

# The influence of customer relationship management (CRM) and brand image on NCT Dream album purchase decisions

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**ABSTRACT**

This quantitative research aims to determine the influence of customer relationship management and brand image on purchasing decisions for NCT Dream products. Researchers used a sample of 100 NCT Dream fan respondents aged over 17 years and domiciled in DKI Jakarta who had ever purchased NCT Dream merchandise or albums. The sampling technique uses purposive sampling and snowball sampling. The data analysis used is the t test using the SmartPLS application. Based on the research results, it can be concluded that customer relationship management has a positive and significant effect on purchasing decisions. Meanwhile, the other independent variable, namely brand image, does not have a positive and significant effect on purchasing decisions.

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**1. Introduction**

The music industry is experiencing rapid growth thanks to technological support that enables wider music distribution. Technology has changed how we listen to, create, and share music. With streaming platforms and social media, musicians can reach listeners worldwide without being limited by geographic boundaries. Music distribution not only expands new markets but also impacts the spread of culture. Apart from the social aspect, the space of culture through music is also a critical factor in strengthening a country's economy. The ability to explore cultural heritage through music attracts tourists and contributes to a country's economic growth.

The K-Pop phenomenon in Indonesia cannot be separated from the presence of NCT Dream. NCT Dream is a subunit of the NCT group managed by SM Entertainment and known for its fresh concept and cheerful songs. NCT Dream fans, NCTzens, show extraordinary dedication to their idols. They are enthusiastic about allocating their money to enjoy direct experiences at the group's concerts (Kartika, 2018). The Korean Wave phenomenon makes fans willing to spend hundreds of millions on their idols (Salsabilla, 2023). However, on the other hand, the physical album purchase data is different, as can be seen in the following image.

It can be seen in the picture that NCT Dream's physical album sales, which were recorded in 2020, were lower than NCT 127, another subunit that is still under the same agency. However, there was a significant change in 2021, when NCT Dream experienced a big spike in their album sales. In 2022 and managed to outperform NCT 127's sales. However, in 2023, it experienced a decline again (Daisuki, 2023).

Purchasing physical albums is not just a consumption activity; for fans, physical album collections have important value and meaning. Purchasing an album is a form of support given by fans to their idols who have provided much inspiration. According to research (Baswoko Praundrianagari & Cahyono, 2021), fans,

especially students, will save using pocket money given by their parents long ago so that they can buy the products or works of their idols as much as possible.

Even though NCT Dream has experienced an increase in album sales (Azzahra, 2023), fans still complain about SM Entertainment's customer relations management towards one of NCT Dream's members, namely Jaemin. Fans feel that Jaemin did not have much screen time during this comeback album in music videos and other NCT Dream content. Apart from that, Jaemin needs the individual teaser that SM Entertainment is supposed to upload for each artist making a comeback. It does not stop there, Jaemin does not have content like TikTok challenges to promote his latest album like other members (Fibria, 2023).

This made fans angry because they felt that NCT Dream's agency did not respond well to fans' complaints. Apart from that, NCT Dream should have had more content to promote their album, but instead, the opposite happened with Jaemin; the limitations of interactive content with fans were more limited. According to (Ma et al., 2022), two-way communication in which comeback K-Pop artists can maintain timely communication with fans and raise fans' expectations by sharing more personal experiences and listening to their idols' voices, thereby increasing emotional attachment and feelings they. Maintain sustainable purchasing decisions.

According to (Philip Kotler & Kevin Lane Keller, 2021), to create strong relationships, there is a need for customer relationship management, which is an approach or process to be able to build and maintain mutually beneficial relationships with customers through interaction. Another opinion from (Miguna Astuti & Agni Rizkita Amanda, 2020), defines Customer Relationship Management (CRM) as a strategy for managing interactions between business actors and customers by analyzing historical data regarding the relationship between customers and business actors to improve the quality of the relationship. Consistent and easy accessibility of information can increase sales and service through a better understanding of customer needs. So that companies can understand what fans need and what needs to be prepared to meet fans' needs.

This is supported by research (Asraini, 2019), (Dyahtritami & Suryawardani, 2020), (Tikupadang, 2023), which states that customer relationship management has a positive and significant impact on purchasing decisions. This is different from research (Halim & Lukiyanto, 2023), which states that the customer relationship management approach does not significantly affect purchasing decisions.

Another factor that can also create product purchasing decisions is brand image. NCT Dream's brand image can be seen from the two awards it received in 2022, namely The Top Artist and The Top Album. Both were obtained from the Genie Music Award, an annual music awards event held in South Korea. The award is determined to be 60% based on Genie Music's digital score and 40% based on the jury's assessment (E.Cha, 2022). Apart from that, NCT Dream's popularity in Indonesia is proven by the KIC-Zigi survey that NCT Dream is one of the ten favorite K-Pop boy bands in Indonesia, along with other groups from SM Entertainment such as EXO and Super Junior (Dihni, 2022).

Despite the image that NCT Dream has built as an award-winning brand, NCT Dream has experienced reputational vulnerability due to a policy where NCT Dream members, who initially had seven members, had to leave the group after passing adolescence. Once they reach the age of 19 (international age), NCT Dream members will be said to have graduated from the group and will no longer be active in joint promotions with NCT Dream. This happened when Mark was declared to have graduated from NCT Dream. This makes fans who have followed NCT Dream's journey since their debut feel sad because they do not want to see NCT Dream disband. At that time, fans asked that NCT Dream become a "fixed unit" and were known to have seven permanent members without having a graduation system (Nurani, 2020).

According to (Philip Kotler & Kevin Lane Keller, 2021), brand image focuses on consumers' perceptions in assessing a brand unconsciously through the associations in their minds. Brand image is a representation of all perceptions of a brand and is formed through information and experiences held regarding the brand (Firmansyah, 2019). When consumers think or remember a particular brand, the brand image also appears automatically. These connections are only specific ideas and views related to the brand. The strategy formed by the company will help strengthen the brand image as a unique product. The long-term relationship between consumers and products is the impact of the values contained in the product. So, it becomes the main factor that can encourage consumer trust in the brand.

Supported by previous research by research (Arianty & Andira, 2021), (Faradasya & Trianasari, 2021), (Wardani & Dermawan, 2023), namely brand image has a significant influence on purchasing

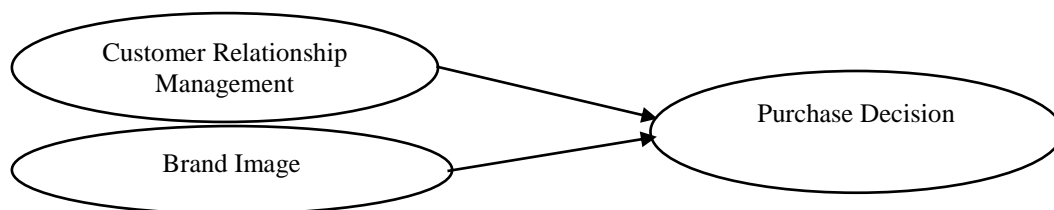
decisions. However, research (Purwati & Cahyanti, 2022) states that it is different from other research that brand image does not have a significant effect on purchasing decisions.

Given the background and phenomena that occur, the urgency of the research stems from the evolving landscape of the music industry, particularly in the context of NCT Dream's presence within the Indonesian market. Despite the widespread popularity of NCT Dream among fans (NCTzens) and their significant influence on the K-Pop phenomenon, there are notable fluctuations in their physical album sales over the years. Existing research offers contradictory findings regarding the influence of CRM and brand image on purchasing decisions. Some studies suggest a significant impact, while others argue otherwise. These conflicting conclusions necessitate further investigation to ascertain the actual impact within the context of NCT Dream's album sales. This is the reason researchers want to identify purchasing decisions for NCT Dream album products. From the description above, the author studied this by conducting research entitled "The Influence of CRM and Brand Image on NCT Dream Album Purchase Decisions".

## 2. Research Method

This quantitative research will be analyzed as independent variables: customer relationship management and brand image. Meanwhile, the dependent variable is the purchasing decision. The sampling technique was carried out using purposive sampling and snowball sampling, with the criteria being that NCT Dream fan consumers who live in DKI Jakarta are >17 years old with a total of 33 indicators and a total sample in this study of 100 respondents using the Lemeshow formula approach. To measure these variables, this research uses a Likert Point Scale, where a scale of 1 indicates strongly disagree, and 5 indicates strongly agree (Sugiyono, 2019). Then, the data will be processed using SmartPLS.

The dependent variable is the purchasing decision using reflective indicators: product type, product brand selection, supplier choice, purchase time, purchase amount, and payment method (Philip Kotler & Gary Armstrong, 2018). Meanwhile, the independent variable Customer Relationship Management (CRM) uses formative indicators: people, processes and technology (Kumar & Reinartz, 2012). For the other independent variable, namely Brand Image, reflective indicators are used: company image, consumer image and product image (Hartanto, 2019).



**Figure 1.** Research framework

*Source: Primary Data Processed, 2023*

## 3. Results And Discussions

### Validity Convergent

**Table 1.** Outer loading

	Purchase Decision (Y)	CRM (X1)	Brand Image (X2)
PD1	0,856		
PD2	0,883		
PD3	0,943		
PD4	0,922		
PD5	0,865		
PD6	0,845		
PD7	0,918		
PD8	0,894		
PD9	0,857		
PD10	0,845		
PD11	0,823		
PD12	0,810		
CRM1		0,578	

Purchase Decision (Y)	CRM (X1)	Brand Image (X2)
CRM2	0,723	
CRM3	0,850	
CRM4	0,546	
CRM5	0,731	
CRM6	0,507	
CRM7	0,646	
CRM8	0,587	
CRM9	0,636	
CRM10	0,752	
CRM11	0,636	
CRM12	0,577	
BI1		0,824
BI2		0,791
BI3		0,788
BI4		0,798
BI5		0,840
BI6		0,730
BI7		0,861
BI8		0,815
BI9		0,896

Source: Primary Data Processed, 2023

According to the table given, the marks for each question exceed the threshold of 0.5. The lowest value was recorded in the first question of the customer relationship management indicator with the number 0.507, while the highest value was found in purchasing decisions, namely 0.918. These results indicate that the indicators used in this research can be considered valid or have reached the required level of convergent validity. Thus, customer relationship management, brand image, and purchasing decisions met the convergent validity test.

### Discriminant Validity

#### a. Average Variance Extracted (AVE)

**Table 2.** Average variance extracted (AVE)

Description	Average Variance Extracted (AVE)
Purchase Decision (Y)	0.762
CRM (X1)	-
Brand Image (X2)	0.668

Source: Primary Data Processed, 2023

Based on the table above, the AVE value in each variable in this study is above 0.5. The lowest AVE value is found in the Brand Image variable with a value of 0.668, and the highest is found in the purchasing decision variable with a value of 0.762. However, the customer relationship management variable does not have an AVE value because it is a formative indicator. So it can be concluded that the brand image variable instrument and purchasing decisions can be declared valid.

#### b. Fornell-Lacker

**Table 3.** Fornell-lacker

	Brand Image (X2)	CRM (X1)	Purchase Decision (Y)
Brand Image (X2)	0.817		
CRM (X1)	0.474		
Purchase Decision (Y)	0.331	0.448	0.873

Source: Primary Data Processed, 2023

The table above shows that purchasing decisions have the most robust validity, followed by brand image, while CRM has lower validity in discriminant validity analysis. These variables can be distinguished by different levels of variability in the models used.

## Reliability Test

**Table 4.** Reliability test

Description	Composite Reliability	Cronbach Alpha
Purchase Decision (Y)	0.975	0.971
CRM (X1)	-	-
Brand Image (X2)	0.947	0.938

Source: Primary Data Processed, 2023

Based on the table above, it is indicated that the composite reliability and Cronbach alpha results for all variables are  $> 0.70$ , with the highest composite reliability value of 0.975 for purchasing decisions and the lowest composite reliability value of 0.947 for the Brand Image variable. Meanwhile, for the Cronbach's alpha value, the highest value is 0.971 for the purchasing decision variable, and the lowest Cronbach's alpha value for the brand image variable has a value of 0.938. However, because it is a formative indicator, the customer relationship management variable does not have composite reliability and Cronbach alpha values. This shows that all question items from the brand image variable and purchasing decisions for each indicator can meet the criteria. These results show that all variables have good reliability values for each construct. Apart from that, all respondents understood the question instrument used for this variable well. So that all questionnaire indicators are relevant and reliable.

## Collinearity Statistics Test

**Table 5.** Collinearity statistics test

CRM	VIF
CRM1	3,435
CRM2	3,105
CRM3	3,798
CRM4	3,006
CRM5	3,085
CRM6	2,735
CRM7	2,114
CRM8	4,058
CRM9	2,418
CRM10	3,419
CRM11	2,221
CRM12	2,269

Source: Primary Data Processed, 2023

Based on the table above, it can be stated that the Customer Relationship Management (CRM) indicator is  $< 5$ , this shows that the CRM indicator does not experience significant multicollinearity problems with other independent variables in the regression model. In other words, the contribution or influence of the CRM variable on the dependent variable (purchasing decision) can be interpreted more specifically and separately from other independent variables in the model, without being significantly affected by multicollinearity.

## R Square

**Table 6.** R-Square ( $R^2$ )

	R Square	R Square Adjusted
Purchase Decision (Y)	0,219	0,203

Source: Primary Data Processed, 2023

Based on the table above, it can be seen that the Adjusted R Square value is 0.203. This proves that the independent variable is able to explain 20.3% of the dependent variable or can be said to be weak and the remaining 79.7% is influenced by variables not examined in this research such as price, promotion, product quality and so on.

## Q Square

**Table 7.** Q-Square ( $Q^2$ )

Variable	S SO	S S E	$Q^2$
Purchase Decision (Y)	800	549	0,313
CRM (X1)	600	600	
Brand Image (X2)	1400	1400	

Source : Primary Data Processed, 2023

Based on this table, it can be seen that the construct Q Square value of the purchasing decision variable has a value of 0.313, which means that it is in accordance with the Q Square provisions, namely having a value range of  $0 < Q^2 < 1$ . Therefore, the model can be said to be good because it is close to 1, which means that the observed values and estimated Q Square parameters meet the requirements and can be said to have good predictive relevance.

### T Statistics

**Table 8.** T statistics

	Original Sampel (O)	Sampel Mean (M)	Standard Deviation (S TDEV)	T Statisticsm (/O/S TDEV/)	P Values
CRM (X1) → Purchase Decision (Y)	0,376	0,490	0,083	4,516	0,000
Brand Image (X2) → Purchase Decision (Y)	0,152	0,148	0,088	1,735	0,086

Source: Primary Data Processed, 2023

Based on the table above, it can be seen that the variable test results from Customer Relationship Management on purchasing decisions show an original sample value of 0.376, proven by comparing t-count > t-table, namely  $4.380 > 1.984$ .

The test results of the brand image variable on purchasing decisions show an original sample value of 0.152, proven by comparing t-count > t-table, namely  $1.439 < 1.984$ . This analysis is also supported by the results of the P Value for each variable, namely 0.000 for the Customer Relationship Management variable. It can be said that the CRM variable has a positive and significant effect. Meanwhile, the brand image variable is 0.077, so it can be stated that this variable has no effect and is not partially significant on the purchasing decision variable because it is  $> 0.05$ .

## 4. Conclusion

It can be concluded that the results of this research indicate that the customer relationship management variable has a positive and significant influence on purchasing decisions for NCT Dream albums. As a result, the first hypothesis in this study can be proven. In addition, it is clear that NCT Dream staff who provide CRM are able to pay attention to their consumers, increasing consumer purchasing decisions and sales of NCT Dream products.

The results of this research also show that the brand image variable does not have significant effect on purchasing decisions for NCT Dream albums. Thus, the second hypothesis in this study is rejected. Through these results, brand image does not directly influence purchasing decisions for NCT Dream products. However, this decline could have long-term implications for consumers' perceptions of the brand, which in turn could affect purchase decision, consumer loyalty and overall brand image.

Findings can provide actionable insights for entertainment companies and artists' management teams to improve their CRM strategies, enhance brand image, and tailor marketing approaches to better connect with fans and drive album sales. With existing gaps and limitations, the research can serve as a foundation for further studies in this area, guiding future researchers toward more nuanced investigations and deeper analyses within the realm of music fandom and consumer behavior.

The limitation of this research is that the number of samples involved in this research is limited to only 100 respondents from all fans who bought the NCT Dream album, so it does not fully reflect the overall situation. In addition, this research area is limited to the Jakarta area. Therefore, the generalization of the results of this research to communities in other regions is limited.

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