



The Influence of Social and Psychological Factors in the Success of Customer Relationship Management Strategies

Prety Diawati

Program Studi Sarjana Terapan Manajemen Perusahaan, Sekolah Vokasi,
Universitas Logistik dan Bisnis Internasional, Indonesia

E-Mail: pretydiawati@ulbi.ac.id

Received Aug 14th 2023; Revised Oct 07th 2023; Accepted Oct 15th 2023
Corresponding Author: Prety Diawati

Abstract

Customer Relationship Management (CRM) is an important business approach in maintaining a strong relationship between a company and its customers. CRM strategies aim to increase customer satisfaction, build loyalty, and maximise customer value. This study aims to analyse the influence of social and psychological factors in the success of CRM strategies. This research is a literature review that adopts a qualitative method approach, which means that this research will analyse and interpret data by relying on information and text from various sources. The study results show that in a competitive business world, CRM plays an important role in building strong relationships with customers. Social and psychological factors have a crucial influence on the success of CRM strategies. Strong interpersonal relationships with customers are key, and companies should pay special attention to training employees to interact well and empathetically.

Keyword: CRM Strategies, Customer Relationship Management, Psychological Factors, Social

1. INTRODUCTION

Customer Relationship Management (CRM) is a crucial business approach in maintaining and developing strong relationships between a company and its customers [1]. The main goal of a CRM strategy is to not only increase customer satisfaction, but also build long-term loyalty and maximise the value provided by each customer. In practice, the success of a CRM strategy does not solely depend on technical and operational aspects such as the use of CRM software, but is also strongly influenced by the social and psychological dynamics underlying the interaction between the company and the customer [2]. Therefore, to achieve success in implementing CRM, companies must have a deep understanding of customer behaviour and needs and be able to build personal and meaningful relationships on multiple levels.

Some of the social factors that can potentially influence the success of a Customer Relationship Management (CRM) strategy include culture, social values, societal norms and group influence. For example, culture plays a significant role in shaping customer preferences, so companies must have a deep understanding of their customers' culture to design appropriate and effective CRM strategies [3]. In addition, social values prevailing in society can also influence how customers interact with companies and what they expect from the relationship [4]. Alongside social factors, psychological factors also play a central role in determining the success of CRM strategies [5]. Customers' perceptions of the quality of service they receive, their motivations for interacting with the company, and the emotions they experience during interactions with the company can all have a significant impact on the outcome of the CRM strategy. Therefore, companies need to dig deeper into these psychological dimensions to understand more deeply what motivates their customers and how they can create positive experiences and fulfil customers' emotional needs in an effort to maintain strong and sustainable relationships.

Moreover, rapid changes in technology and evolving business dynamics have resulted in a profound transformation in the way companies interact with customers. In this turbulent digital era, social media, data analytics, and artificial intelligence have become key elements in customer relationship management [6]. The use of social media allows companies to interact directly with customers, listen to their feedback, and respond quickly to their requests [7]. Sophisticated data analysis allows companies to better understand customer preferences and behaviour, while artificial intelligence enables better automation in managing customer interactions. Therefore, in this changing context, research into the influence of social and psychological factors in the success of CRM strategies is becoming increasingly relevant and important. Companies need to

understand that the use of these new technologies can affect customer perceptions and emotions, and change the social dynamics of business relationships. With a deeper understanding of these factors, companies can develop smarter and more responsive CRM strategies, maximising their effectiveness in maintaining strong customer relationships amidst continuous change.

The results of previous research also highlight CRM strategies in maintaining and increasing market share and company profits. [8] analysed the effect of implementing customer relationship management (CRM), innovation, and the use of existing technology in grocery stores as a competitive advantage on the business performance of grocery stores in Central Java and Yogyakarta provinces. This research uses purposive sampling method on 113 wholesale stores. The results of this study indicate that competitive advantage and CRM have a significant effect on business performance and innovation has a positive and significant effect on competitive advantage. According to him, wholesale stores must further strengthen the implementation of Customer Relationship Management, innovation and competitive advantage through improved management and services and more intensely utilise technological advances in their business operations to make them faster, more effective and efficient in services that affect business performance. While [9] examined the effect of customer relationship management on customer loyalty. The results of his research found the fact that Customer Relationship Management (CRM) has a strong level of relationship with customer satisfaction. The contribution that CRM makes to customer satisfaction is quite high. This means that if consumers become loyal to a particular brand because of satisfactory product quality, the cause is the quality of service provided, namely CRM. However, the two studies above have not examined social and psychological factors in the success of customer relationship management strategies. Therefore, it needs to be reviewed again with different analytical methods in order to get comprehensive results through various new and fresh findings.

By understanding the influence of these social and psychological factors, companies can design CRM strategies that better suit their customers' needs and preferences. This research is expected to provide valuable insights for business practitioners and researchers to optimise the implementation of CRM strategies and increase its success in maintaining and increasing market share and company profits.

2. MATERIALS AND METHOD

This research encompasses a qualitative literature review, indicating its intent to explore and interpret information based on data and written materials obtained from various sources. The primary objective of this qualitative literature review is to compile, evaluate, and consolidate existing knowledge related to the topic at hand, specifically the influence of social and psychological factors in the success of customer relationship management strategies. For this investigation, information will be sourced from a diverse range of credible outlets, including scholarly journals, books, research reports, and various articles. The data collection period spans from 2004 to 2023, allowing the researcher to track developments, trends, and changes that have occurred over this time frame.

The qualitative approach adopted in this literature review empowers researchers to elucidate and characterize complex and multifaceted subjects in greater detail [10]. Moreover, this methodology encourages the inclusion of a wide array of information sources and embraces various perspectives, thereby enriching the analysis and bolstering the credibility of the conclusions drawn. The data collection process will involve thorough examination of textual content, a comprehensive search for relevant information, and the systematic categorization of data pertinent to the research topic. Subsequently, the author will structure this information systematically, compare and synthesize findings from multiple sources, and identify recurring patterns, themes, and trends that emerge from the accumulated data.

A notable advantage of conducting a qualitative literature review lies in its adaptability to comprehend and elucidate intricate phenomena, free from the constraints imposed by numerical or statistical parameters [11]. This approach also allows researchers to gain deep insights into the evolution of the subject matter over time, as well as changes in concepts and perceptions related to the topic across different years. In the context of this research, it is crucial to rigorously evaluate the reliability and credibility of the sources used, along with critically analyzing the acquired information. Employing a qualitative approach necessitates that the researcher presents findings impartially and reflectively, provides clear and accurate interpretations, and acknowledges the inherent limitations in the methods and data employed [12]. Ultimately, the conclusions drawn from this research endeavor aim to offer a comprehensive overview of the subject's evolution spanning from 2004 to 2023, and may potentially provide suggestions for further research efforts aimed at deepening the understanding of topics related to the subject.

3. RESULTS AND DISCUSSION

In an ever-evolving business era with increasingly complex and competitive dynamics, Customer Relationship Management (CRM) has transcended the status of mere strategy and become a very important strategic approach for companies. CRM is not just a concept, but also a foundation for companies to understand, design, and maintain positive relationships with their customers. The successful implementation of a CRM

strategy not only provides benefits in terms of increased customer retention, revenue growth, and higher levels of customer loyalty, but also creates a strong foundation for sustainable growth and long-term competitive advantage [13]. To achieve these goals, companies must recognise the important role that social and psychological factors play in the success of their CRM strategy. Being aware of how culture, social values, and societal norms influence customer preferences and behaviour is an important first step. In addition, a deep understanding of customer psychology, including their perceptions of service quality, motivations for interacting with the company, and the emotions they experience during the process, is key to designing satisfying and memorable customer experiences. Thus, amidst the complexity of the ever-changing business world, understanding and utilising these social and psychological factors is a highly relevant step towards achieving success in the implementation of CRM strategies.

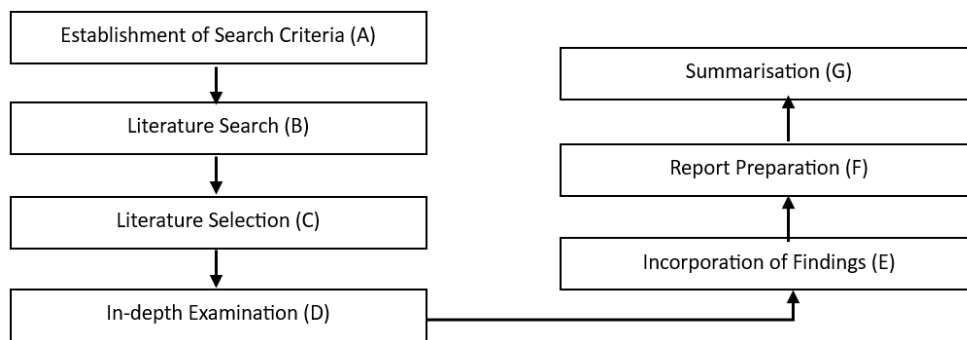


Figure 1. Flowchart Methodology

Social Factors in Customer Relationship Management (CRM) have a very important and diverse role that includes critical elements in the dynamics between companies and customers. First of all, there is a very significant aspect of interpersonal relationships in the context of CRM [14]. Companies must have the ability to build and maintain strong interpersonal relationships with their customers. This includes the ability of company employees to interact with customers effectively, listen carefully to their needs and wants, and provide services that exceed expectations. This factor is very important because good relationships with customers can help build deep trust and increase the level of customer loyalty. In addition, the social factor in CRM also includes a deep understanding of culture, social values and societal norms that influence customer behaviour [15]. Companies need to recognise the diverse cultures and backgrounds of their customers, and wisely integrate this understanding into their CRM strategies. By understanding these social factors, companies can design strategies that are more relevant and sensitive to the needs of customers from different backgrounds, create a more inclusive customer experience, and ultimately enhance the close bond between companies and customers in the long run.

Furthermore, in the context of Customer Relationship Management (CRM), customer satisfaction is not only one of the important components, but also the main goal pursued by companies. Social factors play a central role in achieving this goal, especially in the context of the interpersonal satisfaction that customers experience in interactions with companies and brands [16]. This interpersonal satisfaction includes elements such as feeling socially valued, respected and treated well. Customers who feel that the company pays attention and responds positively to their needs and expectations are likely to feel more satisfied with their experience [17]. As a result, they are more likely to remain loyal to the company and maintain an ongoing business relationship, which in turn, contributes to the long-term growth and sustainability of the company. In addition, it is also important to realise that high customer satisfaction not only impacts customer retention, but can also provide additional benefits in the form of customer recommendations to others and more active customer engagement. Therefore, in the context of CRM strategies, companies should pay particular attention to how they can create healthy social relationships with their customers, recognise the importance of these factors in building optimal satisfaction levels, and take appropriate action to ensure that customers feel valued and respected in all interactions with the company.

In addition to the previous factors, it is also important to recognise that in a Customer Relationship Management (CRM) strategy, social groups and influencers play a significant role. Customers often do not operate in isolation; instead, they tend to engage in various social groups, be it family, friends or online communities that influence each other [18]. Moreover, in the well-connected digital age, influencers are also becoming major players that can have a huge impact on customers' purchasing decisions [19]. Therefore, companies need to adopt a careful approach to understand and manage the dynamics related to these social groups and influencers, and understand how they can influence customers' purchase decision process. In this context, companies can develop a more holistic CRM strategy by considering ways to interact with relevant social groups and influencers relevant to their products or services. This may include efforts to build

relationships with specific social groups or work with influencers who have a significant audience within the target market. By understanding and capitalising on the important role of social groups and influencers in the customer ecosystem, companies can strengthen their relationships with customers, build higher levels of trust, and positively influence customer purchasing decisions.

On the other hand, Psychological Factors in Customer Relationship Management (CRM) strategies play a very significant and complex role. First of all, it is necessary to pay close attention to what drives customers to make purchases or remain loyal to the company. In this case, psychological factors such as personal motives, aspirations, and emotions can have a strong influence on customer decisions [20]. For example, customers may feel compelled to buy a particular product or service because it reflects their identity or fulfils an aspiration they have. In addition, emotions can also play an important role in the decision process, such as the sense of excitement when shopping or the disappointment that may arise if the customer experience does not match expectations [21]. Therefore, companies should actively seek to understand these psychological dynamics in order to provide services that match customer expectations and desires. In addition to understanding the psychological factors that influence customers, companies also need to commit to integrating these findings into their CRM strategies. This may include using sophisticated data and analytics to identify the motives and emotions underlying customer behaviour, as well as developing more personalised and relevant approaches to customer interactions. By doing so, companies can create more meaningful and satisfying customer experiences, which in turn will increase customer satisfaction levels, loyalty, and the possibility for long-term business growth.

Moreover, it is important to recognise that in the context of Customer Relationship Management (CRM), customer perceptions also have a significant impact on success rates. The way customers perceive products, brands, and service experiences greatly influences how they perceive the company as a whole [22]. Positive perceptions can result in higher levels of trust and open the door to a closer relationship between the company and the customer [23]. Therefore, companies must be active and proactive in their efforts to create and maintain these positive perceptions. This can include effective communication to promote the values and advantages of the product or service, the design of products that are attractive and relevant to customer needs, and the provision of a consistent and satisfying customer experience. By managing customer perceptions wisely, companies can build a solid foundation for maintaining sustainable relationships and optimising customer value. In addition, companies also need to recognise that customer perceptions may change over time. Therefore, CRM strategies should focus on constantly monitoring and assessing how customers perceive the company and its products. This enables companies to identify changes in customer perceptions and adjust their approach accordingly. In this way, companies can remain responsive to changes in customer preferences and views, maintain positive relationships, and maximise the effectiveness of their CRM strategy in the long run.

Furthermore, it is important to understand that customer attitudes towards companies and brands are an important aspect of psychological factors in the context of Customer Relationship Management (CRM). These attitudes can be very dynamic and change over time, as customer experiences and perceptions evolve. Therefore, companies must engage themselves continuously in monitoring and managing these customer attitudes. Identifying issues or concerns that may arise in customer attitudes is a very important first step. Companies should actively listen to feedback from customers, both positive and negative, to understand the factors that influence their attitudes. Furthermore, prompt and effective response to customer feedback is a key component in managing customer attitudes well [24]. Companies must be able to respond to customer issues or needs promptly and professionally to build trust. In addition, adaptation of CRM strategies based on findings from customer attitude monitoring is a step that should not be overlooked. By focusing on possible changes in customer attitudes, companies can adjust their strategies, including the provision of services that better suit customer needs, thereby ensuring stronger and more productive relationships in the long run [25]. With this careful approach to customer attitude management, companies can maximise customer satisfaction levels and strengthen their bond with the brand and company.

Finally, it should be emphasised that the customer purchase decision process is one of the key aspects of understanding psychological factors in Customer Relationship Management (CRM) strategies. It is a central point where psychological influences and customer perceptions have a significant impact. A number of factors such as the perception of risk in the purchase, the need to solve problems, as well as the understanding of the benefits of the product or service, all play an important role in how customers make their purchase decisions [26]. Risk perception, for example, can either hinder or speed up the decision process, depending on the extent to which customers feel confident about the product or service they are about to purchase. On the other hand, the need for problem-solving is one of the key triggers that drive customers to seek effective solutions, and this creates opportunities for companies to offer relevant and satisfactory solutions. Therefore, companies should carefully observe and understand these psychological factors, and respond to them effectively. This may involve providing clear and reliable information to customers to help them feel more comfortable in facing risks, or recognising the problems they face. In addition, companies can also build a communication strategy focused on understanding the benefits of their product or service and how it will fulfil customer needs. With

an approach that focuses on understanding and responding to psychological factors in the buying decision process, companies can increase the likelihood of success in retaining customers and achieving their CRM strategy goals.

To conclude, it should be emphasised that the influence of social and psychological factors in the success of Customer Relationship Management (CRM) strategies has a huge and multidimensional impact. Understanding the key role of various aspects such as strong interpersonal relationships, sustained customer satisfaction, customer motivational factors, perceptions of brands and products, and customer attitudes that may change over time, as well as understanding the complexity of the purchase decision process, are all crucial elements that illustrate the complexity of understanding customers. Companies that are able to incorporate and carefully manage these aspects in their CRM strategy will stand a better chance of building strong and meaningful relationships with their customers. Moreover, they will be able to achieve long-term success in the face of challenges in an increasingly complex and competitive business era. Thus, a deep understanding of these social and psychological factors is key to winning the competition in the ever-changing marketplace and delivering sustainable value to companies and their customers.

4. CONCLUSION

In the competitive business world, Customer Relationship Management (CRM) plays a vital role in developing strong relationships with customers. Social and psychological factors play a very important role in determining the success of CRM strategies. Building solid interpersonal relationships with customers is a key element, and companies should pay special attention to training employees so that they have the ability to interact well and empathetically. Top priority should be given to customer satisfaction, with the aim of creating a positive experience where customers feel valued and treated with social respect. The influence that social groups and individuals have on purchasing decisions also needs to be carefully evaluated in CRM strategies. Psychological factors, such as customer motivation, perception of the brand, and attitude towards the company, have a huge impact on the level of success in implementing CRM strategies. In order to achieve this goal, companies should actively endeavour to properly understand and respond to such factors with great discretion. To improve the CRM strategy, the following suggestions can be implemented:

1. Improve employee training: Invest in employee training to improve their interpersonal skills in communicating well, listening to customers, and providing satisfactory service.
2. Focus on customer experience: Prioritise creating a positive customer experience by providing responsive, high-quality service to increase satisfaction and build trust.
3. Analyse customer data: Leverage customer data to better understand customer preferences, behaviour and needs, which will help in designing more effective CRM strategies.
4. Social engagement: Utilise social media and social influence to interact more effectively with customers. Active engagement in online communities and listening to customer feedback can help strengthen relationships.
5. Adapt to change: Changes in customer attitudes and preferences are natural. Therefore, companies should be flexible in adapting their CRM strategies according to these changes.
6. Deeper understanding: Don't just see customers as numbers or data. Try to understand more deeply the motivations, needs, and emotions of customers to provide a more satisfying and personalised experience.

By implementing these suggestions, companies can strengthen their CRM strategies and build more solid and sustainable relationships with their customers, which will ultimately have a positive impact on long-term business success.

REFERENCES

- [1] B. Hardjono and L. P. San, "Customer Relationship Management Implementation and its Implication to Customer Loyalty in Hospitality Industry," *Jurnal Dinamika Manajemen*, vol. 8, no. 1, pp. 92–107, 2017.
- [2] N. Rane, A. Achari, and S. P. Choudhary, "Enhancing customer loyalty through quality of service: Effective strategies to improve customer satisfaction, experience, relationship, and engagement," *International Research Journal of Modernization in Engineering Technology and Science*, vol. 5, no. 5, pp. 427–452, May 2023, doi: 10.56726/IRJMETS38104.
- [3] M. Sigala, "Culture: The Software of e-Customer Relationship Management," *Journal of Marketing Communications*, vol. 12, no. 3, pp. 203–223, Sep. 2006, doi: 10.1080/13527260600811787.
- [4] K. N. Lemon and P. C. Verhoef, "Understanding Customer Experience Throughout the Customer Journey," *J Mark*, vol. 80, no. 6, pp. 69–96, Nov. 2016, doi: 10.1509/jm.15.0420.
- [5] M. N. D. Almarshad, S. S. Al-Nawafah, and M. H. A. Al Tahrawi, "The role of customer relationship management success factors on enhancing the mental image of telecommunications companies in Jordan," *Management Science Letters*, vol. 10, pp. 3515–3526, 2020, doi: 10.5267/j.msl.2020.6.043.

-
- [6] B. Libai *et al.*, “Brave New World? On AI and the Management of Customer Relationships,” *Journal of Interactive Marketing*, vol. 51, pp. 44–56, Aug. 2020, doi: 10.1016/j.intmar.2020.04.002.
- [7] W. G. Mangold and D. J. Faulds, “Social media: The new hybrid element of the promotion mix,” *Bus Horiz*, vol. 52, no. 4, pp. 357–365, Jul. 2009, doi: 10.1016/j.bushor.2009.03.002.
- [8] Z. A. Setiawan and Mahfudz, “Pengaruh Customer Relationship Management (CRM), Inovasi dan Penggunaan Teknologi sebagai Strategi Keunggulan Bersaing untuk Meningkatkan Kinerja Bisnis (Studi pada Toko Grosir Makanan dan Minuman di Provinsi Jawa Tengah dan DI Yogyakarta),” *JURNAL SAINS PEMASARAN INDONESIA*, vol. XVIII, no. 2, pp. 184–201, 2019.
- [9] N. U. Zahro and B. Prabawani, “Pengaruh Customer Relationship Management Terhadap Loyalitas Pelanggan TV Kabel di Kecamatan Tembalang Melalui Kepuasan Pelanggan Sebagai Variabel Intervening (Studi Pada PT. MNC Sky Vision-Indovision Semarang),” *Jurnal Administrasi Bisnis*, vol. 7, no. 1, pp. 10–18, 2018.
- [10] S. Elo, M. Käätäinen, O. Kanste, T. Pölkki, K. Utriainen, and H. Kyngäs, “Qualitative Content Analysis,” *Sage Open*, vol. 4, no. 1, pp. 1–10, Jan. 2014, doi: 10.1177/2158244014522633.
- [11] M. S. Rahman, “The Advantages and Disadvantages of Using Qualitative and Quantitative Approaches and Methods in Language ‘Testing and Assessment’ Research: A Literature Review,” *Journal of Education and Learning*, vol. 6, no. 1, pp. 102–112, Nov. 2016, doi: 10.5539/jel.v6n1p102.
- [12] C. Bradshaw, S. Atkinson, and O. Doody, “Employing a Qualitative Description Approach in Health Care Research,” *Glob Qual Nurs Res*, vol. 4, pp. 1–8, Jan. 2017, doi: 10.1177/2333393617742282.
- [13] S. Nasir, “Customer Retention Strategies and Customer Loyalty,” in *Advertising and Branding*, IGI Global, 2017, pp. 1178–1201. doi: 10.4018/978-1-5225-1793-1.ch054.
- [14] P. Guenzi and O. Pelloni, “The impact of interpersonal relationships on customer satisfaction and loyalty to the service provider,” *International Journal of Service Industry Management*, vol. 15, no. 4, pp. 365–384, Sep. 2004, doi: 10.1108/09564230410552059.
- [15] M. Šostar and V. Ristanović, “Assessment of Influencing Factors on Consumer Behavior Using the AHP Model,” *Sustainability*, vol. 15, no. 13, p. 10341, Jun. 2023, doi: 10.3390/su151310341.
- [16] W. Bahadur, S. Aziz, and S. Zulfihar, “Effect of employee empathy on customer satisfaction and loyalty during employee–customer interactions: The mediating role of customer affective commitment and perceived service quality,” *Cogent Business & Management*, vol. 5, no. 1, pp. 1–22, Jan. 2018, doi: 10.1080/23311975.2018.1491780.
- [17] P. Rita, T. Oliveira, and A. Farisa, “The impact of e-service quality and customer satisfaction on customer behavior in online shopping,” *Heliyon*, vol. 5, no. 10, p. e02690, Oct. 2019, doi: 10.1016/j.heliyon.2019.e02690.
- [18] R. Hamilton, R. Ferraro, K. L. Haws, and A. Mukhopadhyay, “Traveling with Companions: The Social Customer Journey,” *J Mark*, vol. 85, no. 1, pp. 68–92, Jan. 2021, doi: 10.1177/0022242920908227.
- [19] S. Nurfadila, “Impact of Influencers in Consumer Decision Process: The Fashion Industry,” *Interdisciplinary Journal on Law, Social Science and Humanities*, vol. 1, no. 2, p. 1, Dec. 2020, doi: 10.19184/ijl.v1i1.19146.
- [20] V. Fitriyanti and Purwanto, “The Influence of Personal and Psychological Factors toward Consumer Purchase Decision (Case Study: PETERSAYS DENIM, Bandung),” *Journal of Management and Leadership*, vol. 3, no. 2, pp. 26–38, 2020.
- [21] S. Lee, L. B. Comer, and A. J. D. and K. Schafer, “The Role of Emotion in the Relationship Between Customers and Automobile Salespeople,” *Journal of Managerial Issues*, vol. 23, no. 2, pp. 206–226, 2011.
- [22] D. Aulia and V. Briliana, “Brand Equity Dimension and Consumer Behavior in Social Media,” *South East Asia Journal of Contemporary Business, Economics and Law*, vol. 13, no. 2, pp. 15–24, 2017.
- [23] J. Agyei, S. Sun, E. Abrokwah, E. K. Penney, and R. Ofori-Boafo, “Influence of Trust on Customer Engagement: Empirical Evidence From the Insurance Industry in Ghana,” *Sage Open*, vol. 10, no. 1, pp. 1–18, Jan. 2020, doi: 10.1177/2158244019899104.
- [24] L. Nasr, J. Burton, T. Gruber, and J. Kitshoff, “Exploring the impact of customer feedback on the well-being of service entities,” *Journal of Service Management*, vol. 25, no. 4, pp. 531–555, Aug. 2014, doi: 10.1108/JOSM-01-2014-0022.
- [25] W. M. Lim and T. Rasul, “Customer engagement and social media: Revisiting the past to inform the future,” *J Bus Res*, vol. 148, pp. 325–342, Sep. 2022, doi: 10.1016/j.jbusres.2022.04.068.
- [26] X. Zhang and X. Yu, “The Impact of Perceived Risk on Consumers’ Cross-Platform Buying Behavior,” *Front Psychol*, vol. 11, pp. 1–13, Oct. 2020, doi: 10.3389/fpsyg.2020.592246.
-