THE EFFECT OF SOCIAL MEDIA MARKETING AND CUSTOMER RELATIONSHIP MANAGEMENT ON CUSTOMER RETENTION IN TOKOPEDIA

PENGARUH SOSIAL MEDIA MARKETING DAN PENGELOLAAN HUBUNGAN PELANGGAN TERHADAP RETENSI PELANGGAN DI TOKOPEDIA

By:
Inri Hana Menajang¹
Paulus Kindangen²
Shinta J.C. Wangke³

¹²³Management Department Faculty of Economics and Business
Sam Ratulangi University Manado

E-mail:
¹inrimenajang062@student.unsrat.ac.id
²kindangen_p@yahoo.co.id
³shintajc@unsrat.ac.id

Abstract: This study aims to know the effect of social media marketing and customer relationship management on customer retention in Tokopedia. This study uses the quantitative method and using multiple linear regression test to determine the influence of social media marketing and customer relationship management on customer retention. The sample for this study is 100 respondents. The sampling technique used is a purposive sampling method and the data collection method is in the form of a questionnaire that is run through Google Form. Testing and data analysis in this study using SPSS 26 software. The results show that Social Media Marketing (X1) partially have a positive and significant influence on Customer Retention (Y). Customer Relationship Management (X2) partially have a positive and significant influence on Customer Retention (Y). Social Media Marketing (X1) and Customer Relationship Management (X2) simultaneously have a positive and significant influence on Customer Retention (Y). Adjusted R Square value obtained from the results of the coefficient of determination (R2) of 0.451 explains that 45.1% of customer retention can be explained by social media marketing and customer relationship management. While the remaining 54.9% is explained by other variables not examined in this study.

Keywords: social media marketing, customer relationship management, customer retention

INTRODUCTION

Research Background
In this digital era, people now looking for something that is simpler, they looking for something that can help them make things easier and faster. The advance of technology brings many positive impacts on human
life. One of them is the people's spending habits. One of the major appeals of a marketplace is people much more likely to download an app that offers product ranges broader than one store can offer and all the products being sold by suppliers in online marketplace are available to consumers with real-time information, so it makes online marketplace much broader assortment than any single store could offer.

Tokopedia is one of the marketplace that can provide product ranges broader than one store can offer. Tokopedia has managed to become one of Indonesia's startup company with very rapid growth and has supported Micro Small and Medium Enterprises (MSMEs) and individuals to develop their businesses by marketing their products online. Tokopedia also provides more than 500,000 payment points across Indonesia, and offered more than 40 digital products that simplify the lives of many. Tokopedia has since expanded its business to cover the fintech, payments, logistics, and retail sectors. Tokopedia has survived through pandemic of Covid-19 where other businesses suffer a lot of losses. Tokopedia has made this pandemic as their opportunity to get a lot of profit. With this condition, online marketplace owners invest heavily in advertising, promotional activities, and public relation using digital marketing (Rowley et al., 2021). Some channels in digital marketing that can be used to advertise their marketplace are social media marketing and customer relationship management.

Social media marketing itself can be defined as a marketing effort using customers. Social media viewing the reach and insights of all their posts. It is all facilitated by social media. Therefore, many organizations have responded by allocating more resources to digital marketing. Another digital marketing strategy that companies usually use to manage and analyze customer interactions and data throughout the customer lifecycle is customer relationship management. Customer relationship management strategy is used so that companies can spend less money to promote their product or even to announce their customer whenever they have a promotion. There are three channels that are often used in customer relationship management, there are email (Newsletter and Drip Campaign), push notifications, and text messages, mostly to address existing customers as a way to retain and maximize customer value.

Companies usually retain their customer by doing the email marketing. It can help companies maintain their relationship or engagement with their customers for long term. Retaining customer means companies have to maintain awareness and engagement with their customers. Customer retention plays an important role in business continuity. Knowing what our customers’ needs and wants, and provide them the real value is the best way to keep them coming back. Responding to customer needs and wants is important for brands to develop their strategies to satisfy and retain high-value customers can really affect a brand’s success in the long term. Customer retention is a process that makes customers loyal to a certain company and makes repeat purchases or reuses services from that company, it begins when the company first makes contact with customers until the company can establish long-term relationships with customers (Istiatin and Marwati, 2016).

This topic is interesting, because Tokopedia is one of the business that has survived through the pandemic of Covid-19. Unlike other business that struggle to maintain their business during the pandemic, Tokopedia has proven that there are some strategies that can be very useful for companies. It is very interesting to know what kind of strategies that Tokopedia use to maintain their business in the midst of the pandemic of Covid-19, so that it can be the standard for other business to maintain or even improve their business. Based on the discussion above, it is important to do this research. The substance of this research is about the effect of social media marketing and customer relationship management on customer retention. The object of this research is Tokopedia.

**Research Objectives**

The research objectives is to:
1. To find out the influence of Social Media Marketing on Customer Retention in Tokopedia.
2. To find out the influence of Customer Relationship Management on Customer Retention in Tokopedia.
3. To find out the influence of Social Media Marketing and Customer Relationship Management on Customer Retention in Tokopedia.

**THEORETICAL FRAMEWORK**

**Marketing**

According to Terech (2018), marketing is a form of communication between a business house and its customer with the goal of selling its products or service to them.
Customer Retention

According to Istiatin and Marwati (2016), customer retention is a process that makes customers loyal to a certain company and makes repeat purchases or reuses services from that company, it begins when the company first makes contact with customers until the company can establish long-term relationships with customers.

Social Media Marketing

According to Bilgin (2018), social media is utilized by businesses as a platform through which direct marketing actions are carried out.

Customer Relationship Management

According to Soliman (2011), customer relationship management is the activity that is interested in the main customers of the organization, in the efficiency of an organization, and in the customer knowledge management, with the aim of enhancing the effectiveness of the organization’s decisions related to customers.

Previous Research

Bui, Dinh and Dao (2018) examined how social media marketing affects customer retention with an example of Uber in London, United Kingdom. After collecting and presenting a number of literature pieces involving social media and its effects on business as well as customer buying decision, the research set up a survey to gather primary data from 120 observations. The empirical result reveals that Facebook is the most popular source where people hear about Uber with 43% among many social media platforms. Whereas, 35.8% of respondents who gain information of Uber through Twitter. There are more than 55% of customers who gives “good” feedback for Uber service while 7.5% states that the price of Uber is unreasonable. 55.8% of users express that the mobile application of Uber is excellent and convenient. Most of respondents think they will continue using Uber, only 8.3% customers who seem not want to use Uber next times.

Das, Mishra and Mohanty (2018) examined the effect of CRM practices of the firm on customer retention. This study also tried to see the mediating effect of customer’s satisfaction. The study concluded that there is a mediating effect of customer satisfaction on the relationship between CRM practices and customer retention. Customer satisfaction partially mediates the relationship between vision and customer retention where as it completely mediates the relationship between organizational collaboration and customer retention.

Istiatin and Marwati (2021) determined and analyzed the effect of Company Image, Customer Incentives, Trust, Complaints Handling, and Facilities on Costumer Retention at BMT Amanah Ummah Kartasura. The research method applied in this study was a quantitative descriptive research design. This study used a population of 1,500 respondents. In determining the sample size, this study used the Slovin formula. Based on the results of calculation, the number of samples in this study was 100 respondents. The sampling technique was carried out using incidental sampling. The results showed that the Company Image, Customer Incentives, Trust, Complaint Handling, and Facilities simultaneously had a significant effect on Customer Retention at BMT Amanah Ummah Kartasura. Partially, it was found that Company Image and Customer Incentives do not have a positive and significant effect on Customer Retention at BMT Amanah Ummah in Kartasura. Meanwhile, Trust, Complain Handling, and Facilities have a positive and significant effect on Customer Retention at BMT Amanah Ummah in Kartasura. The coefficient of determination or the contribution of the variables of Company Image, Customer Incentives, Trust, Complain Handling, and Facilities on Customer Retention at BMT Amanah Ummah Kartasura was 43.1%

Conceptual Framework

![Figure 1. Conceptual Framework](source: data processed, 2022)
Research Hypothesis
H1: Social media marketing has an influence on customer retention
H2: Customer relationship management has an influence on customer retention
H3: Social media marketing and customer relationship management have a simultaneous influence on customer retention

RESEARCH METHOD

Research Approach
This research is the descriptive study using a quantitative approach. According to Nassaji (2015), descriptive study is a description about some phenomenon and its characteristics. Quantitative research is methods that analyzing and quantifying variables using specific data in order to get results (Apuke, 2017).

Population and Sample
Population is a group of individuals known to have similar characteristics. The population in this research are the users of Tokopedia that lived in Manado. Sample is a smaller group of people that are taken for measurement. The sample size of this research is 96.04 and rounded up to 100 respondents.

Data Collection Method
Data collection method in this research is the questionnaire. Questionnaire is a list of questions that distributed to be filled in order to gather some information and data from respondents. The questionnaire will be used as a research instrument with closed questionnaire questions.

Operational Definition of Research Variables
Table 1. Operational Definition of Research Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Definition</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Media Marketing</td>
<td>Social media marketing is the process of improving the marketing of organizations with innovative ways (Assaad and Gomez, 2013).</td>
<td>1. Content creation 2. Content sharing 3. Interaction 4. Credibility</td>
</tr>
<tr>
<td>Customer Relationship Management</td>
<td>Customer Relationship Management is an Interactive process for achieving the optimum balance between corporate investments and the satisfaction of customer needs to generate the maximum profit (Shaw, 1999).</td>
<td>1. Hospitality 2. Communication 3. Handling customer complaints 4. Communication media</td>
</tr>
</tbody>
</table>

Source: data processed, 2022

Multiple Linear Regression
According to Uyanik and Güler (2013), multiple regression is an estimated relationship among variables that have reason and result relation using statistical technique. The form of the regression equation is:

\[ Y = a + \beta_1 X_1 + \beta_2 X_2 + e \]

Description:
Y : Customer Retention
a : Constant
\( \beta_1, \beta_2 \) : Regression coefficient of \( X_1, X_2 \)
\( X_1 \) : Social Media Marketing
\( X_2 \) : Customer Relationship Management
RESULT AND DISCUSSION

Result
Validity and Reliability
Validity testing was performed on 100 respondents in this study. The Pearson Correlation value of Social Media Marketing (X1), Customer Relationship Management (X2), and Customer Retention (Y) are greater than 0.3 and below the significant level of 5% (0.05). Therefore, the data is considered as valid. The Cronbach’s Alpha of Social Media Marketing (X1) is 0.702, Customer Relationship Management (X2) is 0.798, and Customer Retention (Y) is 0.822, this means that the results of this table above are reliable because it has a Cronbach’s Alpha value greater than the limit.

Classical Assumption
Normality Test

![Figure 2. Normality Test](data processed, 2022)

The Regression Model is normally distributed, because the parallel points follow the diagonal line.

Heteroscedasticity Test

![Figure 3. Heteroscedasticity Test](data processed, 2022)

The figure shows that there is no symptom of heteroscedasticity because the image does not have a clear pattern.
Multicollinearity Test

The table 2 shows that Social Media Marketing: Tolerance 0.608 > 0.1, VIF 1.643 < 10.00, Customer Relationship Management: Tolerance 0.608 > 0.1, VIF 1.643 < 10.00, means that the tolerance value of each variable is more than 0.1 because the tolerance of Social Media Marketing (X1) and Customer Relationship Management (X2) is same which is 0.608. The VIF value of Social Media Marketing (X1) and Customer Relationship Management (X2) are 1.643, it means that the value of both variable is less than 10. Since the tolerance value is more than 0.1 and VIF value is less than 10, the research is free from multicollinearity.

Table 2. Multicollinearity Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficientsa</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.608</td>
</tr>
<tr>
<td>SMM</td>
<td>.608</td>
<td>1.643</td>
</tr>
<tr>
<td>CRM</td>
<td>.608</td>
<td>1.643</td>
</tr>
</tbody>
</table>

SMM: Social Media Marketing, CRM: Customer Relationship Management

Source: data processed, 2022

Multiple Linear Regression Analysis

Table 3. Multiple Linear Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.511</td>
</tr>
<tr>
<td>SMM</td>
<td>.256</td>
<td>.128</td>
</tr>
<tr>
<td>CRM</td>
<td>.670</td>
<td>.121</td>
</tr>
</tbody>
</table>

SMM: Social Media Marketing, CRM: Customer Relationship Management

Source: data processed, 2022

From the result in the table above, the model define as:

\[ Y = 0.511 + 0.256 X1 + 0.670 X2 + e \]

1. The constant value is 0.511. This explains that if the Social Media Marketing (X1) and Customer Relationship Management (X2) variables are zero (0), then the value of Customer Retention is 0.511.

2. The Social Media Marketing (X1) regression coefficient is positive (0.256). This explains that Social Media Marketing (X1) have a positive effect on Customer Retention (Y) and if Social Media Marketing (X1) increase by one unit while the Customer Relationship Management (X2) is assumed to be constant, then the Customer Retention (Y) will increase by 0.256.

3. The regression coefficient for the Customer Relationship Management (X2) is positive (0.670). This explains that Customer Relationship Management (X2) has a positive effect on Customer Retention (Y) and if Customer Relationship Management (X2) increase by one unit while the Social Media Marketing (X1) is assumed to be constant, then the Customer Retention (Y) will increase by 0.670.

The Coefficient of Determination

Table 4. Coefficient of Determination (R²)

<table>
<thead>
<tr>
<th>Model Summaryb</th>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>.671a</td>
<td>.451</td>
<td>.439</td>
<td>2.320</td>
<td>2.200</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), CRM, SMM
b. Dependent Variable: CR

Source: data processed, 2022
The value of coefficient of determination is between 0 and 1 (0.451) or 45.1% it means that Social Media Marketing (X1) and Customer Relationship Management (X2) have a positive and significant effect on Customer Retention (Y) by 45.1% and the rest 54.9% are caused by other factors not discussed in this research.

### Hypothesis Testing

#### Partial Test (t-test)

Table 5. T-Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.511</td>
<td>2.141</td>
<td>.239</td>
<td>.812</td>
</tr>
<tr>
<td>SMM</td>
<td>.256</td>
<td>.128</td>
<td>.193</td>
<td>1.998</td>
</tr>
<tr>
<td>CRM</td>
<td>.670</td>
<td>.121</td>
<td>.534</td>
<td>5.532</td>
</tr>
</tbody>
</table>

a. Dependent Variable: CR

Source: data processed, 2022

The criteria of this test is if tcount > ttable as confidence level of 95% (α=0.05), (H_a) is accepted and (H_0) is rejected. It means that the independent variable significantly affect the dependent variable.

1. The effect of social media marketing on customer retention, the social media marketing variable shows that the significant value 0.003 < 0.05. It means that the social media marketing variable partially has a significant effect on customer retention in Tokopedia.

2. The effect of customer relationship management on customer retention, the customer relationship management variable shows that the significant value 0.000 < 0.05. It means that the customer relationship management variable partially has a significant effect on customer retention in Tokopedia.

#### Simultaneous Test (F-test)

Table 6. F-test

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>428.436</td>
<td>2</td>
<td>214.218</td>
<td>39.797</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>522.124</td>
<td>97</td>
<td>5.383</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>950.560</td>
<td>99</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: CR

b. Predictors: (Constant), CRM, SMM

Source: data processed, 2022

From the F-test, by using the significant value of 0.05 (α = 0.05), the calculated value of Fcount is greater than the Ftable (39.797 > 3.09). Since the Fcount is greater than Ftable, H0 is rejected and Ha is accepted. It means that the independent variables “Social Media Marketing (X1) and Customer Relationship Management (X2)” significantly affect the dependent variable “Customer Retention” simultaneously.

### Discussion

#### Social Media Marketing on Customer Retention

This research finds that social media marketing has a positive and significant influences towards customer retention in Tokopedia. This means that Tokopedia users have given a good response to social media marketing variable. It represents by the reputation of the company, interesting content creation, the interaction, the credibility, and the ability to fulfill the customer’s needs and wants. In social media, company reputation plays an important role to increase credibility that can make people trust the information provided by the account of the company. The interesting content also plays an important role to attract and retain customers. This can be seen from the questionnaire respondents who tend to agree on all aspects of Tokopedia’s Social Media Marketing indicators, such as the statement that has the highest average value, which is “The content or messages from Tokopedia social media account are easy to understand”. This statement means that the interaction between company and their customers plays an important role to attract and retain the customers, and
the statement of “Tokopedia's social media account often share important information that can attract people's attention” also has a high average value in the questionnaire, means that the content sharing also plays an important role to maintain and retain the customers. This proves that Tokopedia has maximized their social media marketing and in accordance with the expectations expected by their customers. This research supported by Nuseir (2016) that stated companies are now focusing on digital media and internet as an effective marketing strategy as it is cost effective and also helps them in assisting to analyze competitors and check what their new products are and how strictly their marketing, their products or their brand, this means that social media marketing has helped the company to retain their customer. This result is similar with the previous study conducted by Bui, Dien, and Dao (2018) that social media marketing has a strong positive impact on customer retention and this research also finds that the object of this study which is Uber can be suggested to invest more on social media to maintain and improve the social media effectiveness in the term of keeping customer loyalty.

Customer Relationship Management on Customer Retention

The result of this research shows that customer relationship management has a positive and significant influences towards customer retention in Tokopedia. The research results from this Customer Relationship Management variable were conducted through the hospitality indicator, communication indicator, handling customer complaints indicator, and communication media indicator. These four indicators explains about the communication between Tokopedia and their users, how Tokopedia handling the complaints from their customers, the features that Tokopedia provides, their push notifications, and the digital marketing channel that Tokopedia use to maintain the relationship with their customers. Based on the data of the questionnaire, respondents who tend to agree on all aspects of Tokopedia’s Customer Relationship Management indicators, such as the statement that has the highest average value, which is “Tokopedia provides friendly service for its users”. This statement means that the hospitality that Tokopedia provide plays an important role to retain their customers, and the statement of “Tokopedia has a good communication with its customers” also has a high average value in the questionnaire, means that the communication between Tokopedia and their customers plays an important role to maintain and retain the customers. This shows that many people tend to pay attention to companies that prioritize the convenience of their customers, which in this case is good communication. Therefore, a good relationship between companies and their customers can be built through a good communication, and a good communication can help companies to retain a long term relationship with their customers. This proves that Tokopedia has manage their customer relationship management well. This research supported by Sabbeh (2018) that stated Customer Relationship Management is used to enable organizations to acquire new customers, establish a continuous relationship with them and increase customer retention for more profitability. The task of the customer relationship management approach is to analyze data about the customer’s history with the company and it focuses on ways to retain customers in order to helps the growth of sales that leads to an improvement of company’s business relationships with their customers (Soltani et al., 2018). This result is similar with the previous study conducted by Das, Mishra, and Mohanty (2018) that there is a mediating effect of customer satisfaction on the relationship between customer relationship management practices and customer retention.

Social Media Marketing and Customer Relationship Management on Customer Retention

Based on this research, the two independent variables, namely social media marketing and customer relationship management have a positive and significant effect on the dependent variable which is customer retention. This research studies about how the social media marketing and customer relationship management can have an impact on customer retention in one of the most popular marketplace in Indonesia, namely Tokopedia. Social media marketing and customer relationship management are digital marketing that commonly used by many companies to retain their customers. Companies that are able to get a high level of customer retention will be able to reduce expenses but still make a profit. The results of this connection between social media marketing and customer relationship management on customer retention shows that companies needs to focus on keep improving their social media marketing and customer relationship management in order to retain their valuable customers. This research supported by Yang et al. (2022) that social media marketing activities have become a powerful marketing strategy to meet customers’ expectations and with this marketing strategy, many companies can have the ability to attract new customers and significantly empowers companies to manage their customer relationships in order to retain the existing customers. Customer relationship management helps many businesses build a relationship with their customers that in turn, can creates customer loyalty and
CONCLUSION AND RECOMMENDATION

Conclusion

The conclusions of this research are:
1. The Social Media Marketing variable partially has a positive and significant effect towards customer retention in Tokopedia. It means that the social media accounts of Tokopedia can increase the customer retention because it has good contents and many various important information that can be attractive and useful for their customer.
2. The Customer Relationship Management variable partially has a positive and significant effect towards customer retention in Tokopedia. It means that Tokopedia has a good relationship with their customers by providing a good communication with them.
3. The independent variables which are Social Media Marketing and Customer Relationship Management simultaneously affect the Customer Retention in Tokopedia. It can be interpreted that when Tokopedia has a good social media marketing strategy and a good management of their customer relationship, it will increase their customer retention.

Recommendation

The recommendation of this research are:
1. The customer thinks that Tokopedia already have a good social media marketing strategy and a good customer relationship management that can retain their customers. So, in the future the company just need to improve their social media marketing strategy and customer relationship management.
2. The company keep improving their social media marketing and their customer relationship management because people always want something new so company needs to always keep their social media marketing and customer relationship management as attractive as possible and keep up to date, so they can maintain their customers.
3. Next researcher who wants to research about something similar to this research, they can replace or add more variables both independent and dependent, or they can change the object of this research. They can also improve the limitations in this research.

REFERENCES


