Efforts To Penetrate Customer Loyalty Through Customer Relationship Management

Redi Nusantara[1*]
Augusty Tae Ferdinand[2]
I Made Sukresna[3]

[1*]faculty of economy and business, diponegoro university semarang, indonesia, 50275
Email:-redinusantara@students.undip.ac.id
[2]faculty of economy and business, diponegoro university semarang, indonesia, 50275
Email:-augustytaeferdinand@lecturer.undip.ac.id
[3]faculty of economy and business, diponegoro university semarang, indonesia, 50275
Email:-imadesukresna@lecturer.undip.ac.id

*Corresponding Author:- Redi Nusantara

[*]faculty of economy and business, diponegoro university semarang, indonesia, 50275
Email:-redinusantara@students.undip.ac.id

Abstract

The increasing growth of SMEs in Magetan, especially in the field of convection, has resulted in every MSME competing in keeping customers from switching to other SMEs. Today's business competition is not only based on product quality, but on the quality of service that encourages customers to re-buy products or use services offered by a company. Service quality is important in dealing with customers who need high levels of excellence, for example customers in the premium class. One of the methods used by Prosperous Media Point is to implement Customer Relationship Management (CRM) as a stimulus to customer loyalty. The purpose of this activity is to conduct training and mentoring in the implementation of Customer Relationship Management (CRM) and increase customer loyalty. So that this study can be used as input for small and medium micro businesses, especially "Prosperous Media Points" in building relationships with customers. The method used in this study is a descriptive qualitative approach. The results of this study indicate that the application of influential CRM as an effort to increase customer loyalty with a series of strategic CRM processes, operational CRM, analytical CRM. Essentially, even upper, middle and even lower class customers need good and quality service, but the levels are different. When a company implements the right and good CRM it will automatically be able to increase customer satisfaction which has an impact on customer loyalty.

Keywords: SMEs, CRM, Customer Loyalty

INTRODUCTION

Intense competition between companies in this sophisticated global era forces business actors to exist so that products are still demanded by consumers (Roisah, Lukmanul, & Mukminin, 2018). Not only with big companies, Micro, Small and Medium Enterprises (MSMEs) also participate in the competition. The phenomenon that underlies this research is the low level of customer satisfaction in MSMEs. The contributing factor is that MSME actors are still less concerned about building reciprocal relationships from customers. Today's business competition does not only rely on product quality, but on service quality that encourages customers to return to buy products or use services offered by a company. Service quality is important in dealing with customers who require a high level of excellence, for example customers in the premium class. High quality service, in the sense of being able to provide alignment to customer needs. Essentially, both upper-middle class customers, even lower-class customers need good service and quality, I'm just on a different level.

Building good relationships with customers will be much more meaningful to customers than just "selling", because the products and services are of high quality. In reality, there will always be competitors who will compete with the products or services offered, unless the products or services are truly unique, rare and not many companies provide them. Build really close customer relationships, so the company knows a lot about its customers. It takes an appropriate way so that companies can know their customers better, so that they can serve them better too. One way MSMEs can attract customer loyalty is by building a Customer Relationship Management (CRM).

Customer Relationship Management (CRM) focuses more on what the customer perceives, not on the products that MSMEs want to sell. By building the implementation of Customer Relationship Management (CRM) it is hoped that MSMEs can build good communication and relationships with their customers (Yunanda, Mukhlis, & Sulaiman, 2017).

Consumers and customers are the main partners for the company. Customers are different from consumers, a customer can be said to be a customer if that person starts to get used to buying products or services offered by a company. This habit can be built through repeat purchases within a certain period of time not making repeat purchases, the person cannot be said to be a customer but as a buyer according to Musanto (Dewi & Semuel, 2015).

Lutos is one of the MSMEs engaged in convection in Magetan which has many customers. This convection has a fairly good strategy in dealing with business competition that is already quite tight and prioritizes customers (customer oriented) rather than profit (profit oriented). In implementing Customer Relationship Management (CRM) Lutos has a special division in customer management that makes it different from other convections in Magetan.

The purpose of this community service is to provide training and assistance related to Customer Relationship Management (CRM) in an effort to increase customer loyalty. So that this study can be used as input for MSME business actors, especially Lutos.

LITERATURE REVIEW
Micro small and Medium Enterprises

Micro, Small and Medium Enterprises (MSMEs) are the type of business that dominates in number in Indonesia, but regarding the criteria for small businesses in Indonesia, they are still diverse. MSME is a business that has a workforce of no more than 250 people. The European Union divides MSMEs into 3 business categories including: micro-enterprises with a workforce of or less than 10 people, small companies with a workforce of more than 10 to 50 people, medium-sized companies with a workforce of more than 50 to 250 people (Roisah et al. , 2018).

MSMEs have different characteristics from large-scale businesses, namely in terms of capital and human resources. MSMEs require relatively small capital compared to large businesses, therefore MSMEs are more engaged in the informal sector (Nugraha Hari Susanta, Ariyanti Fitrie, 2004).

MSMEs can be said to be unique businesses that differ in their marketing aspects compared to large-scale businesses. Marketing cannot be separated from MSME activities. The special marketing mix for MSMEs is adopted from the traditional 4P marketing which is used as a guide for MSMEs' thinking patterns and business activities (Crson and Glimore in (Rahab, 2009).

Customer Relationship Management (CRM)

Management is a cooperative relationship between the provider and the customer so that both parties are mutually beneficial. In this case, the institution does not emphasize the sale of products, but rather focuses on overall interaction with elements of business activities managed by the institution.

According to Buttle in Carisa, Customer Relationship Management (CRM) is "a core strategy in business that integrates internal processes and functions with all external networks to create and deliver value for target customers profitably" (Carissa, Fauzi, & Kumadji, 2007). 2014) Customer Relationship Management (CRM) is a modification and learning of consumer behavior

over time from interactions, actors to consumers and building strength between consumers and companies as described by Newell (Kezia & Nursalin, 2011). Meanwhile, Utami in Carrisa explained that CRM is "an interactive process that converts customer data into customer loyalty through several activities, namely collecting customer data, analyzing customer data and identifying target customers, developing CRM programs, and implementing CRM programs" (Carissa et al. al., 2014).

There are three levels of customer relationship management (CRM) concepts that are
Butlle said in Carrisa et al, namely, strategic, operational, and analytical. Strategic CRM is a 'top down' view of CRM as the most important business strategy that puts customers first and aims to attract and retain profitable customers. Operational CRM focuses on automated projects such as service automation, sales automation. Meanwhile, analytical CRM focuses on extracting customer data for strategic purposes.

Customer loyalty
Tjiptono and Chandra in Ersi Customer loyalty is more associated with behavior than attitude. A loyal customer is someone who carries out the activity of buying goods or services that meet the following criteria: making regular repeat purchases, buying other products offered by the same manufacturer, consistently recommending the product or service to others (Ersi & Semuel, 2014).

Griffin in Dewi (2015) suggests the advantages that the company will get if it has loyal customers, namely (Dewi & Semuel, 2015).
1. Can reduce marketing costs (because marketing costs to attract new customers is more expensive)
2. Can reduce transaction costs
3. Can reduce consumer turn over costs (because of fewer consumer replacements)
4. Can increase cross-selling, which will enlarge market share.
5. Encourage more positive word of mouth, assuming that loyal customers also mean they are satisfied
6. Can reduce failure costs (such as replacement costs and others).

Loyal customers are an important asset for the company, Griffin in Dewi (2015) suggests the characteristics of loyal customers (Dewi & Semuel, 2015):
1. Make regular purchases
2. Buying outside of the service product line
3. Recommend other consumer products
4. Demonstrate immunity from the attractiveness of similar products from competitors.

RESEARCH METHODS
The research method used in this study is a descriptive qualitative approach. In the descriptive method, we conduct a case study so that it can describe how CRM is applied to Lutos UMKM by means of observation, document analysis and interviews with informants, namely the owners of Lutos UMKM.

RESULTS AND DISCUSSION
Lutos is one of the MSMEs for baby use convection in the city of Magetan. The beginning of the establishment of MSMEs was an effort built by the family to increase family income and improve welfare and empower the surrounding community to be more active and creative. Lutos only produces bed linen according to customer orders. Several large producers have collaborated with Lutos.

Obstacles that are often felt by Lutos as MSME actors in building good relationships and communication with customers. This is what Lutos wants to develop.

The Customer Relationship Management (CRM) process carried out by Lutos begins with collecting data. Lutos collects customer data through a guest book. The guest book contains data on potential customers, suggestions, criticisms, and interests. Every 2 weeks, data on

prospective customers and customers are recorded and start to sort out which customers are prospects for the future. Furthermore, the implementation of Customer Relationship Management (CRM) carried out by Lutos is to analyze the customer database and convert the data into information that can assist Lutos in planning and developing programs for customer loyalty. The next step is the development of a Customer Relationship Management (CRM) program.

Lutos can identify its target customers, besides that it can decide which customers should receive special offers. Based on this data, Lutos prepares a program for its customers every month. The programs that will be made must have definite goals so that in the end they will be evaluated at the end of each month. The program also aims to build relationships with customers. In addition, a program will be created to maintain the existence of Lutos in the convection competition in the city of Magetan. The final stage in implementing the Customer Relationship Management (CRM) program.

In implementing the customer program, the goals that have been made must be implemented and need to be focused on the program every month. It takes cooperation from all lines of sections in order to achieve the goals set.

Three Levels of Customer Relationship Management (CRM) carried out by Lutos
1. Strategic CRM aims to build a company that is designed to create and deliver maximum customer value and better than competitors. Strategic CRM includes: organizational structure, cross-departmental collaboration, and organizational culture.
a. Organizational structure; Lutos has a special section to handle customer retention and then share information about customers with all parties in the company. The organizational structure owned by Lutos compared to other convections includes; separate customer service from the marketing and customer service functions or employees in implementing Customer Relationship Management (CRM)
b. Cross-Departmental Cooperation. All work units play a role in the implementation of Customer Relationship Management (CRM) to the fullest. All units play an important role in the successful implementation of Customer Relationship Management (CRM), because if only one unit works, it will not work well. For example, if the Customer service department does not serve and provide information properly, then the customer feels disappointed so that the customer will not make repeat purchases which results in decreased sales and relationships with customers are not going well.
c. The organizational culture built at Lutos is service excellent which consists of a smile, greeting, greeting. This culture is applied to all Point Media Sejahtera employees. The purpose of implementing service excellent is to improve service to customers, so that customers feel satisfied and affect the customer's desire to make repeat purchases at Lutos.

2. Operational CRM is more focused on developing the automation of the company's ways of dealing with customers. In this case, Lutos will also develop marketing automation and service automation which will be explained as follows: marketing automation and service automation.
a. Marketing automation utilizes technology in the marketing process. Using software can make it easier for Lutos to explore data about potential customers. Marketing automation carried out by Lutos is by segmenting the market. Segmentation is needed so that companies can serve customers better, be able to communicate more persuasively and satisfy the needs and desires of the targeted customers. The strategy used is the promotion mix, namely advertising, sales promotion, and marketing personal selling. Sales promotion using social media such as Facebook, email and Instagram.
b. Service Automation can carry out the function of service to customers properly. In addition to using face-to-face services directly, Lutos also provides online services.

3. Analytical CRM is used to exploit customer data to increase their value. This system was developed based on information about customers. The collection, storage, processing and use of customer data information is an important element for a Customer Relationship Management (CRM) strategy. Bandung Sport has used this technology as a form of service to customers, namely a customer database called a fashion card. This database is obtained from

the registration form for fashion card members. By using this database, Magetan Sport can find out detailed customer information so that it increases the possibility to carry out customer programs as a more personal implementation of Customer Relationship Management (CRM) strategy.

The Impact of the Implementation of Customer Relationship Management (CRM) at Lutos has several impacts, including the following:

1. Help identify customers Lutos utilize customer database to find out information from its customers. This will make it easier for Lutos to provide maximum service. In addition, the customer program created by Lutos can be more targeted so that it is expected to create loyalty from these customers.
2. Help develop relationships with customers. The implementation of Customer Relationship Management (CRM) helps Lutos to develop relationships with customers, namely with online applications such as facebook, twitter, email. Some of these applications can help Lutos to make it easier to develop relationships and share information with customers. Assist in all aspects of sales and marketing of Lutos.
3. Implementation of Customer Relationship Management (CRM) at Lutos can increase sales volume through special offers to customers based on information about customer wants and needs. With a customer database, Lutos will find it easier to establish relationships with customers. Offers given can be informed through sales calls based on existing databases or through social networks such as Facebook and Twitter, so that the offer can be maximized and right on target. Barriers Customer programs that are made every month do not always run smoothly. Sometimes the customer programs that are created also have various kinds of obstacles in their implementation. The obstacles faced are not only from internal factors but also from external factors of the company. The following are internal and external barriers at Point Media Sejahtera, while these are Internal barriers a. Limited funds to conduct member community gatherings and customer programs. While the programs that have been set are very expensive.

Customer Relationship Marketing (CRM) on Customer Loyalty

Customer Relationship Marketing (CRM) is a strategy that focuses on creating customer satisfaction and long-term relationships by integrating several functional areas of the company to achieve excellence. The results of research conducted by Efi in Yunanda (2017) in the Homecare Industry and in the Aviation industry, show that there is a significant influence of customer relationship management on customer loyalty. This means that the better the implementation of CRM in a business unit, the positive impact on customer loyalty. Therefore CRM applications allow companies to leverage information from all points of the box with customers, whether it is via the web, call centers, or through marketing and service staff in the field. Based on the description above, it can be concluded that the better the customer relationship management program is implemented by the company, the more customers will become loyal (loyal) to the products/services produced by the company (Yunanda et al., 2017).

CONSLUSION

It can be concluded that Customer Relationship Management (CRM) is very much needed in a company, not only applies to large-scale companies, small-scale companies (MSMEs) also need to pay attention to this problem. Given the current competitive era, the role of the brand in a product is very important as the identity of the product so that it can be a differentiator with competing products. From the results of research conducted, it can be concluded that Lutos develops CRM to maintain customer loyalty.

REFERENCE

Carissa, A., Fauzi, A., & Kumadji, S. (2014). Penerapan Customer Relationship Management (Crm) Sebagai Upaya Untuk Meningkatkan Loyalitas Pelanggan (Studi Kasus Pada Bandung Sport Distro Malang). Jurnal Administrasi Bisnis (Jab), 15(1), 1–11.

Dewi, A. C. A., & Semuel, H. (2015). Pengaruh Customer Relationship Management (Crm) Terhadap Customer Satisfaction Dan Customer Loyalty Pada Pelanggan Sushi Tei Surabaya, 3(1), 1– 9.

Ersi, D. Y., & Semuel, H. (2014). Analysis Crm , Kepuasan Pelanggan Dan Loyalitas Produk, 8(1), 1–8. Https://Doi.Org/10.9744/Pemasaran.8.1.1

Kezia, K. I., & Nursalin, K. (2011). Pengaruh Customer Relationship Management Terhadap Loyalitas Pelanggan Pada Pt Bca Tbk Influence Of Customer Relationship Management Toward Customer Loyalty On Pt. Bca Tbk. Fokus Ekonomi (Fe), 10(3), 183–192. Https://Doi.Org/10.1017/Cbo9781107415324.004

Nugraha Hari Susanta, Ariyanti Fitrie, D. (2004). Penerapan Branding Pada Ukm Makanan Ringan Di Kabupatan Jepara, 16–23.

Rahab. (2009). Penerapan Manajemen Merek Pada Usaha Kecil Dan Menengah (Ukm). Jurnal Bisnis Dan Ekonomi (Jbe), 16(1), 18–25. Retrieved From Http://Www.Ncbi.Nlm.Nih.Gov/Pubmed/14123126

Roisah, R., Lukmanul, H., & Mukminin, A. (2018). Strategi Membangun Brand Awareness Pada Usaha Mikro Kecil Menengah. Abdimas Bsi, 1(2), 340–347.

Yunanda, P. E., Mukhlis, Y., & Sulaiman. (2017). Customer Relationship Management, 8(2), 70–83.