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Linking Customer Relationship Management to Customer Loyalty: The Mediating Role of Customer Satisfaction

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Abstract

This study examines the extent to which Customer Relationship Management (CRM) contributes to Customer Loyalty, with Customer Satisfaction positioned as a mediating mechanism within this relationship. Adopting a quantitative research framework, data were collected through a structured survey administered to company consumers, and subsequently analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM). The results provide robust empirical evidence that CRM practices significantly enhance both Customer Satisfaction and Customer Loyalty. Moreover, Customer Satisfaction is shown to exert a strong and positive influence on Customer Loyalty. Mediation analysis further confirms that Customer Satisfaction partially mediates the relationship between CRM and Customer Loyalty, suggesting that CRM initiatives not only generate direct loyalty outcomes but also operate indirectly by elevating customer satisfaction levels. These findings underscore the strategic importance of customer-oriented CRM implementation in cultivating long-term loyalty by consistently addressing customer needs, preferences, and expectations. The study offers valuable insights for both scholars and practitioners seeking to optimize CRM strategies as a sustainable pathway to strengthening customer loyalty.

Keywords: *Customer Relationship Management, Customer Satisfaction, Customer Loyalty; Marketing Management, Consumer Behavior*

Introduction

Within an increasingly competitive business landscape, particularly in the food and beverage industry, organizations can no longer depend exclusively on short-term sales-driven approaches. Firms are compelled to formulate strategies that emphasize the development of enduring relationships with consumers as a means of achieving sustainable competitive advantage. Customer loyalty is regarded as a critical strategic resource, as loyal customers are more likely to engage in repeat purchasing behavior, disseminate favorable word-of-mouth recommendations, and exhibit lower sensitivity to price changes compared to non-loyal customers. Consistent with this perspective, prior studies have demonstrated that customer loyalty constitutes a foundation of long-term competitive advantage, as it enhances organizational performance through sustained repeat purchases and positive referrals over time (Bamberger et al., 2021). Consequently, companies must design and implement appropriate strategies to cultivate and preserve customer loyalty in a sustainable manner.

One prominent strategic approach adopted by organizations to foster long-term relationships with consumers is Customer Relationship Management (CRM). CRM is conceptualized as a comprehensive managerial framework that integrates business processes, technological applications, and human resource practices to

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generate a deeper understanding of customer needs, enhance interaction quality, and deliver superior value to consumers. Within the restaurant industry, the application of CRM can be reflected in responsive and courteous service, systematic documentation of customer preferences, prompt and effective complaint resolution, and ongoing communication with customers. The effective execution of CRM practices enables organizations to establish lasting relationships by improving service experiences and interaction quality, which ultimately exerts a positive influence on consumer behavior (Eskiler & Altunışık, 2021).

Although Customer Relationship Management (CRM) is broadly acknowledged as a critical approach for managing interactions with customers, empirical evidence from prior studies indicates that its influence on customer loyalty is neither uniformly direct nor consistently observed. In certain circumstances, CRM practices that are perceived as effective do not automatically translate into elevated levels of customer loyalty. This inconsistency suggests the presence of additional variables that more comprehensively explain the linkage between CRM implementation and loyalty outcomes. Within this framework, customer satisfaction is widely regarded as a pivotal construct that mediates the relationship between CRM initiatives and the development of customer loyalty.

Customer satisfaction refers to the degree to which the performance of products and services fulfills or surpasses consumer expectations. Highly satisfied customers tend to develop favorable perceptions of the firm, exhibit stronger trust, and are more inclined to sustain long-term relationships manifested through loyal behavior. Empirical findings reported by (Al-dmour et al., 2023) support the view that customer satisfaction functions as a key mechanism through which marketing strategies exert their influence on loyalty, as satisfied customers are more likely to maintain ongoing relationships and engage in positive word-of-mouth recommendations. In addition, previous studies indicate that customers who experience high levels of satisfaction tend to develop repurchase intention, reflecting their willingness to purchase the same product or service again in the future (Simbolon & Sumiati, 2025). Similarly, empirical findings demonstrate that customer satisfaction significantly contributes to the formation of customer loyalty, indicating that higher levels of satisfaction encourage consumers to maintain long-term relationships with a company and repeatedly choose the same service provider (A'ini & Sumiati, 2025). In the specific context of Tom Sushi Paragon Mall Semarang, levels of customer satisfaction are shaped by multiple factors, including food quality, the promptness and courtesy of service delivery, the comfort of the dining environment, and employees' responsiveness to customer needs as well as their effectiveness in addressing complaints. Accordingly, the implementation of well-designed CRM practices at Tom Sushi is expected to enhance customer satisfaction as an initial outcome, which subsequently contributes to the formation of customer loyalty.

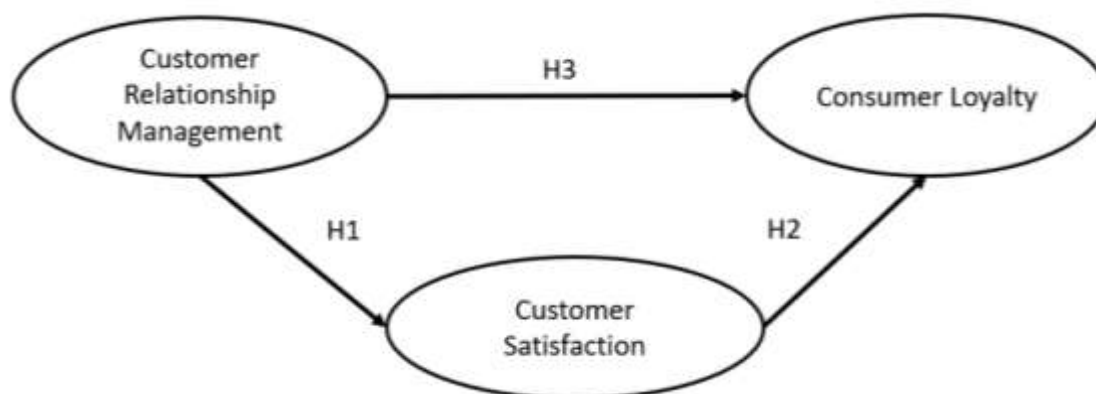
Although numerous prior studies have examined the interrelationships among CRM, customer satisfaction, and customer loyalty, the empirical evidence remains inconclusive, particularly with respect to the mediating role of customer satisfaction. Some studies report that CRM implementation exerts a direct influence on customer loyalty, whereas others demonstrate that this relationship becomes more pronounced and statistically significant when customer satisfaction functions as an intervening variable. Such divergence in research findings highlights the existence of a research gap that warrants further investigation,

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especially within the restaurant industry and in contexts characterized by specific organizational and consumer attributes.

In light of these considerations, the present study seeks to analyze the impact of CRM implementation on customer loyalty at Tom Sushi Paragon Mall Semarang, while simultaneously assessing the mediating effect of customer satisfaction within this relationship. Prior research indicates that customer loyalty in the restaurant sector is strongly shaped by satisfaction derived from service quality and the long-term relational benefits perceived by consumers (Ali-alsaadi & Cabeza-ramı, 2025). This study is therefore expected to contribute to the advancement of service marketing literature, particularly in refining the conceptual model linking CRM, customer satisfaction, and customer loyalty. Furthermore, the findings are anticipated to offer practical insights for Tom Sushi's management in designing and executing more effective CRM strategies aimed at sustainably enhancing customer satisfaction and loyalty.

Theoretical Review



H1: Customer Relationship Management has a positive and significant effect on Customer Satisfaction.

H2: Customer Satisfaction has a positive and significant effect on Customer Loyalty.

H3: Customer Relationship Management has a positive and significant effect on Customer Loyalty.

H4: Customer Satisfaction mediates the effect of Customer Relationship Management on Customer Loyalty.

Research Method

This research adopts a quantitative explanatory design aimed at elucidating the causal relationships among the variables under investigation. The selection of this approach is justified by the study's primary objective, which is to empirically test hypotheses concerning the effect of CRM on customer loyalty, with customer satisfaction serving as an intervening variable. The unit of analysis comprises consumers of Tom Sushi Paragon Mall Semarang. The research site was deliberately chosen due to Tom Sushi's operation within a highly competitive shopping mall setting, where effective CRM implementation is a critical factor in sustaining customer satisfaction and fostering long-term loyalty.

The population in this study consisted of all individuals who had previously made purchases at Tom Sushi Paragon Mall Semarang. A non-probability sampling technique was employed, specifically purposive sampling, targeting respondents who had completed at least one transaction and expressed willingness to

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participate by completing the research questionnaire. Determination of the sample size followed the recommendations of (Hair et al., 2019) which suggest that the minimum number of observations in Partial Least Squares–Structural Equation Modeling (PLS-SEM) should be ten times the largest number of indicators associated with a single latent construct. Accordingly, the sample size utilized in this study satisfies the methodological requirements for reliable PLS-SEM analysis.

The determination of the sample size in this study follows the methodological guidelines outlined by (Hair et al., 2019) for Partial Least Squares–Structural Equation Modeling (PLS-SEM), which emphasize that sample adequacy can be assessed based on the number of indicators included in the research model. According to (Hair et al., 2019), a minimum sample size equivalent to five times the total number of indicators is required to obtain sufficiently stable parameter estimates, while a more optimal sample size of ten times the number of indicators is recommended to enhance estimation precision and improve the generalizability of the findings. Given that the model comprises 15 indicators, the minimum recommended sample size is 75 respondents, whereas the optimal threshold is 150 respondents. Nevertheless, the inclusion of 100 respondents in the present study remains methodologically sound and adequate, as it surpasses the minimum requirement, particularly in light of the population characteristics that cannot be precisely defined. Consequently, the sample size employed aligns with established quantitative research standards and can be justified from an academic standpoint.

Tabel 1. Operasional Variabel

Variable	Dimension	Indicator
<i>Customer Relationship Management (CRM) (X)</i> (Akbar & Iriani, 2025)	Personalization / Customer Empowerment	Tom Sushi provides technology-based services (such as social media or digital promotions) that make it easy for me to get information about the latest menus and offers.
	Customer Involvement / Engagement	The staff at Tom Sushi always serve me kindly and are ready to help when I need information.
	Relationship Orientation / Long-term Relationship	In my opinion, the ordering and payment process at Tom Sushi was quick and met my expectations.
	Technology / System Support CRM	Tom Sushi understands my preferences and needs as a customer, for example through menu recommendations or relevant promotions.
Customer Satisfaction (M) (Vera et al., 2025)	Overall Satisfaction (Perceived Satisfaction)	I am satisfied with the taste, quality, and variety of the menu offered by Tom Sushi..
	Perception-Expectation	I think the prices on the menu at Tom Sushi are in line with the quality and service provided.
	Confirmation (service results vs expectations)	I am satisfied with the promotional programs and discounts offered by Tom Sushi.
		The location of Tom Sushi at Paragon Mall Semarang is easily accessible

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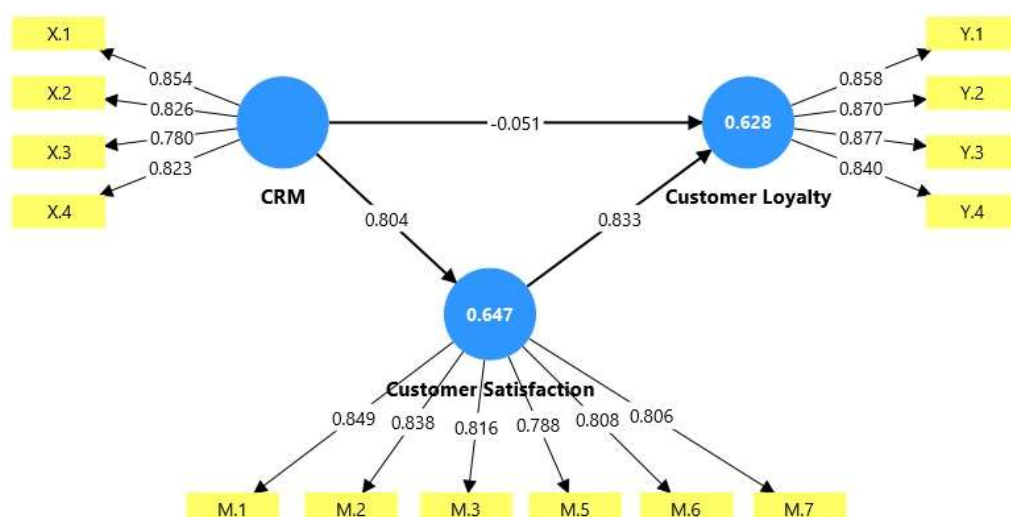
		and convenient for me.
		I am satisfied with the friendliness and helpfulness of Tom Sushi's employees.
		The supporting facilities at Tom Sushi (such as seating, cleanliness, and dining equipment) are adequate and comfortable.
		I feel comfortable with the atmosphere and decor at Tom Sushi.
Customer Loyalty (Y) (Lim et al., 2024)	Repeat Purchase	I want to go back and enjoy the menu at Tom Sushi Paragon Mall Semarang again and again.
	Word-of-Mouth	I am willing to recommend Tom Sushi Paragon Mall Semarang to friends, family, or others.
	Commitment	I still choose Tom Sushi even though there are similar restaurants or attractive promotions from other places to eat.
	Resistance	Tom Sushi is my top choice when I want to enjoy Japanese food in Semarang.

This study employs Partial Least Squares–Structural Equation Modeling (PLS–SEM) as the primary data analysis technique, utilizing SmartPLS software as the analytical tool. The analytical procedure was conducted through two sequential stages, the evaluation of the outer model and the assessment of the structural model (inner model). The measurement model assessment involved examining convergent validity, discriminant validity, and construct reliability to confirm that the indicators adequately captured their respective latent constructs. Subsequently, the structural model evaluation was undertaken to analyze the relationships among the research variables by assessing path coefficients, coefficients of determination (R^2), and both direct and indirect effects, including the examination of mediation effects through a bootstrapping approach.

Results and Discussion

Outer Model Analysis

Figure 1. Outer Model



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The empirical results indicate that all measurement indicators associated with Customer Relationship Management (CRM), Customer Satisfaction, and Customer Loyalty exhibit outer loading values exceeding 0.70, thereby satisfying the requirements for convergent validity. Structural model analysis demonstrates that CRM exerts a positive and statistically significant influence on Customer Satisfaction, as reflected by a path coefficient of 0.804. Likewise, Customer Satisfaction is found to have a positive and significant effect on Customer Loyalty, with a coefficient of 0.833. In contrast, the direct relationship between CRM and Customer Loyalty is not statistically significant, as indicated by a coefficient of – 0.051. Furthermore, the coefficients of determination (R^2) for Customer Satisfaction (0.647) and Customer Loyalty (0.628) suggest that the proposed model possesses strong explanatory capability. Collectively, these results provide evidence that Customer Satisfaction operates as a full mediating variable in the linkage between CRM and Customer Loyalty, indicating that the effectiveness of CRM in fostering customer loyalty largely depends on its capacity to enhance customer satisfaction.

Tabel 1. Outer Loading

	CRM	Customer Satisfaction	Customer Loyalty
X.1	0.854		
X.2	0.826		
X.3	0.780		
X.4	0.823		
M.1		0.849	
M.2		0.838	
M.3		0.816	
M.5		0.788	
M.6		0.808	
M.7		0.806	
Y.1			0.858
Y.2			0.870
Y.3			0.877
Y.4			0.840

The results of the outer loading assessment indicate that all indicators associated with Customer Relationship Management (CRM), Customer Satisfaction, and Customer Loyalty demonstrate factor loading values above the recommended threshold of 0.70. Specifically, the outer loading values for CRM indicators range from 0.780 to 0.854, while those for Customer Satisfaction fall between 0.788 and 0.849. In addition, the indicators measuring Customer Loyalty exhibit outer loading values ranging from 0.840 to 0.877. These findings confirm that the criteria for convergent validity are satisfied, suggesting that each indicator effectively captures the underlying latent construct it is intended to measure. Consequently, all indicators are considered valid and appropriate for inclusion in subsequent analytical procedures.

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Tabel 2. Construct Reliability And Validity

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
CRM	0.839	0.841	0.892	0.674
Customer Satisfaction	0.901	0.902	0.924	0.669
Customer Loyalty	0.884	0.890	0.920	0.742

The assessment of construct reliability and validity demonstrates that all variables in the study satisfy the required measurement standards. This conclusion is supported by Cronbach's Alpha and Composite Reliability values exceeding the recommended threshold of 0.70 for each construct, indicating strong internal consistency. Specifically, the Customer Relationship Management (CRM) construct records a Cronbach's Alpha of 0.839 and a Composite Reliability value of 0.892. Customer Satisfaction exhibits a Cronbach's Alpha of 0.901 and a Composite Reliability of 0.924, while Customer Loyalty achieves a Cronbach's Alpha of 0.884 and a Composite Reliability of 0.920. Furthermore, the Average Variance Extracted (AVE) values for all constructs surpass the minimum criterion of 0.50, with values of 0.674 for CRM, 0.669 for Customer Satisfaction, and 0.742 for Customer Loyalty. These results indicate that each construct accounts for more than half of the variance in its respective indicators, confirming that the measurement model fulfills the criteria for convergent validity and exhibits satisfactory reliability.

Tabel 3. Discriminant Validity (Fornel Larcker)

	CRM	Customer Satisfaction	Customer Loyalty
CRM	0.821		
Customer Satisfaction	0.804	0.818	
Customer Loyalty	0.619	0.792	0.861

The assessment of discriminant validity based on the Fornell-Larcker criterion indicates that the square root of the Average Variance Extracted (AVE) for each construct exceeds the corresponding inter-construct correlation values. Specifically, the square root of the AVE for the Customer Relationship Management construct (0.821) is greater than its correlations with both Customer Satisfaction and Customer Loyalty. Likewise, the square root of the AVE for Customer Satisfaction (0.818) and Customer Loyalty (0.861) each surpasses their respective correlations with other constructs included in the model. These results demonstrate that all constructs exhibit sufficient discriminant validity and effectively capture distinct conceptual domains. Therefore, the measurement model can be considered to have satisfactorily fulfilled the discriminant validity requirement.

Tabel 4. R Square (R²)

	R-square	R-square adjusted
Customer Satisfaction	0.647	0.644
Customer Loyalty	0.628	0.621

The results of the coefficient of determination assessment indicate that the Customer Satisfaction construct achieves an R² value of 0.647, with an adjusted R² of 0.644. This suggests that Customer Relationship Management (CRM) accounts

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for 64.7% of the variance in Customer Satisfaction, whereas the remaining variance is attributable to other factors not included in the proposed model. In addition, the Customer Loyalty construct reports an R^2 value of 0.628 and an adjusted R^2 of 0.621, demonstrating that the combined effects of CRM and Customer Satisfaction explain 62.8% of the variance in Customer Loyalty. According to established PLS-SEM evaluation standards, these R^2 values are classified as moderate to substantial, indicating that the structural model possesses strong explanatory capability.

Tabel 5. F Square (F^2)

	CRM	Customer Satisfaction	Customer Loyalty
CRM		1.833	0.002
Customer Satisfaction			0.658
Customer Loyalty			

The effect size (f^2) analysis reveals that Customer Relationship Management (CRM) exerts a very strong influence on Customer Satisfaction, as reflected by an f^2 value of 1.833, indicating a substantial explanatory contribution of CRM to the development of customer satisfaction. In contrast, the direct relationship between CRM and Customer Loyalty yields an f^2 value of 0.002, which is categorized as negligible, suggesting that CRM provides minimal direct explanatory power for customer loyalty. Furthermore, the impact of Customer Satisfaction on Customer Loyalty demonstrates a large effect size, with an f^2 value of 0.658, underscoring the pivotal role of customer satisfaction in the formation of customer loyalty.

Tabel 6. Q^2

	Q^2predict	RMSE	MAE
Customer Satisfaction	0.653	0.638	0.462
Customer Loyalty	0.376	0.822	0.583

The predictive relevance (Q^2) assessment indicates that the Q^2 predict value for the Customer Satisfaction construct is 0.653, whereas the corresponding value for Customer Loyalty is 0.376. The presence of Q^2 values greater than zero demonstrates that the proposed research model possesses satisfactory predictive power. Moreover, the Root Mean Square Error (RMSE) and Mean Absolute Error (MAE) results for both constructs fall within acceptable error thresholds, indicating reliable prediction accuracy. Collectively, these results provide further evidence that the structural model exhibits sufficient capability in forecasting Customer Satisfaction and Customer Loyalty.

Tabel 7. Model Fit

	Saturated model	Estimated model
SRMR	0.070	0.070
d_ ULS	0.516	0.516
d_ G	0.336	0.336
Chi-square	208.255	208.255
NFI	0.812	0.812

The model fit assessment indicates that the Standardized Root Mean Square Residual (SRMR) value of 0.070 falls below the recommended cutoff of 0.08, demonstrating an acceptable level of model fit. Furthermore, the Normed Fit Index (NFI) score of 0.812 suggests that the model achieves a satisfactory degree of goodness of fit. The Chi-square statistic of 208.255, together with the consistency

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observed between the saturated and estimated models, further confirms that the proposed structural model aligns well with the empirical data. Accordingly, the research model can be regarded as appropriate and suitable for subsequent hypothesis testing.

Tabel 8. Path Coefficient

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values	Evidence
CRM - Customer Satisfaction	0.804	0.793	0.070	11.459	0.000	Significant
CRM - Customer Loyalty	-0.051	-0.039	0.135	0.378	0.706	Insignificant
Customer Satisfaction - Customer Loyalty	0.833	0.822	0.126	6.614	0.000	Significant

The results of the path coefficient analysis indicate that Customer Relationship Management (CRM) exerts a positive and statistically significant influence on Customer Satisfaction, as reflected by a path coefficient of 0.804, a t-value of 11.459, and a p-value of 0.000. In contrast, the direct relationship between CRM and Customer Loyalty is not supported empirically, evidenced by a negative path coefficient of -0.051, a t-statistic of 0.378, and a p-value of 0.706. In addition, Customer Satisfaction demonstrates a positive and significant effect on Customer Loyalty, with a coefficient of 0.833, a t-statistic of 6.614, and a p-value of 0.000. Collectively, these results highlight the critical role of Customer Satisfaction in the development of Customer Loyalty.

Tabel 9. Indirect Effect

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
CRM - Customer Loyalty	0.670	0.654	0.128	5.227	0.000

The indirect effect analysis reveals that Customer Relationship Management (CRM) exerts a positive and statistically significant influence on Customer Loyalty when mediated by Customer Satisfaction. This relationship is supported by a path coefficient of 0.670, a t-value of 5.227, and a p-value of 0.000. These results demonstrate that, despite the absence of a significant direct effect of CRM on Customer Loyalty, CRM implementation remains effective in enhancing customer loyalty through its capacity to improve Customer Satisfaction.

Tabel 10. Specific Indirect Effect

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
CRM - Customer Satisfaction - Customer Loyalty	0.670	0.654	0.128	5.227	0.000

The results of the specific indirect effect analysis indicate that the pathway linking Customer Relationship Management (CRM) to Customer Loyalty through

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Customer Satisfaction is positive and statistically significant. This relationship is supported by a path coefficient of 0.670, a t-value of 5.227, and a p-value of 0.000. These findings provide empirical evidence that Customer Satisfaction serves as a full mediating variable in the association between CRM and Customer Loyalty, as the direct influence of CRM on Customer Loyalty is not statistically significant, whereas the indirect effect via Customer Satisfaction is significant.

Discussion

Customer Relationship Management has a positive and significant effect on Customer Satisfaction.

The hypothesis testing results demonstrate that Customer Relationship Management (CRM) exerts a positive and statistically significant influence on Customer Satisfaction. This conclusion is substantiated by the magnitude of the path coefficients, along with t-statistic and p-value results that reflect a high level of statistical significance. The findings suggest that the effective execution of CRM practices, such as systematic relationship management, high-quality communication, and responsiveness to customer needs and preferences, contributes to enhanced customer satisfaction. Consistent with the principles of relationship marketing, these results underscore the critical role of long-term customer relationship development in fostering satisfaction.

The influence of Customer Satisfaction has a positive and significant effect on Customer Loyalty.

The hypothesis testing results indicate that Customer Satisfaction has a positive and statistically significant influence on Customer Loyalty. The substantial magnitude of the path coefficient suggests that higher levels of satisfaction are associated with stronger consumer commitment, reflected in an increased likelihood of repeat purchasing and the willingness to recommend products or services to others. These findings reinforce the view that customer satisfaction serves as a critical antecedent of loyalty, particularly within the service industry, where consumer behavior is highly dependent on the quality of the overall service experience.

Customer Relationship Management has a positive and significant effect on Customer Loyalty.

The hypothesis testing results demonstrate that Customer Relationship Management (CRM) does not exert a positive and statistically significant direct influence on Customer Loyalty. The negative and non-significant path coefficient suggests that CRM implementation alone is insufficient to directly foster customer loyalty. This outcome indicates that loyalty is not formed merely through relationship management initiatives, but is largely shaped by consumers' favorable evaluations of their service experiences, as manifested in their level of satisfaction.

The influence of Customer Satisfaction mediates the influence of Customer Relationship Management on Customer Loyalty.

The hypothesis testing results confirm that Customer Satisfaction functions as a full mediating variable in the relationship between Customer Relationship Management (CRM) and Customer Loyalty. This conclusion is supported by the presence of a statistically significant indirect effect of CRM on Customer Loyalty through Customer Satisfaction, whereas the direct effect of CRM on Customer Loyalty is not statistically significant. These findings suggest that the success of CRM initiatives in enhancing customer loyalty is largely contingent upon their effectiveness in first fostering higher levels of customer satisfaction.

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Conclusion

Within an increasingly competitive business landscape, organizations are compelled to establish and maintain long-term relationships with their customers. In this context, the present study investigates the influence of Customer Relationship Management (CRM) on Customer Satisfaction and Customer Loyalty. The empirical findings demonstrate that CRM implementation exerts a positive and significant impact on both Customer Satisfaction and Customer Loyalty, suggesting that effective relationship management contributes to the formation of favorable consumer perceptions toward the company. Moreover, Customer Satisfaction is found to have a positive and significant effect on Customer Loyalty, highlighting its critical role in stimulating repeat purchase behavior and consumers' willingness to recommend products or services. The results further indicate that Customer Satisfaction serves as a mediating variable that enhances the relationship between CRM and Customer Loyalty, implying that well-executed CRM practices not only affect loyalty directly but also indirectly through the enhancement of customer satisfaction. Overall, these findings underscore the importance of adopting CRM strategies that are aligned with consumer needs and expectations in order to sustainably strengthen customer satisfaction and loyalty.

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