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Implementation of Customer Relationship Management (CRM) in SME

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ABSTRACT

Customer Relationship Management (CRM) is a strategy and technology used by companies to manage and strengthen relationships with customers. Customer Relationship Management (CRM) utilizes customer data and information to understand their needs and preferences. Hence, companies can provide better services, increase customer satisfaction, and achieve long-term business success. The business is engaged in the culinary field and is located in Batam. Currently, the business is facing challenges in implementing Customer Relationship Management. The purpose of this activity is to assist the business in improving its understanding of the implementation of Customer Relationship Management and its ability to compete. The method used was CRM-related training on how the business interacts with its customers. The training was conducted online. Through this activity, it is hoped that the problems faced by the business can be overcome.

Keywords: Customer Relationship Management, Implementation, SME

1. Introduction

Customer Relationship Management or CRM is a business approach that focuses on managing relationships with customers (Asraini, 2019). In general, Customer Relationship Management is an important strategy to keep customers and prevent them from switching to competitors. CRM not only creates relationships between sellers and buyers but also seeks to build deeper partnerships with customers (Brown & Barker, 2019; Kumar & Reinartz, 2018).

The components in Customer Relationship Management, namely: Customers include all parties who will, are, or have used the services or services provided by the company, either in the process of seeing, making purchases, or maintenance. Relationship aims to provide long-term satisfaction between customers and companies (Peters & Carlson, 2021). Management focuses on managing and improving the relationship between the company and the customer. A strong relationship between the company and the customer will help the company create a competitive advantage (Roberts & Zahay, 2003).

The SME partnered in this activity is Alexandra's Cake & Pastries located in Batam, Indonesia. The business method applied by this SME uses a pre-order (PO) system, where consumers order goods and make payments in advance, with an estimated delivery time that has been promised by the seller until the goods are in stock and ready to be shipped. With this pre-order (PO) system, sellers can get an exact picture of the number of products that must be produced, so that sales and business income are more secure. In addition, because the buyer has already made a payment, the seller does not need to spend too much capital to buy products or raw materials in advance.

This SME was originally created because the owner wanted to channel her talent and passion in making cakes and then selling them. Even so, Alexandra's Cake & Pastries always sells fresh homemade cakes with a pre-order (PO) system, so the quality of its products is unquestionable.

In SME businesses that use the pre-order system as a business method, there are several key issues. One of the biggest challenges is managing inventory efficiently. In a PO system, sellers need to estimate the amount of raw materials needed to fulfill upcoming orders. If these estimates are inaccurate, sellers may experience stock shortages when demand increases or overstocks leading to wastage of raw materials. In addition, prioritizing production is very important as orders can have different deadlines. If there is no good system in place to set priorities, SMEs risk experiencing production delays that lead to customer dissatisfaction.

Then in a preorder system, it is important to maintain good communication with the customer. Problems may arise such as errors or changes in orders, changes in customer needs, or delivery issues. Effectively managing communication and coordination with customers is key to avoiding misunderstandings and ensuring customer satisfaction. In dealing with these issues, it is important to have a good management system, use appropriate technology, and communicate effectively with customers. In addition, data analysis and the use of accurate planning tools can help sellers manage inventory, prioritize production, and improve overall operational efficiency.

The study of Customer Relationship Management (CRM) has attracted attention over the years, but the concept still raises some ambiguities. Analysis conducted by experts categorized several views on CRM and outlined three main conceptualizations: Traditional CRM, Interactive CRM, and Value-Oriented CRM. According to McDonagh & Prothero (2019), Traditional CRM is an approach that focuses on collecting and managing customer data to improve the efficiency and effectiveness of company operations (Kotler & Keller, 2017). These experts highlight the importance of implementing technology to improve customer service and gain better business insights. Meanwhile, according to Payne & Frow (2005), Interactive CRM extends the traditional approach by recognizing the importance of two-way interactions between companies and customers. They emphasize the use of social media, online forums, and other interactive platforms to strengthen relationships and engagement with customers (Smith, 2020).

Furthermore, according to Stone et al. (2000), Value-Oriented CRM puts the focus on providing long-term value to customers rather than just seeking immediate sales. These experts highlight the importance of understanding customer needs and preferences to provide sustainable added value. Recent studies in this field, such as those by Lim (2019) and Van Dam & Apeldoorn (2018), have provided new insights by using different methodologies, such as discourse analysis, to understand the current conceptualization of CRM. The aim is to provide clearer and more practical conceptualizations and implications for academics and practitioners in developing effective CRM strategies.

This research also aims to highlight the various theories and sometimes ambiguities that exist in previous literature. By engaging with experts, this study seeks to advance the understanding and application of CRM concepts, providing a solid foundation for the development of customer-oriented strategies for companies and other organizations.

2. Methodology

In the implementation of activities, the main focus related to the priority problems of partners is to provide knowledge about Customer Relationship Management. The activity is divided into three stages, namely: Preparation, Implementation and Final Stage.

In the Preparation Stage, initial observations were made related to the main problems of the partners. The main point in this stage is to understand more deeply the conditions of the partners. This is done through online in-depth interviews with partners to identify priority problems that must be addressed immediately, so that it does not become a protracted problem. In addition, this stage involves determining the team of students involved and preparing a proposal to be submitted to the Institute for Research and Community Service (LPPM).

Furthermore, in the Implementation Stage, the preparation of training materials and scheduling of socialization implementation are carried out. Preparation of all needs for the implementation of socialization is also part of this stage. There was also a division of tasks with students who helped the team, as well as preparation of various training procedures, equipment, and supporting infrastructure. This activity includes the delivery of material on the importance of CRM in increasing sales of partner products, which ends with a discussion session.

Finally, in the Final Stage, an evaluation is conducted to assess the success of the program. This involves preparing a full report with outputs such as publications and articles in the mass media. This stage is also the time to provide accountability for all the service activities that have been carried out.

3. Results and Discussion

3.1. Location and Profile of Partner Business

The SME of this activity is Alexandra's Cake & Pastries culinary business, which is engaged in food and beverages. The owner of this business is Caroline, whose address is at Royal Grande Housing Phase 2 Block B No. 12, Riau, Batam City. The types of products sold are fresh home-made cakes and pastries with a pre-order system (PO). These products are marketed through Instagram and TikTok social media with interesting content to attract customers. In addition, Alexandra's Cake & Pastries also offers special edition products for holidays such as Chinese New Year, Christmas, and Lebaran.

Caroline learned how to make fresh home-made cakes from her brother and studied at SMT Cuisine & Patisserie School in Batam. The idea to sell came about because customers loved her cakes and pastries. Selling makes Caroline's daily life more interesting and gives her the opportunity to develop her talents. The business started in 2022 and now has its own packaging and brand.



Figure 1. Partner's Products

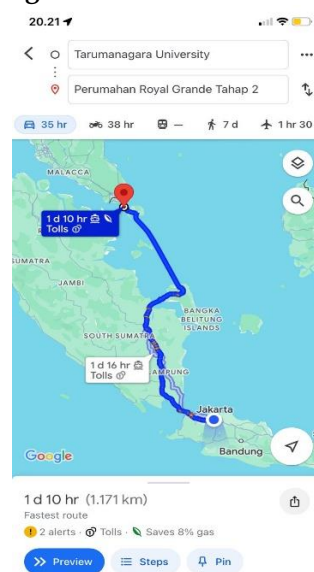


Figure 2. The SME Location Map

3.2. The Science and Technology (IPTEKS) Model Transferred to Partners

This community service activity is related to the transfer of knowledge about aspects that need to be considered by partners to maintain business sustainability. Knowledge about customer relationship management provided to business actors includes:

3.2.1. Customer Relationship Management Benefit



Figure 3. Customer Relationship Management (CRM) Cycle

Sumber: idtesis.com

Customer Relationship Management (CRM) can improve the way organizations interact with customers and understand their interests. This strategy can support organizations in improving customer retention, increasing customer engagement, and increasing sales.

1) Increase Customer Retention

Customer Relationship Management (CRM) plays an important role in improving customer retention. By using CRM, organizations can effectively manage interactions with customers and understand their needs and preferences better. CRM enables companies to provide more personalized and responsive services, which in turn increases customer satisfaction. When customers feel valued and get services that meet their expectations, they tend to be more loyal and keep choosing products or services from that organization, despite offers from competitors. High customer retention reduces the costs incurred in acquiring new customers and provides long-term revenue stability.

2) Enhanced Customer Engagement

Enables companies to engage more deeply with customers through more effective and interactive communication. By collecting and analyzing customer data, organizations can understand their behavior patterns and preferences, and identify specific needs and wants (Verhoef, 2020). This allows companies to provide relevant content, offer appropriate products and services, and build stronger relationships with customers. Increased customer engagement will create an emotional bond between the customer and the brand, which can increase customer loyalty and fidelity. In addition, engaged customers tend to be more active in providing feedback, which is invaluable to organizations in improving their products and services.

3) Increased Sales

One of the key benefits of CRM is its potential to increase sales. Using CRM, organizations can identify new sales opportunities through customer data analysis. CRM helps in more effective market segmentation, allowing companies to target customers with relevant and personalized offers. In addition, CRM facilitates a more efficient sales process by providing complete information on a customer's purchase history, preferences, and previous interactions. This enables the sales team to offer the right solution at the right time, increasing the chances of conversion. By improving the efficiency and effectiveness of the sales process, CRM can help organizations achieve a significant increase in revenue.

3.2.2. Customer Relationship Management Principle

1) Customer Orientation

This principle emphasizes the importance of understanding and fulfilling customer needs and wants. In the context of CRM, customer orientation is the main foundation in building strong relationships with customers. Through a deep understanding of customer preferences, behaviors, and life cycles, companies can develop more effective strategies to meet their needs.

2) Customer Value

Kotler emphasizes the importance of providing significant value to customers as the key to maintaining and improving business relationships. In the context of CRM, this means ensuring that every interaction with customers provides clear added value to them. This could be in the form of personalized service, relevant promotions, or solutions that solve problems for customers.

3) Long-Term Relationship

Kotler underlines the importance of building long-term relationships with customers rather than just one-time transactions. In the context of CRM, focusing on building long-term relationships is key in extending customer lifetime value and ensuring customer loyalty. This can be achieved through continuous communication, quality post-sales service, and customization of products or services according to evolving customer needs.

4) Market Segmentation and Targeting

Kotler emphasizes the importance of understanding the differences among customers and selecting the right target market for a particular product or service. In the context of CRM, market segmentation and targeting allow companies to customize their approach according to customer characteristics and preferences. This enables more efficient and effective use of resources in building relevant relationships with each customer segment.

5) Marketing Integration

Kotler encourages the integration of all marketing elements, from advertising to customer service, to create a consistent and coherent experience for customers. In the context of CRM, marketing integration enables companies to provide customers with a uniform and holistic experience across all touchpoints. This reinforces a positive impression of the brand and increases customer satisfaction.

3.2.3. Perform Customer Relationship Management Correctly

1) Deep Customer Data Analysis

In Customer Relationship Management it is indispensable to understand customers deeply through data analysis. This involves collecting and analyzing customer data from various sources, such as transaction databases, social media interactions, or customer surveys. By analyzing this data, companies can identify patterns of purchasing behavior, product preferences, and communication preferences of customers. This allows companies to design more targeted and effective marketing strategies, as well as provide more personalized services to customers. Data analysis also allows companies to predict future customer behavior, so that they can take proactive steps to maintain or increase customer engagement.

2) Personalization of Interactions with Customers

This includes using the customer's name in communications, providing special offers relevant to their preferences, and providing services tailored to individual needs. By personalizing interactions, companies can build stronger relationships with customers and increase their satisfaction levels. Customers tend to feel valued and cared for when they receive relevant communications and customized services. Personalization can also help increase customer loyalty, as they feel that the company truly cares about their needs and preferences.

3.2.4. Ethics on Customer Relationship Management

Customer Relationship Management (CRM) is an important aspect of modern business operations aimed at building and maintaining strong relationships with customers. However, CRM practices must be conducted ethically to ensure trust and long-term success. The collection and use of customer data must be transparent, with consent provided by the customer, collect only relevant data, and use that data responsibly without intrusive or manipulative practices.

Protecting customer data is a fundamental ethical obligation. Data leaks and unauthorized access can cause significant harm to customers and damage an organization's reputation. Key ethical practices include strong data encryption, data access restrictions, periodic security audits, and a rapid and transparent incident response plan. Transparency in CRM practices builds trust with customers and demonstrates a commitment to ethical behavior. Organizations should be open about the collection and use of data and the benefits provided to customers. This includes clear privacy policies, open communication with customers, and accountability mechanisms that ensure compliance with ethical standards.

CRM can also promote social responsibility in organizations. By integrating ethical considerations, organizations can make a positive contribution to society while increasing customer loyalty. This includes using data to promote sustainable products, supporting local communities, and ensuring honest and non-deceptive marketing campaigns. By adhering to these ethical principles, organizations can build strong, trust-based relationships with their customers, ultimately leading to long-term success and a positive reputation in the market. Ethical CRM practices not only protect customers but also enhance an organization's credibility and social responsibility.



Figure 4. Some images of SME objects from Alexandra's Cake & Pastries



Figure 5. Documentation with the SME owner

At the end of the activity, a pretest and posttest were conducted, regarding the delivery of the activity material that had been carried out. Partners were asked to answer a questionnaire about whether they understood the material that had been delivered after participating in the socialization activities. Using a Likert scale with the provisions: very understand (5), understand (4) quite understand (3), do not understand (2), very do not understand (1). Based on partner answers from filling out the pre-test and post-test in table 1.

Table 1. Recapitulation of Partner Answers

Indicator	Category	Answer	Percentage (%)
The material about the introduction to the concept of Customer Relationship Management (CRM) has made you understand.	Very Do Not Understand	0	0
	Do Not Understand	0	0
	Quite Understand	0	0
	Understand	0	0
	Very Understand	100	100%
The material about the important role of Customer Relationship Management (CRM) has made you understand.	Very Do Not Understand	0	0
	Do Not Understand	0	0
	Quite Understand	0	0
	Understand	0	0
	Very Understand	100	100%
The material about the factors affecting Customer Relationship Management (CRM) has made you understand.	Very Do Not Understand	0	0
	Do Not Understand	0	0
	Quite Understand	0	0
	Understand	0	0
	Very Understand	100	100%
The material about tips for developing Customer Relationship Management (CRM) has made you understand.	Very Do Not Understand	0	0
	Do Not Understand	0	0
	Quite Understand	0	0
	Understand	0	0
	Very Understand	100	100%

The results of the evaluation of partners' answers to understanding the material were well understood. Evidenced by the answers of partners who 100% can understand the material presented.

4. Conclusion

Through the implementation of the activity, the following conclusions were drawn: The application of Customer Relationship Management was carried out through a training session presented in the form of a PowerPoint presentation, covering the understanding of customer relationship management, its benefits, and other related aspects. The training and socialization were conducted online via Zoom meetings, and the sessions ran smoothly with the assistance of two students. The partners were enthusiastic in receiving the material presented by the team. During the socialization process, the partners actively engaged in discussions and Q&A sessions with the event organizers.

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