

The Implementation of Customer Relationship Management: Case Study from the Indonesia Retail Industry

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Submission date: 10-Oct-2019 06:24PM (UTC+0700)

Submission ID: 1189972221

File name: icsiit_2015_naskah.pdf (162.86K)

Word count: 2172

Character count: 11665

The Implementation of Customer Relationship Management: Case Study from the Indonesia Retail Industry

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Abstract. PD.Cemara Sewu is a company engaged in distributor and selling photography product. Nowadays, system of sales and storage of goods still be done manually. So, company needs a system in order to improve good relationship with customers, and storage goods could be more effective and efficient. In this research, the application process begins with the design to the implementation of the system. Designs are made include the manufacture of DFD and ERD. Application of Electronic Customer Relationship Management that have been implemented to make the buying and storage of goods in PD. Cemara Sewu become more organized, well-structured and have relationship with customers. The application of this system has been created with features that have been planned and tailored to the needs of previously so customer have loyalty to company and reports of sales, card stock and forecasting from the application are accurately, because have the same result with manual calculations. Based on the evaluation, 85% of users said that the features in the application made is considered good and in accordance with company needs.

Keywords: Customer relationship management, customer, implementation

1 Introduction

In the industrial world, the competition can not be separated from each company. Every company that is engaged in manufacturing or services in general, aims to get the maximum profit and reduce costs. Customer Relationship Management (CRM) is a business strategy that results are expected to optimize the level of profits and customer satisfaction. This is done by way of organizing customer segments, directing the organization so oriented to customer satisfaction and implement business processes that focus on the customer.

CRM is still relatively new in the world of marketing. CRM in the late 90s are felt discussed in many media. It's just that his approach is not much reviewed by the marketers. CRM is a key concept in managing the company's relationship with its customers to create value-added (Value Creation) for its customers. The goal is not to maximize the sales of a transaction, but rather to build ongoing relationships (continued) with its customers. Both buyers and sellers are willing to build ongoing relationships during the relationship is a reciprocal relationship that adds value for both parties.

Excellence competition is not solely based on the quality of the product, or the price, but also on the ability of the company to help customers create and develop value-added to them. So as to create customer loyalty, causing the customer will constantly consume products that are created.

Customer loyalty should be improved continuously, otherwise it could be that customers will use similar products of other companies. There is an expression that says, "the customer is king". The phrase fits perfectly with the concept of CRM is aimed at customer satisfaction. If customers are satisfied then it will create customer loyalty. In the business world customer satisfaction is very significant for the progress and survival of a company, many companies fail because it can not retain customers.

PD. Cemara Sewu is a company engaged in the distribution and sale of products for photographic purposes. A company based in Jakarta has several branches, among others, Surabaya, Semarang, Bandung and others. In the PD activity. Cemara Sewu sought in order to satisfy the customers so as to get the maximum benefit. We need a new model in **Customer Relationship Management to manage the relationship between the distributor and the customer** as well as the procurement of products that are more efficient and effective in its efforts to increase profits by reducing costs of logistics activities.

The purpose of this paper is to increase the income of the customer satisfaction with the use of electronic customer relationship management (e-CRM) in PD. Cemara Sewu.

The paper is organized as follows: Section 2 reviews the literature on CRM implementation. In Section 3 we have presented the CRM implementation in PD Cemara Sewu. Section 4 discusses the implementation and analysis of CRM implementation in PD Cemara Sewu. Finally Section 5 draws conclusions from the case study in terms of its practical relevance and lessons learned

2 CRM

Customer Relationship Management is used to define the process of creating and maintaining a relationship with a customer-customer business or customers. CRM is the process of identifying, attracting, and retaining customers differentiate [5]. According to Craig Conway, CRM is the ability to recognize the transaction experiences faced by customers for transactions with companies in which the CRM try to improve customer satisfaction to loyalty and tendency of customers to buy increasing [3]. CRM applications can allow management or setting a good relationship with customers effectively, supported by the availability of good leadership [3].

The purpose of the CRM business framework is as follows [4]:

1. Adding existing relationships to increase revenue. Enterprise wide views of customers to maximize the relationship between them so as to improve profitability companies to identify, attract, and retain potential customers.
2. Using the integrated information for the best service. By using customer information to provide better service for their needs, so customers do not

have to repeatedly ask for the information they need to companies that save time and reduce their frustration.

3. Introducing channel processes and procedures those are consistent and replicable. With the development of communication channels for customers, the more employees engaged in sales transactions, so companies need to improve the consistency of the process.

So the goal of CRM is to have a relationship with customers that can provide significant benefits to the company. To achieve these objectives, marketing, sales and customer service should work more closely in teamwork and sharing of information. CRM consists of the following phases [4]:

1. Getting new customers (Acquire)
2. Increasing customer value (Enhance)
3. Maintain existing customers (Retain)

Some types of CRM technologies include [6]:

1. Operational CRM
Integrated automation of business processes, including customer touch points, channels, frontback office, integration
2. Analytical CRM.
Analysis of the data generated by the CRM operations, including data mining applications.
3. Collaborative CRM.
Collaboration applications including e-mail, personalized publishing, e-communities, and the like are designed for interaction between the customer and the organization.

2.1 Customer Profitability Analysis

From company's perspectives, the customer plays a very important role in addition to the growing importance of customer positions, companies face the fact that its resources are limited. It requires that companies are increasingly selective and effective in allocating these resources to customers who can provide benefits to the company.

Customer profitability analysis is an approach to cost management that identifies the cost and benefit of serving specific customer or customer type to improve overall profitability an organization [1].

Customer Profitability Analysis has two main objectives, namely:

1. To measure the profitability of existing customer. Customer profitability analysis can show the cost benefit analysis to identify profitable customers or not.
2. To effectively identifying whether or not consumer-related activities. This analysis provides information that can be used by organizations to decide which activities need to be maintained or reduced so as to improve profitability.

There are several stages in conducting Customer Profitability Analysis, namely:

1. Identifying customer
2. Calculate the cost of customer revenue and customer
3. Analyze where customers are profitable and which are not.

3 Design and Analysis of System

Based on the analysis of company's old system, there are a number of problems. It needs to solve the problems found in the old system, with the new system. The new system requirements are:

1. An integrated system for recording sales, procurement, stock, and all sorts of business activities.
2. Customer can see the information section of the company's warehouse and the amount of the price, so that customers can make their own, and direct sales order will be sent to the company and order status can be monitored.
3. Customer can do setting of the minimum stock of an item that is often ordered to the company so that if the customer has a minimum stock in the order will be immediately made.
4. Company and customer can do sales forecasting.

Design of the CRM at PD Cemara Sewu are as follows:

1. Getting new customers (Acquire)
Getting new customers by:
 - Promoting the products produced by the company.
 - Provide comfort to the customers in buying the products they need. The goal is to offer a good product with satisfactory service.
 - Featured in the program are given a page gallery to display the latest photos of the products offered. And customers can create their own sales order via the web.
2. Increasing customer value (Enhance)
Companies must create a close relationship with customers by the company to listen to complaints and improve services. Relationship with customers can be enhanced by:
 - Provide different prices according to the profitability of each individual customer.
 - There are features of profitability and customer rankings so that each customer gets different treatment according profits earned by the company.
3. Maintain existing customers (Retain)
 - Making time to listen to the needs of customers, including customer dissatisfaction towards the product or service company. So it can be used to improve services.

- There is a communication feature (both complaints and promotion) between the customer and company.
- There are a feature campaign and also alerts for purchasing patterns of each customer so that sales can follow-up customer orders that have exceeded their limits.
- There is also a feature of forecasting for the sale of each item.

The system is designed to involve three external entity, PD Cemara Sewu main office, customers, and branches of PD Cemara Sewu. Customer is the entity that is engaged in transactions with the company in sales activities ranging from sales order, the minimum stock, and others. PD Cemara Sewu main office is an entity that provides goods to be sold by the company in purchasing activities include the purchase invoice, and others. While branches of PD Cemara Sewu is the entity that receives financial statements and reports required by the company forecasting to determine the direction and policies of the company. Fig. 1 is a diagram of the design context of customer relationship management.

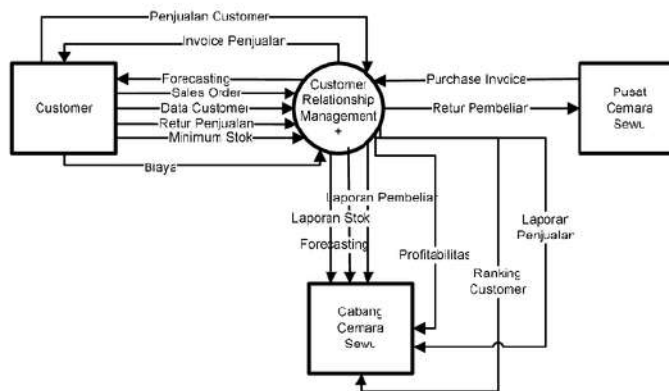


Fig. 1. The Context Diagram of the Application

The implementation primarily consisted of the major steps as given in Table 1.

Table 1. Major tasks during implementation process.

No	Tasks	Duration
1	Infrastructure readiness	3 days
	Server setting and installing	1 day
	PC and Notebook connecting	2 days
2	Mapping process	5 days
	Data gathering	3 days
	Database process mapping	2 days

3	Data cleaning	15 days
4	User training	5 days

4 Analysis

This chapter discusses the testing system has been created. The test system is implemented as a whole one by one according to the feature of the application.

This login page is the home page at the time the program is run. To be able to run the program/operate the program, users are required to login first to enter a username and password that was created earlier. The login page can be seen in Fig 2.

Fig. 2. Login Page

The customer profitability reports are used to see the profit from each customer so that the customer can be grouped where customers are making a profit and which are not. Reports for customer profitability can be seen in Fig. 3 and Fig. 4.

Profitabilitas						
Nama Customer	Penjualan	Pembelian	Diskon	Retur	Biaya	Netto
Sumber Bahaga	Rp. 32.116.567	Rp. 26.576.667	Rp. 1.050.000	Rp. 1.700.000	Rp. 700.000	Rp. 1.090.000
Sinar Bahaga	Rp. 21.250.000	Rp. 19.533.334	Rp. 185.000	Rp. 0	Rp. 700.000	Rp. 831.667
Nama Customer	Pendapatan	Cost to serve	Customer Margin			
Sumber Bahaga	Rp. 4.840.000	Rp. 3.750.000	Rp. 1.090.000			
Sinar Bahaga	Rp. 1.716.667	Rp. 885.000	Rp. 831.667			
Nila Tengah Pendapatan	$= 4.840.000 + 1.716.667 / 2$		$= Rp. 3.278.334$			
Nila Tengah Biaya	$= 3.750.000 + 885.000 / 2$		$= Rp. 2.317.500$			

Fig. 3. Customer Profitability Report Page

Profitabilitas							
Nama Customer	Cost to Serve			Customer Margin			Kategori
	Jumlah	Rendah	Tinggi	Jumlah	Rendah	Tinggi	
Sumber Bahaga	Rp. 5.490.000	-	V	Rp. 1.090.000	V	-	Aggressive
Sinar Bahaga	Rp. 885.000	V	-	Rp. 831.667	V	-	Cheap
Nila Tengah Pendapatan	$= 4.840.000 + 1.716.667 / 2$		$= Rp. 3.278.334$				
Nila Tengah Biaya	$= 3.750.000 + 885.000 / 2$		$= Rp. 2.317.500$				
Keterangan:							
1. Passive :	Merupakan customer yang mendapatkan banyak keuntungan, dengan cost-to-serve yang sedikit						
2. Savy :	Merupakan customer yang menguntungkan keuntungannya, tetapi dengan cost-to-serve yang tinggi						
3. Cheap :	Merupakan customer yang memiliki cost-to-serve dan keuntungan yang rendah						
4. Aggressive :	Merupakan customer yang membutuhkan biaya cost-to-serve yang tinggi, tetapi keuntungannya yang rendah						

Fig. 4. Customer Profitability Report Page

5 Conclusion

From the results of implementation of CRM in PD. Cemara Sewu, some conclusions can be drawn, namely:

- The application is considered to be able to answer the needs of the company. The relationship between the company and the customer can be established well.
- The forecasting allows the company to forecast sales in the following months so out of stock could be eliminated in the company.

- c. Based on the user questionnaire, it can be concluded that the system is able to be used properly and assist in the execution of daily business processes.

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