

# Building Customer Loyalty Through Customer Relationships (Study on Family-Owned Palembang Songket Business)

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**Abstract.** It can not be denied that customer satisfaction is a goal of business. When customers are satisfied with products. Customer loyalty will greatly help business marketing. Palembang songket business is mostly not becoming a family business for generations. This business only focuses on selling songket, but ignores relationships with customers. Rarely do they maintain relationships with customers, they do not even have complete data to maintain customers need to be done so that the songket business does not die in this era. This study was to measure the effect of CRM on customer loyalty. Multiple regression method has been used to measure the influence of CRM on a dependent variable. The results of the discussion found that one to one marketing variables have no significant effect compared to two other independent variables. This is because the one to one marketing variables still utilize traditional selling, because according to them it can only be done this medium. In addition to low cost, the success rate can be seen from customers who remain loyal using their songket.

**Keywords:** customer relationships management, customer loyalty, Family-owned business data

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## I. INTRODUCTION

Small and Medium Enterprises (SMEs) have a vital role in increasing economic growth in Indonesia. SMEs proved able to survive in the midst of the crisis that hit Indonesia in 1997, and even until now. Aries Musnandar (2012) said that in 2011 SMEs accounted for 56% of total GDP in Indonesia. In addition, SMEs are also able to reduce unemployment in Indonesia because SMEs absorb a lot of manpower. One SME that absorbs the workforce is the songket industry. Although this business has long been built, the response up to now is quite good. This is evidenced by the demand songket that continues to flow at any time. However, the demand is not always able to be met, due to limited capital, limited employees who have the skills to make songket, limited songket material and limited marketing network.

One of the marketing strategies to maintain customer loyalty is to implement a customer relationship management (CRM) strategy, which is to build good relationships with customers / customers they have. Increasing competition is forcing SMEs to work hard to maintain relationships with customers. Most of the songket industry's customers are housewives and housewives, as the songket provides convenience and a relatively cheaper price compared to other similar brand songkets. There are many ways that have been built by some of these industries, namely by creating a blog, make a suggestion box, foster relationships with technical personnel in the field. However, this business is not enough if not accompanied by the seriousness of the business with its customers. It can not be denied that in questioning customer satisfaction is a goal of trying, because if consumers are satisfied then they will be loyal to our products. Many advantages will be obtained from customer loyalty, among others, (1) .Sales of products are increasing every day, (2). Creating opportunities for these products can spread from word of mouth (word of mouth), (3). Purchase of products in a long time and sustainable, and (4). Reduce the cost of marketing, because consumers who are loyal will greatly help business marketing. (<http://bisnisukm.com/membangun-loyalitas-consumen-in-berbisnis.html>)

SMEs that have limitations in marketing. The development of information technology is very helpful in fostering the network with fellow SMEs and with customers. However, due

innovation is a hard work improvement. The songket innovation constantly consider demand so as to fulfill the want innovation and creativity become industry.

In this songket industry songket business is very tight needs creative and innovation to be abandoned by the customer loyal and loyal to the product needs to be built properly, and there needs to be seriousness management company, so that other competitors. The problem the industry in managing the customer ability in the field of information resources, and limited cost concentrate on the products that customers, therefore the customer company and eventually move

Thus, it is necessary management of the customers information of this research is: build customer relationship management strategy this study include; (1). Analyze management in the songket industry loyalty, and (3). The influence management on customer loyalty include; (1). In order for business not only concentrate on management order for business actors to manage communicating through communication social media.

The theoretical framework used in Definition of Customer Relationship according to Laudon and Travolta information and records all contact companies, and creates customer profile information about the customer. The

between people and people. Then the second is a process oriented to customer satisfaction and loyalty. The third is what technology is needed which will be used later. For example computers, SMS (short message service) that can focus on the customer and easy to use. The same thing is expressed by Luke (2001: slide 116-125) that divides CRM into three main components:

### **1. Human Resources (People)**

In this case are employees as implementers of Customer Relationship Management (CRM). In the HR dimension, the key factors to be considered are organizational structure, roles and responsibilities, corporate culture, change management procedures and programs as a whole. In managing relationships or relationships with customers is required personal touch or personal and human touch. It takes attitude and enthusiasm from within the business to be more proactive in digging and knowing its customers deeper in order to be more satisfying them. Diponegoro journal of social and politic of science in 2013, p. 1-8 <http://ejournal-s1.undip.ac.id/index.php/>.

### **2. Process**

The process includes systems and procedures that help humans to better recognize and establish close relationships with customers. The organizational structure, operational policies and reward-punishment systems should be able to reflect what will be achieved with CRM. Implementation of CRM will change the business processes that have been there before, whether the business process involving customers directly or not. In CRM, all existing business functions must be customer-focused.

### **3. Technology**

Introduced to further help speed up and optimize human factors and processes in the daily Customer Relationship Management (CRM) activity. However, we still have to first look at the business structure, consumer behavior, employees, and work culture, because technology can not solve the problem just like that. Be aware that technology is a supporting tool in complementing the added value of Customer Relationship Management (CRM).

In its application, according to Tjiptono, 2006 CRM promises a number of key benefits as follows:

- a. Cost efficiency in serving repeat customers.

Because the cost required to attract customers tends to be more expensive than keeping old customers.

- b. Customer satisfaction and loyalty.

be interpreted as a pattern of made by decision makers or (2005:69) states that: "The customer's commitment or manufacturer, service provider, attitudes and behavioral response loyalty leads to commitment customer service providers, and so on attitudes and behaviors such as said to be loyal when their randomly assigning multiple definite tendency in buying made. Loyalty can also be registered time span in making a purchase it. For decisions can be interpreted made by more than one person Hermawan Kartajaya (2043: 1 willing to buy even with a slight repeat purchase and recommend those who are categorized as very satisfied with a particular product to introduce to anyone they know customers will extend their loyalty products. Diponegoro journal 2013, p. 1-8 <http://ejournal-s1.undip.ac.id/index.php/> according to Tjiptono (2002: caused by satisfaction. So loyalty caused by a combination of switching barriers and competitive formulated as follows: Loyalty switching barriers, voice).

## **II. Methods**

Type of research used in this research. The population of this industry of making songket in known for certain (indefinite). who buy songket product twice customer of songket making sample is determined by acci

2. Regression coefficient X1 (Variability continuity marketing) of 0.190 states that each addition of continuity marketing variable of 1 time will increase customer loyalty by 0.190%. The positive coefficient value indicates that the variable of continuity marketing has a positive effect on customer loyalty.
3. Regression coefficient X2 (one to one marketing variables) of -0.103 states that each addition of one to one marketing variables of 1 time, will reduce customer loyalty by 0.103%. The negative coefficient value indicates that one to one marketing variables negatively affect customer loyalty.
4. Regression coefficient X3 (Variable partnering program) of 0.191 states that any addition of partnering program variables of 1 times will increase customer loyalty by 0.191%. The positive coefficient value indicates that partnering program variable has positive effect on customer loyalty.
5. Thus, that one to one marketing variable has no effect on customer loyalty compared to the other 2 independent variables. This is because the one to one marketing variables are still utilizing the promotion of personal selling, because according to them only this media can do. Personal selling media still utilizes the responses and interests of buyers directly. Because with this promotion any customer complaints will soon responded quickly by business owners. The sale of Palembang songket does require a quick response from business owners, such as customer complaints about the quality of the yarn, the process of making the less tidy and the limited amount due to the number of craftsmen are getting less.
6. Partnering program variables have a large positive effect compared to the other 2 independent variables. This is because these business actors often get order / songket order from various government agencies and private, where songket often used as souvenir for the guests at home and abroad. Especially before the event ASIAN GAMES 2018, business players have prepared the number of songket products that must be provided, so that some orders will be easily fulfilled.

### 3.1.2. Multiple correlation analysis

Correlation analysis is a statistical method used to determine the strength or degree of linear relationship between two or more variables. Correlation calculation results obtained value of 0.271, this means the level of correlation relationship between the

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2. Correlation relationship between one to one marketing variables on customer loyalty category of relationship table

### Suggestion

1. It is better for business actors to change the work culture and
2. We recommend that business actors utilize customer data base, so that customer to the attention of
3. We recommend that CRM, social media marketing, call center and w

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