

OPTIMIZING CRM SYSTEMS TO INCREASE CUSTOMER LOYALTY IN MICRO, SMALL AND MEDIUM ENTERPRISES IN THE CULINARY SECTOR

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Abstract

Micro Small and Medium Enterprises (MSMEs) currently play a crucial role in boosting the national economy. However, they often face many challenges, especially in retaining customers amidst increasingly intense competition. This study focuses on optimizing the implementation of a Customer Relationship Management (CRM) system to enhance customer loyalty in Micro Small and Medium Enterprises, particularly in the culinary sector. CRM is a strategic solution as it enables more effective management of customer relationships through technology. This study aims to analyze the impact of CRM implementation, improve customer loyalty, and identify optimal strategies that can be applied. The results of the study will show that the use of CRM can increase customer loyalty by providing more personalized services to enhance satisfaction and strengthen long-term relationships with customers. The integration of customer data through CRM can also help Micro Small and Medium Enterprises understand customer preferences and design more effective marketing strategies. This study also provides recommendations, including training on CRM usage, developing technology-based platforms, and utilizing data analytics to improve the customer experience. With this, Micro Small and Medium Enterprises are expected to enhance their competitiveness and ensure the sustainability of their businesses.

Keywords: CRM, Customer loyalty, Micro small and medium enterprises.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) in the culinary sector are economic activities managed by individuals or organizations that play a significant role in the national economy. These enterprises have made substantial contributions, such as job creation, GDP growth, exports, and more. MSMEs must keep their customers loyal to grow and compete effectively. However, many MSMEs face challenges in retaining customers due to a lack of understanding of effective marketing strategies. Business owners need to adopt strategies to compete with other products, such as utilizing social media as an effective online marketing platform in today's digital era.

Additionally, the implementation of technology in the form of Customer Relationship Management (CRM) can assist MSMEs in understanding customer needs and preferences. This enables business owners to provide better services, enhance customer satisfaction, and foster long-term customer loyalty. CRM can effectively improve marketing performance by addressing customer needs, thereby creating satisfaction through better service delivery. However, the implementation of CRM, particularly in the culinary MSME sector, still faces several challenges, such as limited resources, low levels of digital literacy due to insufficient knowledge of digital technology, and a lack of technical training for MSME actors.

This study aims to identify effective strategies that can be used by culinary MSMEs to enhance customer loyalty through the implementation of CRM integrated with suitable digital platforms. This approach opens new opportunities for MSMEs to manage customer data more efficiently. By doing

so, MSMEs are expected to strengthen their competitiveness, expand their market share, increase their contribution to the national economy, and provide insights into designing strategies that integrate technology to achieve sustainable business growth in the future.

LITERATURE REVIEW

Customer Relationship Management (CRM)

Turban (2002) states that Customer Relationship Management (CRM) is an approach that views customers as the core of business, and a company's success depends on how effectively they manage relationships with customers. CRM is the management of customer relationships that specifically discusses the theory of handling relationships between businesses and their customers to enhance business value in the eyes of customers. In other words, CRM is a strategy used to build and maintain relationships with customers, focusing on a close and personalized approach to customer engagement.

According to Lovelock & Weitz (2011) in Syakila (2021), Customer Relationship Management is the process of establishing and maintaining relationships with customers, where these relationships can become a means of enhancing customer loyalty to the company. Customer relationship management allows companies to provide real-time customer service through information obtained from customer accounts. CRM functions as a communication tool between the customer and the company, as customers inherently want to be treated differently. Satisfying service can therefore build customer loyalty to the company.

Customer Loyalty

Sasongko (2021) stated that customer loyalty refers to a customer's effort to remain loyal through awareness, perceived quality, satisfaction, and pride in a product, which is reflected in repeat purchases. Singh (2006) defines customer loyalty as the likelihood of a customer making repeat purchases of a product.

According to Aaker (1997) in Sasongko (2021), there are five ways to create and maintain customer loyalty:

1. Granting customers their rights: customers have the right to be respected and treated according to their wishes and preferences. Companies must pay attention to customers' desires and expectations regarding product performance.
2. Building close relationships with customers is essential, as it allows the company to understand changes in customer preferences and effectively identify consumer expectations in a timely manner.
3. Periodically measuring customer satisfaction to understand consumer attitudes, particularly their loyalty.
4. Offering switching costs, such as negotiated prices or discounts, where the fixed price can be adjusted based on agreements with special considerations for loyal customers.
5. Providing additional benefits, such as gifts, to make customers feel valued and appreciated, fostering loyalty and commitment.

Customer loyalty is not measured by how much they buy, but by how often they return to make repeat purchases and recommend the business to others. True customer loyalty is achieved when customers become unconditional advocates of the business.

RESEARCH METHOD

This study employs a descriptive qualitative approach focusing on the analysis of secondary data obtained from journal articles, books, and other academic references. The method aims to analyze the optimization of Customer Relationship Management (CRM) systems and their impact on customer loyalty in Micro, Small, and Medium Enterprises (MSMEs), particularly in the culinary sector.

The type and source of data in this study consist of secondary data collected from journal articles, books, and reports that discuss the implementation of CRM, customer loyalty, and MSMEs. The selected references are journals that have undergone expert evaluation and originate from reliable sources published within the last 10 years to ensure their validity and relevance. Keywords such as "CRM in MSMEs," "customer loyalty," and "culinary sector" were used to search for references in reputable databases, including Google Scholar, Scopus, and IEEE Xplore.

The collected data were analyzed using content analysis techniques. This process involved categorizing and interpreting information based on key themes, such as the benefits of CRM, strategies for retaining customers, and the role of CRM in enhancing customer loyalty. The analysis results were then compiled to identify patterns, challenges, and best practices in CRM implementation for MSMEs in the culinary sector.

Through this method, the study is expected to provide an in-depth understanding of CRM systems and their contribution to customer loyalty. Additionally, the research aims to offer practical guidance for MSMEs in the culinary sector to adopt effective CRM strategies, enhance competitiveness, ensure business sustainability, and maintain customer loyalty.

RESULTS AND DISCUSSION

Impact of CRM Implementation on Customer Loyalty

Based on the analysis of data collected from various sources, the implementation of Customer Relationship Management (CRM) in Micro, Small, and Medium Enterprises (MSMEs), particularly in the culinary sector, significantly contributes to improving customer loyalty. CRM has a positive impact on customer satisfaction, meaning that when MSMEs effectively implement CRM, it can make customers feel more valued and comfortable, encouraging them to prioritize purchasing products.

CRM simplifies customer interactions and transactions with business owners, enabling MSMEs to provide various communication channels, such as telephone services, email, and even chat applications. These tools allow customers to contact businesses and resolve any issues quickly and efficiently. For example, if a portion of food delivered is less than ordered, the issue can be addressed swiftly, enhancing customer convenience and satisfaction.

CRM allows businesses to focus more on the needs and desires of customers by collecting data and information about their habits and expectations. Business owners can use past purchase history or previous interactions to tailor their approach to end customers, thereby increasing their loyalty through improved services. This also enables businesses to update processes such as sales, customer service, and technical support, which involve direct interactions with customers.

Challenges in CRM Implementation

Although the benefits of implementing CRM in the culinary MSME sector are significant, several challenges must still be addressed. One of the main challenges is the lack of funding for

implementing CRM systems. Many small businesses are unwilling to adopt CRM due to high initial costs and additional expenses for developing new features. Furthermore, the presence of new employees may impact the ability to educate customers about service programs, requiring additional time for the system adaptation process.

The low level of digital literacy among MSME owners and employees also hinders the effective utilization of CRM systems. As noted by Turban (2002) and Lovelock & Weitz (2011), successful CRM implementation requires significant investment in technology and employee training. Another challenge lies in the organizational transition from traditional methods to technology-driven approaches. This transition demands a substantial cultural shift, as businesses that typically focus on daily operations may lack strategic planning and technology adoption. A lack of awareness about the potential benefits of CRM systems in enhancing customer loyalty and driving long-term business growth further slows the adoption rate among MSMEs.

Strategies to Increase CRM Adoption in MSMEs

To overcome the previously identified challenges, culinary MSMEs are encouraged to adopt several strategies to ensure the effective implementation of CRM systems. One key strategy is to use affordable and user-friendly CRM systems. Many software providers now offer cloud-based CRM solutions that are specifically designed for small businesses. These systems are more affordable and flexible, allowing MSMEs to access them easily without requiring significant investments in infrastructure. Cloud-based CRM also provides the advantage of being accessible from various devices, making it convenient for MSMEs to manage their operations.

Another important approach is to provide ongoing training for users. Continuous training helps ensure that MSME owners and employees can effectively utilize CRM systems, maximizing their ability to manage customer relationships and improve service quality. In addition, integrating CRM gradually can help MSMEs adapt more easily to new technologies. Businesses can start by implementing basic features, such as managing customer data, before moving on to more advanced functionalities. This step-by-step approach allows MSMEs to become familiar with the system without feeling overwhelmed by its complexity.

Increasing awareness of the benefits of CRM is also essential. MSMEs need a deeper understanding of how CRM can help them enhance customer loyalty and support long-term business growth. This involves fostering discussions and training sessions to educate employees and customers about the advantages of using technology like CRM. Lastly, creating a company culture that prioritizes technology and customer satisfaction is critical. By emphasizing the importance of customer-centric practices and embracing technological advancements, MSMEs can create an environment that supports the adoption of CRM systems. This cultural shift can accelerate the integration process and help businesses fully realize the benefits of CRM in building stronger relationships with customers.

CONCLUSION

The implementation of Customer Relationship Management (CRM) in the culinary sector has shown a significant positive impact on increasing customer loyalty. CRM helps facilitate customer interactions, from learning about the types of products offered by MSMEs to easily addressing complaints such as product shortages, like missing portions of food or beverages, and others. CRM allows businesses to manage relationships with customers effectively, which increases customer

satisfaction and fosters long-term loyalty. However, despite these benefits, challenges still exist for MSMEs in implementing this CRM system.

To address these challenges, we provide several strategies that can be applied by MSMEs to support the successful implementation of CRM in their businesses. These approaches help MSMEs overcome barriers, optimize CRM usage, and raise awareness of the adoption of more advanced technologies. By implementing these strategies, MSMEs are expected to unlock its potential benefits and achieve sustainable growth in the more competitive culinary sector.

Future research is expected to explore the integration of more advanced technologies, such as artificial intelligence, into CRM systems to provide deeper insights into customer preferences and improve operational efficiency. This would increase CRM effectiveness and further strengthen customer loyalty, helping MSMEs enhance their competitiveness.

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