

# Model Influence Finance and Location Strategy on Customer Relationship Management Performance Characteristic: An Actual Study among SMEs' Logistic Operators

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## Abstract

A new marketing strategy has been used in business where firms have shifted from a short-term transaction-oriented goal to building a long-term relationship goal in order to develop customer relationship. This involves creating and improving customer satisfaction, building brand trust and delivering winning customer value. Success with any of these strategies will result in high levels of repeat purchase, insulation from price increases and improved responsiveness to marketing communications by customers. In this study basic principle of ANOVA is test for differences among the means of the populations by examining the amount of variation within each of these samples, relative to the amount of variation between the samples. The dimensions for financial strategy factors are payment incentive, credit facility and discount. The populations of study are customer from a logistic company located at Pulau Pinang, Selangor and Johor Bharu. Simple random sampling was selected from the target populations. Data collection resulted in 391 respondent have answers from the customer of logistic company. Based on the finding, the result showed that, financial strategy are anchor factors in determining customer relationship management performance. Further study has important managerial implications as the findings will enable management of SMEs to understand progressive and highly varied Customer Relationship Management practices. Furthermore, it a future trend to understanding contextual factors that contribute to the Customer Relationship Management as well as effective, efficient and education execution.

Keywords: Relationship customer, financial strategy, location strategy, SME, ANOVA.

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## Introduction

### *Loyalty of Customer*

Customer retention is one of the important elements in decision making issue that can be used in the aspect of competitive environment, saturated market and lower growth of new customers. Customer retention is the activity that a selling organization undertakes in order to reduce customer defections (Shah et al., 2017). During the 1990s, the focus of most marketing activities was to gain new customers. Current development was showing a change to this focus. According to Ahmad et al. (2020).

Maintaining existing customers is becoming more and more important. Customer retention is a significant tool in today's business. It is a term which is very popular and widely used at the moment. It is also one of the key to successful marketing strategy because of its potential in delivering better economics for the company as it cost less to retain rather than to acquire new customers (De Oña, 2016). A key principle of relationship marketing is the retention of customers through varying means and practices to ensure repeated trade from pre-existing customers by satisfying requirements above those of competing companies through a mutually beneficial relationship. Most companies would expend a majority of their time, energy and resources in keeping customers and enhancing customer relationships (Kavaliauskienė et al., 2014).

## **Objectives of the study**

The objectives of this study are as follow:

To investigate:

1. The influences of finance strategy on customer relationship management performance of SME's logistic practitioner.
2. The influences of location strategy on customer relationship management performance of SME's logistic practitioner.

### *Customer Relationship Management Performance.*

Customer retention relies on customers' commitment to continue to do business or exchange with the company on an ongoing basis. Besides that, customer retention also been approached as an attitudinal construct to reflect the emotional and psychological attachment inherent in retention. As a result, existing customers pay less attention to competing brand offering and advertising, fewer price sensitive, and create positive word-of-mouth communication. Referring to Jobhaarbima, M. (2017) customer retention is about keeping the customers you've invested in to acquire and the activity that a selling organization undertakes in order to reduce customer defections from company to competitors. Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship. Customer retention has a direct impact on profitability (Shah et al., 2017). Customer retention leads to reduced sales and marketing costs compared to selling to new customers. Through this study has shown that the price of the product, trust in the product and customer satisfaction plays an important role for the company.

### *Finance Strategy*

Customers' satisfaction is an important thing to the business in order to generate the profit and accelerate the growth of the business. By utilizing technopreneur ship, it is known that entrepreneur are saving the time and distance through cost of marketing and shipping. Sadq et al. (2020) mentioned that a business can be open anytime anywhere, making purchases from different region easier and more convenient. The electronic devices and social network (Blogger, Facebook, twitter, etc) are able to shorten the lead time business spend on receiving and delivering goods or services, creating an instant competitive advantage in the small business. It means that the business process become much simple and easier to the both of suppliers and consumers (Shah et al., 2017).

Then, it can maximize revenue and profits. This is turn increases productivity which ultimately gives rise to profits that means better pay and less strenuous working conditions. The young entrepreneur will optimize the resources by decreasing the raw material cost but gaining profits as many as possible through the utilization of technopreneur ship toward their business. In a research study by Gibreel et al. (2018) based on business opportunities, management can increase profits as they can take advantage of opportunities to increase their profits. This is because not everyone will get the same chance. Often the chances are only attracted by some people. Hence, it is the golden opportunity that traders need to take to profit as much as possible.

According to Ghahtarani et al. (2020) to increase financial technology the customers based on existing business opportunities; they must work hard to attract customers. As you know, the newly opened business opportunity has many opportunities to increase existing customers. They should use as many opportunities as possible to increase the number of customers besides expanding their business. And if they already have customers, the way to further increase the number of customers is to show customer reviews of their products to the public. This is also one way to increase the number of customers to the business (Shah et al., 2016). Based on innovation, the way to increase sales profits is to reduce the existing cost of the product that has been generated. There are many ways in which traders should think to be something more exciting in the future they must reduce the cost of production of each unit of product. This way they can further enhance existing profits (Nabila, M. 2019).

### *Location Strategy*

Islamic entrepreneurship is a way of thinking and acting that is opportunity obsessed, holistic approach and leadership balanced for the purpose of wealth creation. Searches for change, responds to it, and exploits it as an opportunity. Innovation

is the specific tool of entrepreneurs, the means by which they exploits change as an opportunity for a different business or a different service. Islamic entrepreneurship pursuit of opportunity without regard to the resources currently under one’s control. Nowadays, we cannot avoid the technology in our daily life. Base on Ahmad et al. (2020) studies it shows that using of technology in our life brings more advantages especially in business. As an Islamic entrepreneur, we must adapt a technology in order to gain or generate more profit for our business every day and with the proper use of technology, customers can get the products or services that we provide to them all around the world without need to meet them face to face. By using the right platform for the business, it will help the business to know what is the right opportunity for the Islamic entrepreneur to grab and provide products and services by make it unique and memorable to the customers.

Nadeem et al. (2020) mentioned that business opportunity is a customer’s needs and want that can potentially be meeting by a new business. The source of business opportunity based on problem that customers had in daily life, there are new products or services that discover by an accident, from an existing products and services that the entrepreneur wants to improve, or turn some experience or uncommon knowledge into a product or services that benefits others. Then, they need to do some market survey in order to know what the customers’ needs and want and how they could solve the problems and make the customers remember the products or services that they used (Nabila M., 2019).

Innovation and technopreneur ship is a new idea, method or devices that used a technology in order to improve something products or services into something new and translating a new idea into tangible products. It will create new dimensions of performance from good to better use. Before it creates new dimension, entrepreneurs need to understand the concept of innovation so the finished goods in a better performance (Shah et al., 2017). Embodiment, combination or synthesis of knowledge in original, relevant, valued new products, processes or services is a concept that needs to understand. All the innovation must consider the use of technology (Nadeem et al., 2020).

**Theoretical Background for the Models**

Based on the concept of product innovation, how to increase customers is to advertise about the innovations that have been made to the product. They can advertise in altitude or press (Nabila M., 2019). Advertising is one of the most effective ways to promote a product in a short time. The more advertising our products are running, the more customers will be aware of the existence and activation of our products and now can certainly attract customers to buy and use our products. (Muslimin et al., 2015). Last but not least, Chen and Popovich (2003) proposed the perfect underneath to present and support the impression of numerous authors on the significant of financial strategy in realizing Customer Relationship Management in the organization. Below is model for these studies.

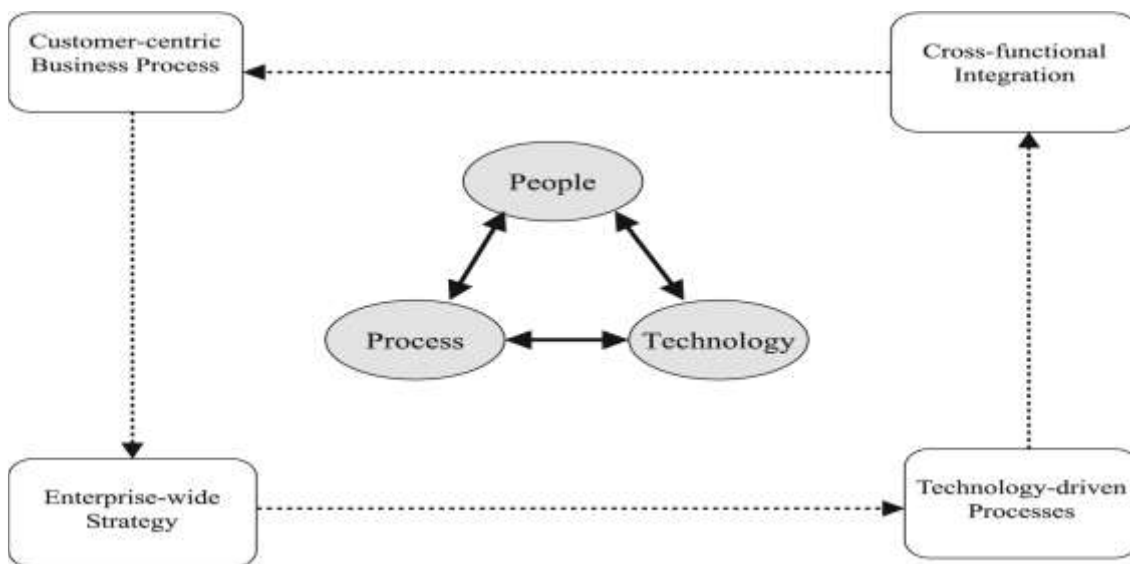


Figure 1: A CRM implementation model Chen and Popovich, 2003

**Theoretical Framework**

Prototypical proposed that present research a financial strategy and location strategy as the determinacy of Customer Relationship Management Performance models for SMEs in Malaysia. The complete models proposed are as follows.

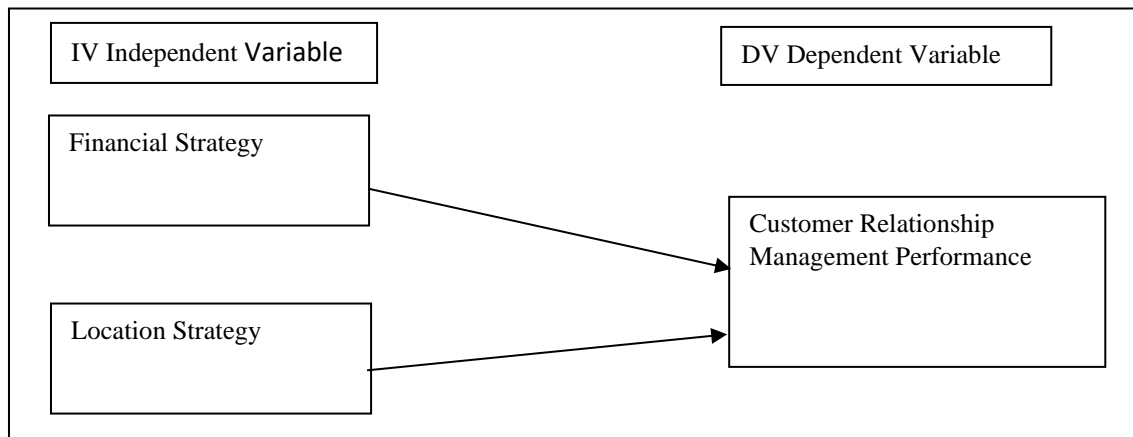


Figure 2: Theoretical Framework

## Hypotheses Development

Shah et al. (2016), Shah et al., (2017) at past research was investigated the characteristic of provider value in financial strategy and location strategy. Around their research is a positive significant relationship between financial strategy and location strategy value factor and customer relationship management performance. Therefore, we hypothesized that:

### *Hypothesis*

RQ: Does a statistically significant relationship exist financial strategy and location strategy?

H0: There is no statistically significant relationship between financial strategy and location strategy.

H1: There is a statistically significant relationship between financial strategies on customer relationship management performance and accepted.

H2: There is a significant relationship between location strategies on customer relationship management performance and accepted.

## Methodology

This research is empirical test as well as correlational research in nature. Questionnaire survey was carried out for this research and distributed to the respondents that consume logistic service provider. Population is a target groups whichever the individual person or the customer on the logistic service provider. Total target population of this study was three hundred and ninety-one respondents from Selangor, Johor Bharu and Pulau Pinang on A, B and C organization. In this study researcher used analysis of variance (ANOVA) for statistical technique that is used to check if the means of two or more groups are significantly different from each other. Last but not least researcher conduct ANOVA analysis to checks the impact of one or more factors by comparing the means of different samples.

## Research Finding

### *Finance strategy*

Based on Table 1, the sig. result is 0.560. Thus, the statistically significant differences between the means of the model is above 60 % where firm performance can be predicted by customer relationship management performance.

**Descriptives**

Mean FS

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
1.00	69	3.1370	.47638	.05735	3.0226	3.2515	2.09	4.00
2.00	90	3.1505	.46876	.04941	3.0523	3.2487	1.45	4.09
3.00	15	3.1152	.40723	.10515	2.8896	3.3407	2.55	3.91
4.00	217	3.0800	.40857	.02774	3.0253	3.1347	1.45	4.45
Total	391	3.1076	.43488	.02199	3.0644	3.1509	1.45	4.45

**ANOVA**

Mean FS

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.391	3	.130	.688	.560
Within Groups	73.367	387	.190		
Total	73.758	390			

Table 1: Model Summary of Regression Analysis

**Location Strategy**

Based on Table 2, the sig. result is 0.202. Thus, the fitness of the model is above 60 % where firm performance can be predicted by location strategy. Hence ANOVA analysis was significant, the effect size was strong, allowing to rejecting the null hypothesis, and indicating that there is a statistically significant relationship with strong effect to these studies.

**Descriptives**

MeanLS

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
1.00	69	3.4809	.48183	.05801	3.3651	3.5966	2.64	4.55
2.00	90	3.4061	.45571	.04804	3.3106	3.5015	2.18	4.27
3.00	15	3.4788	.47296	.12212	3.2169	3.7407	3.00	4.73
4.00	217	3.3578	.42922	.02914	3.3003	3.4152	2.09	5.00
Total	391	3.3953	.44756	.02263	3.3508	3.4398	2.09	5.00

**ANOVA**

Mean LS

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.926	3	.309	1.548	.202
Within Groups	77.195	387	.199		

Total	78.121	390			
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Table 2: Model Summary of Regression Analysis

## Conclusion

Consumers are the most important assets of a business organization. Various strategies and efforts should be made to maximize customer satisfaction. Satisfaction is related to individual feelings either feel comfortable or not a result of comparison between their perception of the results to the target or goal of their users (Nadeem et al., 2020). In researching satisfaction, firms generally ask customers whether their product or service has met or exceeded expectations. Thus, expectations are a key factor behind satisfaction. When customers have high expectations and the reality falls short, they will be disappointed and will likely rate their experience as less than satisfying.

A SMEs have been the backbone of economic growth of an economy in driving industrial development. Due to their sheer numbers, size and nature of operations, this segment of the economy in promoting endogenous sources of growth and strengthening the infrastructure for accelerated economic expansion and development in Malaysia has been recognized. Although their role in the economy is large, many SMEs are still plagued by management problems. These include human resource management, financial management, marketing, operations management, and strategic management. In view of marketing management is an important aspect in ensuring the reliability measure of a product to compete in the market, it is important the topic is examined in greater depth.

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