttle & Maklan, 2019).

CRM consists of several key elements, including trust, commitment, communication, empathy, and responsiveness. Trust serves as the foundation for strong customer relationships, while commitment reflects a company's dedication to maintaining those relationships. Effective communication ensures customers receive relevant and accurate information, while empathy and responsiveness help businesses understand customer needs and provide timely and relevant responses (Anjulo, 2019).

In practice, CRM not only enhances customer satisfaction but also drives repurchase intention, which is defined as a consumer's willingness to make repeat purchases based on past experiences (Zeithaml et al., 1996).

Customer satisfaction is a key outcome of successful CRM implementation and is defined as the level of contentment a customer feels after comparing their expectations with the actual performance of a product or service (Kotler & Keller, 2016; Mohammed et al., 2024). In this study, customer satisfaction is considered a mediating variable that connects CRM and repurchase intention. Previous studies, such as those by Almohaimmeed (2019) and Anjulo (2019), have demonstrated that CRM positively influences customer satisfaction, which in turn strengthens loyalty and repurchase behavior. However, research on CRM effectiveness within local businesses like coffee shops remains limited.

Effective CRM implementation allows companies to optimize human resources, technology, and business processes to improve customer experience (Kerdpitak, 2021). Additionally, Resource-Based View (RBV) theory provides a framework for understanding how CRM enhances customer satisfaction and repurchase intention by maximizing organizational resources (Morkunas & Rudienė, 2020). Thus, RBV serves as the conceptual foundation for analyzing the strategic role of CRM in boosting business competitiveness, particularly in the highly competitive coffee shop sector, as seen in Pesso Coffee and Eatery.

Repurchase intention reflects customer loyalty through continued purchase decisions. Indicators such as purchase frequency, routine purchases, and future buying intentions measure how comfortable and trusting customers feel toward a product or service (Wahdatul et al., 2021).

CRM plays a crucial role in fostering customer satisfaction and loyalty (Gazi et al., 2024). When companies successfully implement CRM strategies, they not only strengthen customer relationships but also gain a significant competitive advantage. Therefore, this study supports RBV theory by demonstrating how CRM mediates the relationship between customer satisfaction and repurchase intention, ultimately delivering strategic value for businesses.

## METHODS

This study employs a quantitative method with a survey approach to examine the relationships between Customer Relationship Marketing (CRM), customer satisfaction, and repurchase intention. The hypotheses tested in this study are:

- H1: Customer Relationship Marketing (CRM) has a positive and significant effect on customer satisfaction (Sanjaya, 2021).
- H2: Customer Relationship Marketing (CRM) has a positive and significant effect on repurchase intention (Lim et al., 2018).
- H3: Customer satisfaction has a positive and significant effect on repurchase intention (Yusuf et al., 2021).

To test these hypotheses, data was collected through an online questionnaire targeting PESSO Coffee and Eatery customers who had made at least two transactions in the past year. The questionnaire was designed using a 5-point Likert scale, ranging from "strongly disagree" to "strongly agree." The research population consisted of active customers, and purposive sampling was used to obtain a relevant sample. A total of 128 valid responses were collected for analysis.

To analyze the relationships between the study variables and test the proposed hypotheses, Partial Least Squares Structural Equation Modeling (PLS-SEM) was used. This technique was chosen for its ability to analyze complex relationships between latent variables and their indicators. Validity testing was performed using Average Variance Extracted (AVE), with a minimum threshold of 0.5 for convergent validity. Reliability was assessed using Cronbach's Alpha and Composite Reliability, both requiring a minimum threshold of 0.7 (Asy'ari & Irawan, 2023). Through this analytical approach, the study aims to determine the direct and indirect effects of CRM on repurchase intention, mediated by customer satisfaction.

## THE RESULTS

### Respondent Characteristics

The majority of respondents are male (55,5%), while female respondents account for 44,5%. In terms of age, the 17–25 age group dominates with 53,1%, indicating that PESSO Coffee and Eatery's customer base is primarily composed of young, active consumers. The 26–33 age group follows with 32,0%, while customers over 33 years old make up only 14,9%. This distribution suggests that PESSO Coffee and Eatery appeals largely to younger generations, who may prefer unique social experiences.

Table 1. Respondents Profile

	<i>Unit</i>	<i>%</i>
<b>Gender</b>		
Male	71	55,5%
Female	157	44,5%
<b>Age</b>		
17-25	68	53,1%
26-33	41	32,0%
>33	19	14,9%

### Validity and Reliability

The validity test results in Table 2 show that the Average Variance Extracted (AVE) values for all indicators are above 0.5, indicating good convergent validity. Additionally, Cronbach's Alpha and Composite Reliability values for all variables exceed the 0,7 threshold, signifying high reliability. These findings confirm that the research instrument is consistent and reliable.

Table 2. Validity and Reliability Test

<i>indicator</i>	<i>AVE</i>	<i>Cronbach's Alpha</i>	<i>Composite Reliability</i>
CRM	0,78	0,92	0,94
customer satisfaction	0,75	0,89	0,91

	0,72	0,87	0,90
repurchase intention			

### Hypothesis Testing

The test results in Table 3 indicate that CRM has a significant direct influence on customer satisfaction, with a path coefficient of 0,85 and a T-statistic of 12,45. This confirms that effective CRM implementation enhances the customer experience. Additionally, CRM significantly influences repurchase intention, with a path coefficient of 0,65, suggesting that strong customer relationships foster loyalty. Customer satisfaction mediates this relationship, with a path coefficient of 0,42, demonstrating that a positive experience strengthens the impact of CRM on customer loyalty.

Table 3. Hypothesis Test

	<i>PATH COEFFICIENT</i>	<i>T</i>	<i>P</i>	<i>Results</i>
CRM →customer satisfaction	0,85	12,45	0,0	Accepted
CRM →repurchase intention	0,65	9,32	0,0	Accepted
customer satisfaction→repurcha se intention	0,42	6,87	0,0	Accepted

The results of this study indicate that Customer Relationship Marketing (CRM) has a significant impact on customer satisfaction at PESSO Coffee and Eatery. With an average score of 5,545 across all CRM indicators, the "agree" category dominates respondent responses. The empathy indicator scored the highest (5,695), suggesting that PESSO Coffee's ability to understand customer needs and emotions plays a crucial role in strengthening customer relationships. Other indicators, such as trust (5,438) and communication (5,492), also contribute significantly to building strong connections between the company and its consumers.

Furthermore, the direct impact of CRM on customer satisfaction is supported by statistical test results, showing a T-statistic of 216,238 and a P-value of 0,000. These values indicate a very strong and statistically significant correlation, confirming that effective CRM implementation significantly enhances customer satisfaction. These findings align with previous studies by Anjulo (2019) and Almohaimmed (2019), which highlight the importance of CRM in improving positive customer experiences.

### Managerial Implications

The findings of this study highlight the strategic importance of Customer Relationship Marketing (CRM) in enhancing customer satisfaction and driving repurchase intention at PESSO Coffee and Eatery. Based on these results, several key managerial implications can be drawn to help the business strengthen its customer engagement and loyalty strategies.

First, empathy emerges as the most influential CRM factor, suggesting that understanding customer needs and emotions plays a crucial role in fostering stronger relationships. PESSO Coffee should continue prioritizing personalized interactions, such as customized promotions, customer appreciation programs, and attentive service, to reinforce emotional connections with customers.

Second, trust scored the lowest among CRM indicators, indicating room for improvement in building deeper consumer confidence. To enhance trust, PESSO Coffee should focus on transparency, consistency in service quality, and proactive communication. This can be achieved through clearer loyalty programs, better complaint handling, and product consistency.

Third, the study confirms that CRM significantly influences repurchase intention, with routine visits being the strongest indicator. This suggests that customers are likely to return after a positive

experience. Enhancing loyalty programs, offering membership benefits, and maintaining high service standards can further encourage repeat visits and customer retention.

Additionally, customer satisfaction serves as a key mediator in the relationship between CRM and repurchase intention. Positive experiences not only boost loyalty but also encourage word-of-mouth recommendations. Encouraging satisfied customers to share reviews and referrals through incentive programs can amplify brand reach and attract new customers.

Finally, the high R-square value (0,974) for repurchase intention underscores the strong impact of CRM and customer satisfaction on loyalty. This finding emphasizes the need for continuous improvement in CRM strategies, particularly in responsiveness and commitment, to sustain long-term business growth.

By implementing these strategies, PESSO Coffee and Eatery can enhance its competitive advantage, strengthen customer relationships, and increase long-term customer retention in the highly competitive coffee shop industry.

## CONCLUSIONS AND RECOMMENDATIONS

This study reinforces the importance of Customer Relationship Marketing (CRM) as a strategic element in enhancing customer satisfaction and repurchase intention. The findings support the Resource-Based View (RBV) theory, which positions CRM as a strategic resource that can be optimized to build long-term customer relationships and sustainable competitive advantage. By prioritizing trust, communication, and responsiveness, PESSO Coffee and Eatery can strengthen customer loyalty and maintain its competitiveness in a highly dynamic market.

For future research, it is recommended to broaden the scope by including various industries and exploring additional mediating variables, such as customer value or brand loyalty, to provide a more comprehensive understanding of CRM's impact.

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