



Exploring the Role of CRM in MSMEs

Vanessa Gaffar^(✉) , Tika Koeswandi , and Annisa Ciptagustia

Universitas Pendidikan Indonesia, Jalan Dr. Setiabudhi No. 229, Bandung, Indonesia
{vanessa, tikakoeswandi}@upi.edu

Abstract. This study aims to describe the role of CRM in MSMEs in Indonesia. This research is a qualitative descriptive study involving 20 MSMEs as participants. This study used interviews, observations, and documentation as data instruments. The data was analyzed through the triangulation technique and based on [5] 5 Roles of CRM. The results of this study indicate that CRM is proven to play a role in helping MSMEs which are currently transforming in the Marketing 5.0 era, through five functions, including; 1) Information sharing, 2) Decision makers, 3) Strategic makers, 4) Interaction booster, and 5) Response booster. This may imply that Indonesia's MSMEs have an ability to integrate the process, technology, and consumer to compete and maintain internal and external relations in the new era of marketing.

Keywords: CRM · Customer Relationship Management · Indonesia · MSMEs

1 Introduction

Customer Relationship Management (CRM) is a widely used concept in marketing research, and it can be implemented by any type of business, including MSMEs. According to [1], CRM is a term for handling relationships between consumers, employees, and all the challenges of a company's business and financial activities. Meanwhile, according to [2], CRM is part of a business strategy designed to optimize profitability, revenue, and customer satisfaction. In addition, [3] explain that CRM is an organizational tool that has a very significant role where CRM can help increase customer loyalty and satisfaction and manage it in the long term [4]. Also add that CRM is a strategic process to select customers that the company can serve with the most profitable results, as well as to shape interactions between companies and customers whose purpose is to optimize the value of current and future customers for the company. Thus, it can be concluded that CRM is a tool used by businesses to optimize profitability, revenue, and customer satisfaction through a combination of processes, communication, and collaboration to increase customer loyalty and satisfaction and manage it in the long term.

The importance of the role of CRM in facilitating and mediating communication that can have an impact on profitability, sales, and customer satisfaction becomes the urgency of this research. Based on [5], there are 5 CRM roles for companies, namely 1) Information sharing, 2) Decision makers; 3) Strategic makers; 4) Interaction boosters; 5) Response boosters.

The above roles are crucial, especially for MSMEs in Indonesia, which are transforming in the Marketing 5.0 era. However, there is still limited to finding research examining the role of CRM for MSMEs. Previous research only focused on the process, implementation, and its effect on consumer loyalty [5–8].

Customer Relationship Management (CRM) evolved along with the development of marketing which gradually became more personal until it turned into direct consumer marketing, also known as one-to-one marketing, aimed at each customer [9]. Meanwhile, [10] in [11] defines customer relationship management (CRM) as “a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer. It involves integrating marketing, sales, customer service, and the supply-chain functions of the organization to achieve greater efficiency and effectiveness in delivering customer value.” And as a business strategy, “CRM is a business strategy focused on increasing customer satisfaction and loyalty by offering more responsive and customized services for each customer.” [12] in [7].

In line with that, [13] defines CRM as a company’s core business by integrating all company’s external and internal functions, which aims to increase value for consumers, especially the support of quality data and information technology. Based on the explanation above, the essence of customer relationship management (CRM) is a marketing relationship to increase long-term relationships and customer benefits by creating value for customers and integrating all external and internal functions owned by the company.

Based on [5], there are 5 roles of CRM for companies, namely:

- 1) Information Sharing
- 2) Decision maker
- 3) Strategic maker
- 4) Interaction boosters
- 5) Response booster

The above roles are crucial, especially for MSMEs in Indonesia, which are currently transforming in the Marketing 5.0 period. So far, there is still limited research on CRM’s role in MSMEs. Previous research only focused on the process, implementation, and its effect on consumer loyalty [5–8].

2 Methods

This research is a qualitative descriptive study involving 20 MSMEs as participants. The time required in this study was 3–6 months. This study used interviews, observations, and documentation as data instruments. The data was then analyzed through data triangulation and based on [5] 5 Roles of CRM.

3 Result and Discussions

3.1 Information Sharing

For MSMEs, CRM plays a role as a disseminator of information. Information sharing means that information related to products and promotions provided by MSMEs can be transferred by CRM and accepted by consumers. MSMEs argue that with CRM,

consumers can easily access information and complain when products or services do not match.

R1: *“The communication between our customers and us run smoothly when the CRM that we design focuses on maintaining loyalty. We can immediately find out the complaints submitted.”*

The MSEs added that product information and complaints submitted by consumers can be known quickly and can be resolved quickly. Thus, consumers can trust the business with more confidence.

This information sharing also means that CRM helps customers reduce marketing costs. This is because information can be well integrated within the multichannel integration process.

R7: *“CRM helps me in saving my budget because the same form of information can be stored in other marketing media.”*

In addition, the role of CRM as a disseminator of information is related to the fulfillment of consumer expectations. MSMEs that implement CRM well have an impact on consumer confidence in the context of meeting their expectations.

R2: *“Consumers become more confident, and their expectations when they can’t understand the content of the information can be immediately fulfilled because CRM can provide and disseminate the information quickly.”*

From the answers of Respondents 1, 7, and 2, the number 1 role of CRM can be seen that information sharing can be interpreted broadly and deeply, namely as a medium that can help information to be received quickly, a marketing budget that can be controlled by MSMEs, as well as customers’ expectations and loyalty to MSMEs.

3.2 Decision Maker

For MSMEs, CRM also plays a role as a decision maker, especially in selecting information to be set as a strategy and providing it to consumers. This is related to the CRM process: awareness, exploration, expansion, commitment, and dissolution. The result of this process is what makes CRM a decision-maker.

R4: *“I agree that building customer relationships must start with getting to know consumers. Do not know, then do not love. So at least the process of building awareness between MSMEs and consumers needs to be built first.”*

In addition, in the exploration process, it is also known that MSMEs have relied on attraction, communication, and the development of norms and expectations in making CRM a decision-maker.

R9: *“We (MSMEs) will have a discussion first, think about what content and what information is interesting for consumers. If possible, it will go viral to achieve your marketing goals. Also, viral ones can usually make consumers aware and want to know about our products.”*

In the expansion stage, MSMEs understand that the role of CRM is to provide information about their business not only on the channels they have but also on partner channels. MSMEs realize that when information is posted on partner channels, this impacts consumers who are increasingly loyal and believe in MSME and Partner products.

R7: *“I’ve asked partners to repost my info on social media, for example, so that my consumers know and trust me more.”*

At the commitment stage, MSMEs who realize the importance of the role of CRM in their business already commit to focus and prioritize the establishment of harmonious relationships with customers.

R8: *“Of course, I am very aware that CRM is important, so in the future, it will be maintained to establish good chemistry with customers.”*

Meanwhile, at the dissolution stage, MSMEs realize that CRM management is holistic so that it is possible to break good relations between partners and MSMEs and consumers.

R3: *“Yes, we can. Our communication is cut off (with consumers), that’s why I often save the customer’s number as data, so if something happens, I can immediately follow up”.*

3.3 Strategic Maker

For MSMEs, CRM can be a medium for making business strategies. In this case, CRM helps MSEs to manage internal company information or information about consumers and to produce actual data to drive business strategies for finding, obtaining, and retaining the best customers for the business. In addition, CRM helps companies identify customer needs and develop strategies that can meet all of their needs.

R10: *“I still take CRM into consideration in making strategy.”*

CRM strategy puts the customer as the business goal. The more this strategy is used, the deeper the information obtained about the customer, such as information that supports marketing, product planning, and sales. It aims to promote loyalty and improve customer relationships.

R11: *“After knowing the benefits and functions of CRM, I made CRM the basis for doing marketing. Especially in this day and age, consumers can be smart in digging for information.”*

Making CRM a medium of business strategy can have an impact on customer loyalty and improve effective communication.

Based on respondents 10 and 11, it can be seen that CRM affects all aspects, especially in making an effective marketing strategy, be it from customer interaction, marketing or sales.

3.4 Interaction Booster

CRM can act as an addition to electronic and non-electronic interactions between MSMEs and consumers. Maintaining communication with consumers aims to provide information to consumers at any time.

R16: *“Communication with consumers is easy now because there is already a CRM model that can help MSMEs.”*

Consumers can interact with companies or MSMEs more easily. Consumers can also obtain the required information about MSMEs whenever needed.

R14: *“... Yes, it helps. CRM allows me to have a virtual or in-person chat.”*

Through the implementation of CRM, MSMEs have many advantages, such as increasing the level of customer defense, increasing revenue, improving customer service, and understanding customer desire better. These advantages can be a competitive advantage in the long term sustainable.

3.5 Response Booster

For MSMEs, CRM can help in increasing the ability to respond to interactions with consumers.

R18: *“I can more quickly find out consumer complaints through CRM.”*

Complaints submitted by consumers need to be responded to well by MSMEs because this can be self-improvement for MSMEs so that similar complaints do not happen again. Likewise, consumers' positive comments can motivate MSMEs to maintain their quality or even develop for the better.

The ability to serve all consumer desires is the main task for MSMEs, so CRM assists MSMEs in responding to interactions with these consumers.

4 Conclusions

This study concludes that CRM has proven to play a role in helping MSMEs which are currently transforming in the Marketing 5.0 period through five functions, including 1) Information sharing, CRM as a medium that can help information so that it can be received quickly, a marketing budget that can be controlled by MSMEs, as well as consumer expectations and loyalty to MSMEs; 2) Decision maker, CRM also acts as a decision maker, especially in selecting information to be set as a strategy and giving it to consumers. This is as related to the CRM process, namely awareness, exploration, expansion, commitment, and dissolution; 3) Strategic maker, CRM affects all aspects, especially in making an effective marketing strategy, be it from customer interaction, marketing, or sales; 4) Interaction booster, CRM can act as an addition to electronic and non-electronic interactions between MSMEs and consumers; 5) Response booster, CRM can help increase the ability to respond to interactions with consumers. This may imply that Indonesia's MSMEs can integrate the process, technology, and consumer to compete and maintain internal and external relations in the new marketing era. This research was funded by the Research Grants of the Faculty of Economics and Business Education – Universitas Pendidikan Indonesia in 2022.

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