

UNVEILING THE DRIVERS OF SUSTAINABLE COMPETITIVE ADVANTAGE: A CUSTOMER RELATIONSHIP MANAGEMENT PERSPECTIVE

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Abstract

This study aims to examine the influence of Customer Relationship Management (CRM) components namely customer knowledge, customer orientation, and technology capability on sustainable competitive advantage from a customer perspective. The research addresses inconsistencies in prior findings regarding the effectiveness of CRM components in generating sustainable competitive advantage, particularly within the Islamic banking sector. A quantitative approach was employed using survey data collected from 110 customers of Bank Syariah Indonesia in Banjarmasin, focusing on Generation Z and millennial segments. The data were analyzed using SmartPLS 3.0 through structural equation modeling techniques. The results indicate that customer orientation and technology capability have a positive and significant effect on sustainable competitive advantage. In contrast, customer knowledge does not show a significant influence. These findings suggest that from the customer perspective the ability of firms to respond to customer needs and utilize technology plays a more critical role in creating unique and difficult to imitate value than merely possessing customer related knowledge. This study contributes to the CRM and Resource Based View literature by highlighting the contextual role of CRM components in shaping competitive advantage in Islamic banking.

Keywords: customer knowledge; customer orientation; sustainable competitive advantage; technology capability.

INTRODUCTION

Sustainable competitive advantage is the fundamental basis for above-average performance over the long term (Porter, 1985). Business assets and skills, which are the basis of competition, provide the foundation for sustainable competitive advantage and long-term performance (Aaker, 1989). Assets are something a company has, such as a brand name or a retail location that is superior to competitors, while skills are something a company does better than competitors, such as advertising or efficient manufacturing (Aaker, 1989). A company is said to have a sustainable competitive advantage if it implements a value-creating strategy that is not being implemented simultaneously by

any current or potential competitors and if other companies are unable to duplicate the benefits of this strategy (Barney, 1991). In short, sustainable competitive advantage is a long-term competitive advantage that stems from assets and skills that then create a unique value strategy that is difficult for competitors to imitate.

The formation of sustainable competitive advantage in a company can be influenced by several variables, including customer knowledge, customer orientation, and technology capability, which are part of the Customer Relationship Management (CRM) component, hereinafter referred to as CRM components. The selection of these three variables as CRM components refers to research by Karim et al. (2024), namely to capture a holistic picture of CRM by integrating information from customer-centric activities and technology. The relationship between CRM components and sustainable competitive advantage can be explained through the perspective of the Resource-Based View (RBV) theory. The RBV of a company has become an appropriate theory, especially in explaining how a company can transform and control its unique resources and capabilities into an organizational process that will help achieve sustainable competitive advantage and performance (Ofori & Appiah-Nimo, 2021).

Customer knowledge is knowledge that includes understanding customer needs (knowledge about customers), information provided to customers regarding services and products available to meet their needs (knowledge for customers), as well as insights and experiences gained from customers to improve products and services (knowledge from customers) (Gebert et al., 2002). Many manufacturers are gradually accumulating a wealth of customer knowledge, both generic and specific, in response to increasing competitive pressures in the market (Yeung et al., 2008). Competitive advantage and superior efficiency, on the other hand, depend heavily on a company's knowledge of its customers, in accordance with knowledge-based theory (Karim et al., 2024). In line with this concept, research by Putritamara et al. (2023) shows that customer knowledge has a positive and significant effect on competitive advantage in 210 beekeeping industry MSMEs in Kediri, Malang, and Probolinggo Regencies.

Customer orientation, according to Peppers & Rogers (2017), is an attitude or mindset that seeks to take the customer's perspective when making business decisions or implementing policies. Customer orientation is part of a CRM strategy, which aims to achieve long-term competitive advantage by providing optimal value to customers and extracting business value from customer relationships (Kumar & Reinartz, 2018). Similarly, research by Ziggers & Henseler (2015) explains that customer orientation, along with supply-base orientation, is a set of strategic capabilities that can be an important source of sustainable competitive advantage through dynamic capabilities theory, although in their empirical testing, both are operationalized through their influence on firm performance.

CRM technology capability is broadly defined as the implementation of effective information technology solutions designed to support customer relationships (Rapp et

al., 2010). Kumar & Reinartz (2006) state that companies that have special capabilities to utilize and process data and technology into actionable information, then create and act on that information, will be able to generate competitive advantage. The above statement is also supported by research by Djiu et al. (2024) who studied garment SMEs in Indonesia, the results of which showed a positive and significant influence of technological capabilities on competitive advantage.

BSI is a sharia bank resulting from the merger of PT Bank BRI Syariah Tbk, PT Bank Syariah Mandiri, and PT Bank BNI Syariah. BSI is the largest sharia bank in Indonesia (Ashfiya, 2025). BSI is an endeavor to establish a sharia bank that is the pride of the people. It is expected to become a new energy for national economic development, contribute to public welfare, and reflect the face of Indonesian sharia banking that is modern, universal, and brings goodness to all nature (Rahmatan lil 'Alamin) (BSI, 2021).

Currently, BSI faces increasingly intense competition. This competition comes not only from fellow Islamic banks such as Bank Muamalat Indonesia, BCA Syariah, CIMB Niaga Syariah, and BTN Syariah, but also from technology-based financial institutions (fintech), such as Dana Syariah. In response to this competition, BSI has implemented various strategies to maintain its competitive advantage. One effort is to present comprehensive gold services at the BSI International Expo 2025. BSI, as the first gold bank in Indonesia, continues to improve Islamic financial literacy and inclusion by utilizing the potential of gold bullion that has not been optimally managed as an Islamic financial instrument through the BSI International Expo 2025 on June 26-29, 2025, which presents BSI Gold services through BYOND by BSI, physical gold purchases, and gold installment facilities with various attractive promotions (Radar Banjarmasin, 2025).

In Banjarmasin City, BSI has made several efforts to maintain its advantage over competitors by targeting the younger generation as a strategic segment. Generation Z (Gen Z) and Generation Y (millennials) are the younger generations. This is not without reason, Gen Z and millennials are the majority of BYOND users in Banjarmasin. As reported by Kalimantan Insider (2025), BSI held BYOND Fest 2024 from February 16 to March 1, 2025, in Banjarmasin as an effort to attract the interest of the younger generation, especially Gen Z and millennials who now make up the majority of BYOND users in Banjarmasin. BYOND Fest Banjarmasin is part of a series of digital literacy and product inclusion activities carried out by BSI (Radar Banjarmasin, 2025).

BSI also strengthens its relationship with young academics through the BSI Scholarship program for undergraduate students (S1) consisting of the BSI Outstanding Achievement Scholarship, the BSI Inspiration Scholarship, and the BSI Talenta Scholarship at two universities in Banjarmasin, namely UIN Antasari Banjarmasin and Lambung Mangkurat University (BSI, 2025). Through a combination of educational activities, service digitalization, and social responsibility programs, BSI strengthens its competitive advantage in Banjarmasin while building a strong young customer base.

The need for this research is reinforced by the research gap in previous studies regarding the relationship between variables. For example, Karim et al. (2024) study found that customer knowledge was insignificant in influencing competitive advantage in Bangladeshi banking, while Putritamara et al. (2023) study found significant results in MSMEs. Similarly, the influence of customer orientation and technology capability on competitive advantage showed inconsistencies. These empirical gaps indicate that the effectiveness of CRM components in achieving sustainable competitive advantage is highly contextual and has not been comprehensively tested on younger customers in Indonesian Islamic banking.

RESEARCH METHOD

The type of research used in this study is quantitative research, namely research based on the philosophy of positivism used to research certain populations or samples, data collection using research instruments, quantitative or statistical data analysis, with the aim of testing the established hypothesis (Sugiyono, 2019). The unit of analysis in this study is the perception of Bank Syariah Indonesia (BSI) customers in Banjarmasin City. The population in this study is all Bank Syariah Indonesia (BSI) customers in Banjarmasin City who are included in Gen Z (born 1997-2007) and millennials (born 1996-1981).

The sample in this study consisted of 110 BSI customers in Banjarmasin City, including those from the Gen Z and millennial groups. The sampling method used a non-probability sampling technique with a purposive sampling approach. The sample selection criteria consisted of active BSI customers in Banjarmasin City who had used BSI services for at least the past six months, were members of the Gen Z and millennial groups, and were domiciled in the Banjarmasin City area.

The variables examined in this study are customer knowledge (X_1), customer orientation (X_2), technology capability (X_3), and sustainable competitive advantage (Y). The independent variables in this study were customer knowledge, customer orientation, and technology capability, which are CRM components. The dependent variable was sustainable competitive advantage.

Customer knowledge is customer-related knowledge owned and managed by a company, so that customers receive maximum service from the management company. The dimensions of customer knowledge according to Gebert et al. (2002) consist of knowledge about customers, knowledge for customers, and knowledge from customers. Indicators of these three dimensions consist of the company's ability to understand customer needs and preferences, the company's ability to identify customer characteristics, the availability of information that helps customers understand products and services, the company's ability to provide knowledge relevant to customer needs, the company's ability to collect knowledge and experience in the

form of input or feedback from customers, and finally the use of customer knowledge and experience to improve products and services.

Customer orientation is the customer needs that a company uses as the basis for its operational orientation. According to Blocker et al. (2011), the dimensions of customer orientation consist of responsive customer orientation and proactive customer orientation. Indicators for these two dimensions include the company's ability to respond quickly and accurately to customer needs, the company's ability to adapt services to meet known customer needs, the company's ability to anticipate future customer needs, and finally, the company's ability to offer new solutions before customers realize their needs.

Technology capability is the ease of use of a company's technology, perceived by customers as a result of the company's ability to manage and utilize that technology. According to Yao & Li (2023), the dimensions of technology capability consist of IT integration and IT flexibility. These two dimensions include the company's ability to use technology to share and access information quickly and effectively, the company's ability to integrate information from various internal and external sources through technology, the ability of the technology system to adapt to changing customer needs and the business environment, and finally, the technology's ability to support the adjustment and development of new services.

Sustainable competitive advantage is the view that customers will continue to choose and use a company's services in the long term if the company is able to manage unique resources, namely resources that are valuable, rare, difficult to imitate, and cannot be replaced. The dimensions of sustainable competitive advantage according to Barney (1991) consist of valuable, rare, inimitable, and non-substitutable. Indicators for these 4 dimensions are the ability of resources to exploit opportunities, the ability of resources to neutralize threats, resources that are difficult to find in existing competitors, resources that are difficult to match by potential competitors in the future, the difficulty of imitation by competitors, the ability to maintain resources so that they are not easily imitated by competitors, the absence of equivalent substitute resources from competitors, and finally the ability to maintain resources so that they cannot be replaced by competitors.

A questionnaire was used as a data collection tool. The questionnaire was structured based on indicators for each research variable. Each statement item was measured using a five-point Likert scale. The questionnaire data were then analyzed using various tests, including outlier tests, content validity, convergent validity, discriminant validity, construct reliability, R-square, F-square, and significance tests. All tests were conducted using SPSS version 25 and SmartPLS 3.0.

RESULT AND DISCUSSION

Hypothesis Testing Results

Hypothesis testing in SmartPLS 3.0 is performed through a bootstrapping procedure. At this stage, SmartPLS produces path coefficients. The path coefficients table illustrates the direct influence between the independent and dependent variables.

Table 1. Path Coefficients

| No | Hypothesis | Original Sample (O) | P Values |
|----|---|---------------------|----------|
| 1 | Customer Knowledge (X1) -> Sustainable Competitive Advantage (Y) | 0,265 | 0,074 |
| 2 | Customer Orientation (X2) -> Sustainable Competitive Advantage (Y) | 0,383 | 0,002 |
| 3 | Technology Capability (X3) -> Sustainable Competitive Advantage (Y) | 0,262 | 0,009 |

Source: Primary Data Processing (2026)

H1 = Customer knowledge has a positive and significant effect on sustainable competitive advantage

Based on the path coefficients calculated in Table 1, it can be concluded that H1 is not accepted, namely that customer knowledge does not have a significant influence on sustainable competitive advantage. This is evident from the P values, which is $> 0,05$, at 0,074.

H2 = Customer orientation has a positive and significant effect on sustainable competitive advantage

Based on the path coefficients calculated in Table 1, it can be concluded that H2 is accepted, namely that customer orientation has a positive and significant influence on sustainable competitive advantage. This significant influence is evident from the P values of 0,002, which is $\leq 0,05$. Furthermore, the direction of the relationship between customer orientation and sustainable competitive advantage is positive, as seen from the original sample value of 0.383. This means that an increase in customer orientation will be followed by an increase in sustainable competitive advantage as well.

H3 = Technology capability has a positive and significant effect on sustainable competitive advantage

Based on the path coefficients in Table 1, it can be concluded that H3 is accepted, namely that technology capability has a positive and significant influence on sustainable competitive advantage. This significant influence is evident from the P values of 0,009,

which is $\leq 0,05$. Furthermore, the direction of the relationship between technology capability and sustainable competitive advantage is positive, as seen from the original sample value of 0,262. This means that an increase in technology capability will also be followed by an increase in sustainable competitive advantage.

Discussion

The Influence of Customer Knowledge on Sustainable Competitive Advantage

The results of the SmartPLS analysis show that customer knowledge does not have a significant influence on sustainable competitive advantage for BSI customers in Banjarmasin City from Gen Z and millennials with a P value of 0,074 $> 0,05$. This indicates that the bank's understanding of customers has not directly contributed to forming a sustainable competitive advantage.

The above findings are supported by research by Karim et al. (2024), which showed that customer knowledge does not significantly influence competitive advantage in the banking sector in Bangladesh. This suggests that, from the customer's perspective, banks' understanding of their needs is not perceived as a strategic added value capable of creating long-term competitiveness. However, this study does not support the findings of Putritamara et al. (2023), which found a positive and significant influence between customer knowledge and sustainable competitive advantage among MSMEs in the beekeeping industry.

The Influence of Customer Orientation on Sustainable Competitive Advantage

The results of the SmartPLS analysis show that customer orientation has a positive and significant influence on sustainable competitive advantage for BSI customers in Banjarmasin City from Gen Z and millennials with an original sample value of 0,383 and P values $\leq 0,05$ of 0,002. This indicates that the stronger BSI's orientation in understanding and meeting customer needs, the greater the opportunity to create superior and difficult-to-imitate service value, thus encouraging the formation of sustainable competitive advantage.

These findings align with the opinion of Kumar & Reinartz (2006) that customer orientation is part of a CRM strategy, where CRM aims to achieve sustainable competitive advantage by providing optimal value to customers and extracting business value from long-term customer relationships. The results of this study are also consistent with the findings of Mahmood & Khan (2023) and Karim et al. (2024), which show that customer orientation has a positive and significant effect on competitive advantage. However, these results do not support the research of Yuliati et al. (2022), which found that customer orientation has no significant effect on competitive advantage.

The Influence of Technology Capability on Sustainable Competitive Advantage

The results of the SmartPLS analysis show that technology capability has a positive and significant influence on sustainable competitive advantage for BSI

customers in Banjarmasin City from Gen Z and millennials with an original sample value of 0,262 and P values $\leq 0,05$ of 0,009. This shows that BSI's technological capabilities are able to support the development of an integrated and efficient service system so that it becomes a relatively unique resource, difficult to replace, and not easily imitated by competitors, which ultimately strengthens the formation of sustainable competitive advantage.

These findings align with the opinion of Kumar & Reinartz (2006), who stated that companies with special capabilities in utilizing and processing data and technology into actionable information, then creating and acting on that information, will be able to generate competitive advantage. The results of this study also align with the results of research by Djiu et al. (2024) and Karim et al. (2024), which show that technological capability has an influence on competitive advantage. However, this study does not support the findings of Qosasi et al. (2019), who found that technological capability has no significant effect on competitive advantage.

CONCLUSION

Customer Knowledge Does Not Have A Significant Impact on Sustainable Competitive Advantage

Customer knowledge does not have a significant impact on sustainable competitive advantage for Gen Z and millennial customers of Bank Syariah Indonesia in Banjarmasin City. This indicates that, from the customer perspective, customer knowledge has not been processed and utilized as a unique and difficult-to-replicate strategic asset. Therefore, customer knowledge that has not been internalized in competitive strategy does not significantly contribute to sustainable competitive advantage.

Customer Orientation Has A Positive and Significant Impact on Sustainable Competitive Advantage

Customer orientation has a positive and significant impact on sustainable competitive advantage for Gen Z and millennial customers of Bank Syariah Indonesia in Banjarmasin City. This indicates that, from a customer perspective, BSI in Banjarmasin City's orientation in responding to and anticipating customer needs can be translated into unique and difficult-to-imitate service value. Conversely, if customer orientation does not provide a tangible contribution to a valuable, rare, inimitable, and irreplaceable competitive advantage, sustainable competitive advantage will not be achieved.

Technology Capability Has A Positive and Significant Impact on Sustainable Competitive Advantage

Technology capability has a positive and significant impact on sustainable competitive advantage for Gen Z and millennial customers of Bank Syariah Indonesia in Banjarmasin City. This condition indicates that, from a customer perspective, BSI's technological capability in integrating systems and adapting technology to service

needs and dynamics can generate unique and difficult-to-imitate strategic value, thus not being able to form a sustainable competitive advantage. Thus, technology capability, perceived as a strategic value by customers, contributes significantly to sustainable competitive advantage.

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