

Developing the Concept of E-Customer Relationship Management Model to Improve Marketing Performance

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ABSTRACT

This research aims to prove the variable we have synthesized from several marketing theories, namely Ergo-Iconic service value that can improve marketing performance. This variable is a mediation of the previous research gap between capability of technology and marketing performance. This study was conducted in ten tourism destinations recommended by the Government of Indonesia where the research object was 3-star hotels. The data collection used was Structural Equation Model of 165 respondents, obtained through the questionnaire filled out by hotel managers. The implication of this research is that Ergo-Iconic service value can support the improvement of hotel marketing performance. However, it must be underlined that this study result cannot be generalized to represent all existing hotels. The results suggest the company to focus on providing service referring to the variable of Ergo-Iconic service value.

CCS CONCEPTS

• **Social and Professional topics;**

KEYWORDS

E-CRM, Ergo-Iconic service value, Innovation capability, Hotel marketing service

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1 INTRODUCTION

This paper invites readers and researchers to see Customer Relationship Management (CRM) from other side, the development of technology-based CRM development. There have been opinions saying that without technology, CRM is generally related to adoption and technology [1]. In fact, [2]. finalizes that by electronic Customer Relationship Management (e-CRM), the company's acceleration in managing and transferring customer data will be faster.

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Nowadays, unlimited sales and promotions are not limited to personal sales, but have shifted to web-based marketing or homepage, no wonder lately if there is a cross-territorial transaction. Unlike personal sales, sellers can directly meet and recognize their customers. However, it doesn't happen in online transactions which is relatively only the sound and written text that communicates to make a transaction. Empirical shows that there are still inconsistent in some previous studies on the variable technological capabilities with marketing performance.

The observation proves that consumers have rights to have freedom in choosing products or services they want. The category of products and services given will become potential customers or customers to make decisions about something that will add benefits to them [3]. Research done by [4]. shows that CRM is able to play a partial role in influencing the business world. On the other side study by [5] and [6] show that CRM they applied through social media as a marketing tool can increase the company's offer to get closer to [7].

This paper results the research objective which is to prove the proposed hypothesis regarding the mediating variable value of Ergo-Iconic service as a mediating variable of e-CRM that can improve hotel marketing performances. This paper is a development from the previous paper with the addition of variables and several indicators.

CRM strategy that is built based on 4 factors namely; information, process, technology, and people [8] Meanwhile, the other side of CRM stated by [6] shows that so far, the limitation of traditional CRM have focused on the input and utilization of information for customer management [1]. However, the important thing is that CRM component has a goal to increase the company's profits supported by improved service in the hope that it will impact on customer satisfaction. It is not a CRM task to increase transaction process but CRM can provide input data so that the marketing division can optimize the business processes and transactions of potential customers[9].

2 LITERATUR REVIEW

2.1 E-CRM

The company manager of the marketing division will think of sustainable marketing with the aim that the company continues to exist in the market. However, in order to achieve that, the company is not enough just to use false information. The traditional CRM version [6] is onlu able to create a data base and if it is needed, it will be managed to obtain information about the meaning behind the data. It is important to emphasize the misinterpretation of CRM is

a technology. CRM is not a technology, but CRM can help the company serves their customers. In addition, CRM is a fusion of strategy and technology so it is called e-RCM. The existence of technology does not replace CRM function to organize, manager, and service faster [2] Electronic Customer Relationship Management is a developing variable of CRM which is part of the information system by utilizing electronic floating that can automatically pass through contact with consumers or customers [10]. The development of this variable on the previous definition lies in the greeting that can be done in the beginning, middle or end part of the transaction based on the company's expected target for consumers [10].

2.2 Ergo-Iconic Service Value

The variable is the development of a dissertation that discusses the Comfortable Dimension on Functional Value, Comfortable on Artistic Value and Comfortable on Fun Value [12]. The value of this Ergo-Iconic service comes from the words of Ergonomic and Iconic which are services provided by the company to improve their marketing by taking into account the values of these functions. Services of each company must have a unique value and capital that has unique resources [10]. The elements that become Ergo-iconic from the value of services provided by the company are understanding customers' needs, providing optimal services, providing uniqueness from other companies, providing or elevating specific elements of the locations where the company operates, providing exclusive services to all candidates and customers, and providing prestigious services. It is expected that those elements of this variable can improve the company's marketing performance.

2.3 Innovation Capability

The company's reaction in adjusting to the business environment and adopting information that is considered to affect the company's performance needs to be immediately decided by managers to take concrete steps. According to [13], before innovating, the company should inventory the capital which in turn collected and integrated with knowledge to arrange the right innovation in facing competitors. It means that it is not that easy to innovate because the complexity that must be answered to integrate each other. Furthermore, knowledge and facts on each market are not similar, thus, perception and knowledge equality about real facts on the ground [14]. As a result, innovation capability of the company can be implemented if the company has the ability to innovate itself by mobilizing employees and their knowledge in the spirit of winning market competition [15].

2.4 Marketing Performance

The company cannot be separated form information both internal and external to be re-explored to determine a sustainable strategy. Almost all companies aim to improve performance because the difference in planning success index can be measured. According to [16], performances is the information on the success of increasing the company's competitive position. To achieve those performances, the company should have similar database and understanding. Besides, the company should create and provide products with the prices that are relatively accepted by the market. Thus, the marketing performance targets are sourced from Sales Growth, Cost

Reduction, increase in revenue and addition, as well as increase in the quality of customer service (1).

3 HYPOTHESIS DEVELOPMENT

3.1 Capability of Technology and E-CRM

CRM is a system that bridges goals and interests of the company [17]. One of the six principles of E-CRM that can be utilized to improve performances is utilizing technological sophistication to provide the best services to consumers. The presence of technology is truly helpful for CRM to be managed by the company. In this case, the technology can adjust to the format of services that customers want [2]. The development of technology and the internet speed become the asset for the company to be integrated for supporting the company's performances. E-CRM can function to keep and maintain business environment for relatively long period with customers. It is not impossible for the relationship established in E-CRM to create new business and services opportunity for the company in gaining the profit [18]. Therefore, a combination of technology capabilities and e-CRM is the capital for the long-term prediction of specialized companies in hospitality industry developing business services. Thus, the hypothesis proposed in this study is Hypothesis (H-1), the more capability of technology, the higher e-CRM will be.

3.2 Capability of Technology and Ergo-Iconic Service Value

The promotion of its service fund products is interesting to be followed by a pattern and style of delivery that is brief but easy to understand and obtain. It is time for consumers to be trully given the freedom to choose and decide on a purchase. On the other side, it is supported by unstoppable technology [19]. The advancement of the internet and technology does not become the basis for the company to leave the traditional tastes of consumers, as well as the value of certain regional or country icons, consumer intelligence surfing in cyberspace will increase the level of interest in finding and gaining specialty and product uniqueness [20]. The uniqueness of the product becomes the target of purchase with the intention that the product they buy is a valuable product so that it will look different from other people's products. [21] state that the more unique the product value, the higher the customer needs for the unique value. The value of this Ergo-Iconic sevice is a unique service value offering based on the character of the local culture of country. Based on this review, this study proposes a hypothesis (H-2), the more technological capability increases, the higher the value of Ergo-Iconic services.

3.3 E-CRM and Ergo-Iconic Service Value

The company's operating system based on the generally accepted certification, for example when the company tries to get the recognition of the other parties about the service systems or other products, to be able to get recognition or certification by certain agencies [22]. E-CRM may help the provision of data because it is generally a company database to be executed by the company in providing services. Even though operational standard for all marketing area is used, the company can provide an iconic touch as its specialty.

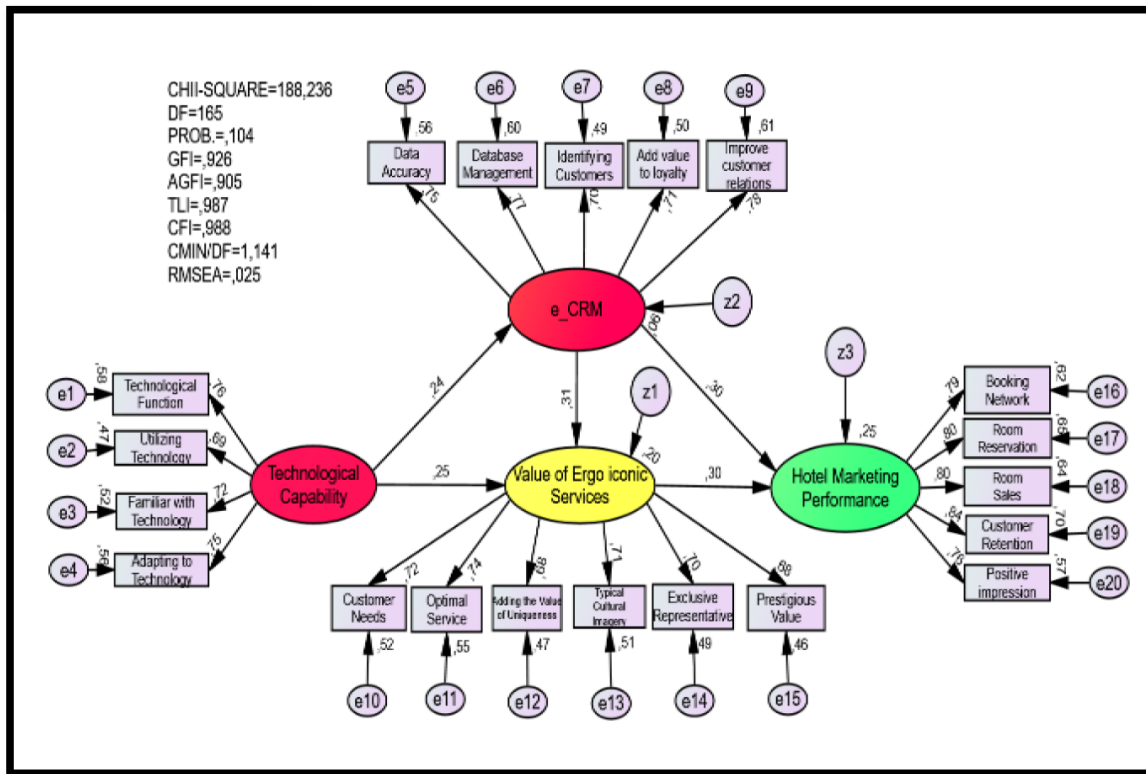


Figure 1: Development of research model

[22] say that the addition of iconic-based services is more to the addition of a unique value that characterize the company. Being innovative in elaborating e-CRM and Ergo-Iconic services is required. The company’s inability to do so will have a direct impact on the service as the specialty. Therefore, this research proposes the hypothesis (H-3) which is, the more e-CRM increases, the higher the value of Ergo-Iconic services.

3.4 E-CRM and Hotel Marketing Performance

Metamorphosis marketing to the digital world directs consumers to easily look outside, with cooperation in thinking, the internet, screen and finger/voice, dozens, hundreds or even thousand products choices can be displayed in a short time. It means that business competition is increasingly high regarding the quality of products and services provided. The company’s failure to manage data and use it stored in e-CRM effects is only so that consumers will turn to competitors [17]. The shift of traditional transactions towards electronic makes the direction or target of performance very broad. So far, the target market can be predicted from market share, while the presence of the internet and market target technology is difficult to measure because the function of screen and keyboards can help transactions can be directly processed [18]. Market segmentation may still be done by the company to predict purchasing tastes or develop new products. Segment reference to improve performance seen from CRM databases such as time of consumption type, time

of last consumption, amount of consumption, frequency of consumption, and consumption cycle [18]. Consumers patterns for hotel stays can be well predicted when e-CRM data is processed properly such as room type, hotel class, hotel services, and additional facilities [24];[25]. Therefore, this research proposes the next hypothesis (H4), the more e-CRM increases, the higher the Hotel Marketing Performance.

3.5 Ergo-Iconic Service Value and Hotel Marketing Performance

Consumers perceptions sourced from others’ experiences will affect the value of potential consumers and consumers. Experiences or acceptance of the value felt by consumers if it occurs unexpectedly will have a negative impact on performances, but if the effect is positive, it will have an impact on raising the company’s performance. It means that the value offered and received by consumers is very marketable which is in this study is the hospitality industry [26];[27]. The company will offer a variety of services, especially specialty products, to embrace the desires of potential customers and consumers to be loyal. Therefore, consumers’ interests may vary and it cannot be formed by the company [28];[29]. Hotel marketing performance in this research refers to indications, order networks, room bookings, room sales, customer retention, and positive impressions. [30] states that the company must provide maximum values to their customers by observing the condition that consumers spend small amount of money to use the maximum

Table 1: Value of acceptance of research models

Criteria of Goodness of Fit Index	Cut of Value	Analysis Result	Note
DF	195	165	Fit
Chi-Square	195.97	188.326	Fit
Probability	≥0.05	0.104	Fit
RMSEA	≤0.08	0.025	Fit
GFI	≥0.90	0.926	Fit
AGFI	≥0.90	0.905	Fit
CMIN/DF	≤2.00	1.141	Fit
TLI	≥0.95	0.987	Fit
CFI	≥0.95	0.988	Fit

Table 2: Value of acceptance of research models

			Estimate	S.E.	C.R.	P	Label
e CRM	<	Technological Capability	.245	.081	3.006	.003	Par_15
Value of Ergo iconic Services	<	Technological Capability	.235	.075	3.150	.002	Par_16
Value of Ergo iconic Services	<	e CRM	.285	.073	3.899	***	Par_18
Hotel Marketing Performance	<	Value of Ergo iconic Services	.408	.108	3.786	***	Par_17
Hotel Marketing Performance	<	e CRM	.368	.097	3.799	***	Par_19

apology with an optimal value. Therefore, the hypothesis proposed (H-5) is the higher value of Ergo-Iconic service, the higher the Hotel Marketing Performance will be.

4 RESEARCH METHOD

This research was done in Indonesia where the research object was hotels in Jakarta, West Java and Special Region of Yogyakarta. The requirement sets for the sample was 3-star hotels. In addition, the supporting requirement for the research data that become the sample does not have branches in the same area, for example, hotel A stands the area C, however, with different types of hotels with the same name which is a company also stands in area C or the same area. This is done to see competitive hotel services with different companies. there were 299 managers as the respondent. This research used questionnaire as the media for the managers to provide the description of their hotel industry activities.

5 RESULT AND DISCUSSION

The hypotheses proposed in this research aim to probe that the independent variable can play a role in influencing the role of other variables. The model adopted in this study is as follows(Figure 1):

From the figure 1, it can be explained that

Hypothesis (H-1), If Capability of Technology has increased by 0,24, then e-CRM will be higher by 0,24

Hypothesis (H-2), If Capability of Technology has increased by 0,25, then Ergo-Iconic value service will be higher by 0,25

Hypothesis (H-3), If e-CRM has increased by 0,31, then Ergo-Iconic value service will be higher by 0,31

Hypothesis (H-3), If e-CRM has increased by 0,30, then Hotel Marketing Service will be higher by 0,30

Hypothesis (H-4), If Ergo-Iconic value service has increased by 0,30, then Hotel Marketing Service will be higher by 0,30.

Based on the result of data processing, the Table 1 shows that the model developed in this study has met the suitability requirements for the model stated in FIT

The table above explains that the criteria of Goodness of fit index in this research is for the requirement of the model stated to meet the standards of fit before further analysis. The researchers make the decision that this research is feasible to proceed with the analysis. Next, the table 2 will show the contribution of each variable.

The statistical test on the table above shows that the estimated point is 0,235 to 0,408, the standard error value is 0,073 to 0,108 and the critical ratio value is 3,006 to 3,799 with the probability of 0,000 to 0,000 and the alpha level (α)0,05. Therefore, it can be concluded that all the hypotheses proposed in this study are acceptable. The table above describes that e-CRM contributes to the best improvement of Hotel Marketing Performance because the standard error is close to 0 to Hotel Marketing Performance directly.

Ergo-Iconic service that we propose in this study as the mediator variable is proven to be able to provide a positive contribution and drive to improve hotel performance. This means that these variables can be considered by the company to implement the variables, so that the company can provide additional encouragement to increase performance.

6 CONCLUSION

Mediators in this research get an increased supply of several variables such as capability of technology and e-CRM. This study concludes that the mediators in this study had a significant influence on changes in hotel marketing performance. It means that those

who are interested in hotel performance can take advantage of this research. Empirically, it proves that the three antecedent variables of hotel marketing performance from the model developed, proves that the influence provides an encouragement of improvement in the independent variable.

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