

Customer Management at Gig's Batik MSMEs to Build Customer Loyalty

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Abstract.

This community service activity aims to: (1). Increase partners' understanding of the importance of building customer loyalty, (2). Upgrade partners' knowledge and skills in managing customer databases so that they can be used for implementing further marketing programs such as: providing information on new products or to promote products, and (3). Broaden partners' insights in managing customer loyalty as one of the bases to support improving MSMEs business performance. The method used in this community service activity is through outreach activities, training and monitoring or mentoring program implementation. The results of the implementation of the community service program indicate an increase in partners' knowledge regarding the importance of building customer loyalty, managing customer data and an increase in partners' skills in documenting customer databases. Besides that, partners also have additional knowledge about managing customer loyalty Based on the programs that have been implemented, it can be concluded that customer relationship management is an important key to building customer loyalty. For this reason, entrepreneurs need to focus on consumers so that they feel satisfied and are willing to make repeated purchases of the products offered by MSMEs.

Keywords: Customer Loyalty, Loyalty Program, Database Customer and Customer Management.

I. INTRODUCTION

Batik is a cultural heritage of the archipelago which is rich in symbols and philosophical meanings and has been recognized by the world through UNESCO as an Intangible Cultural Heritage (ICH) in 2009. UNESCO assesses that batik has many roles in the life of the Indonesian people, where batik is not only used as everyday clothing, but also as clothing in important events and rituals. To preserve batik, many craftsmen in various regions in Indonesia continue to develop batik with various types and patterns. One of the areas in Indonesia that has the largest number of batik artisans or batik SMEs is the Province of the Special Region of Yogyakarta. Based on data from the Ministry of Cooperatives and Small and Medium Enterprises of the City of Yogyakarta, it is explained that the number of batik SMEs in 2021 is 227,677 units and increases to 329,719 units in 2022. One of the committed batiks MSMEs to continue to develop Indonesia's cultural heritage is Gig's Batik. Gig's Batik was founded in 2000 and is located in Kwarasan, Nogotirto, Sleman Regency, Special Region of Yogyakarta.

Gig's Batik already has its own product brand and is well known among the people of Yogyakarta, especially those who like Batik. The resulting products are quite diverse both from the diversity of motifs and the type of fabric used. The types of batik produced are handmade batik, stamped batik and a combination of handmade and stamped batik. Gig's Batik has its own characteristics, namely contemporary classic batik by combining several classic batik motifs and mix them so that these classic batik motifs can become modern batik motifs. The following are sample of Gig's Batik products:



Fig 1. Gig's Batik Products

The majority of markets served by Gig's Batik are the domestic market for both individual consumers and organizational or business consumers. Gig's Batik receives many orders from various agencies, such as procuring school uniforms, office uniforms and so on. In running its business, Gig's Batik is supported by 8 employees and will add contract craftsmen if they get a large number of orders. Gig's Batik in marketing its products actively collaborate with the Sleman Regency Industry and Trade Office and the Sleman Regency Regional National Crafts Council. In this collaboration, Gig's batik actively participates in marketing its products by participating in trade exhibition activities. Gig's Batik also promotes its products through social media such as Instagram and TikTok. Following are a number of promotional activities carried out by Gig's Batik:



Fig 2. Exhibition Activities

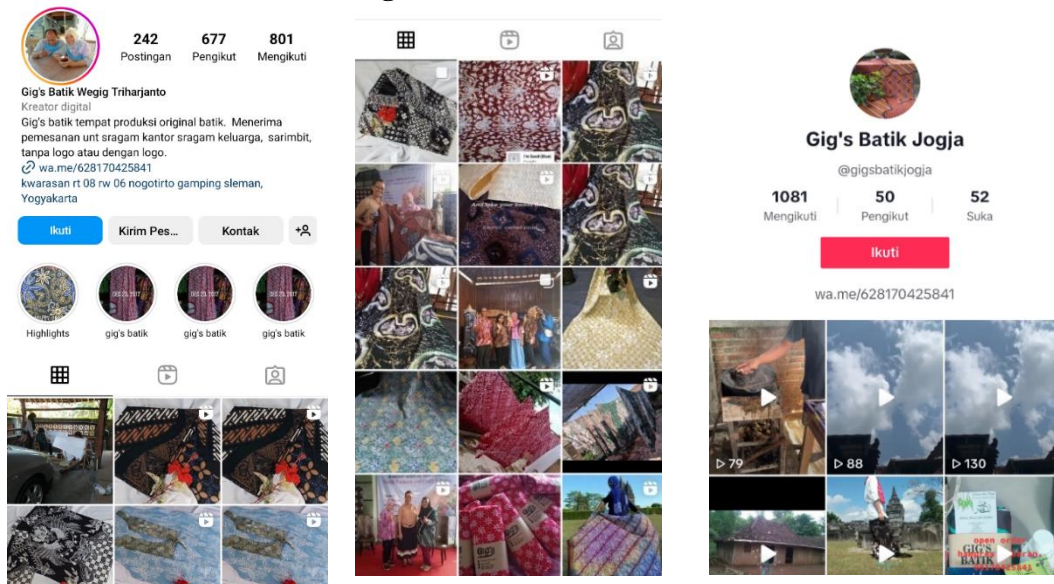


Fig 3. Promotion through social media

Currently Gig's Batik is trying to continue to grow its business because previously it experienced a decline in sales due to the impact of the Covid-19 pandemic. Gig's Batik has difficulty tracking down consumers who have purchased its products because it does not have a customer database. Gig's Batik has not realized the importance of customer data to develop its business. A customer database is an important asset for businesses because it can provide many benefits, such as knowing market potential, facilitating communication, increasing sales, increasing loyalty and saving costs. Customer databases help businesses develop and maintain the right relationship with their customers. At the same time, companies need to understand that customer database development alone will not build better customer relationships. Businesses need to collect relevant customer data and use it properly to develop effective customer relationships (Mandal, 2022). By using an existing customer database, it can be used to manage relationships with customers. Customer relationship management is a very important tool of the organization, it helps to strengthen customer loyalty and satisfaction to manage it long-term between the company and the customer (Herman et al. et al, 2020).

Good customer relationship management will have an impact on creating customer satisfaction and ultimately increasing customer loyalty (Khan et al., 2020; Agrawal, 2020). Customer loyalty is strongly influenced by product quality, applied pricing strategy, and good communication between the company and its customers. Loyalty is a key goal of companies' strategic marketing plans and the key to customer retention. Receiving and applying the loyalty approach in business is a prerequisite for increasing customers' tendency to use products more often and expanding their desire to buy next (Kyurova & Davidkova, 2020). A number of obstacles or problems faced by Gig's Batik in building customer loyalty are: (1). Lack of understanding of partners regarding the importance of creating customer loyalty, (2). there is no customer database that can be used as a means of disseminating information, promotions or product offers for consumers, and (3). unmanaged customer loyalty program. To solve these problems, a number of programs are implemented in this community service activity in the form of: (1). provide education on "Strategies to Build Customer Loyalty", (2). Create a customer database, and (3). Create a customer loyalty program by creating a member card to get attractive rewards.

II. METHODS

The community service program at UMKM Gig's Batik includes three main stages with methods adapted to each stage of activity as follows:

1. Preparation Stage

At this stage, observations and discussions are carried out with community service partners regarding the problems and program solutions to be implemented. In addition, identification of the need for facilities and infrastructure to support the implementation of activities is carried out. In the preparatory stage, the community service team also prepares counseling and training materials that will be given to partners.

2. Implementation Stage

The next step is implementation stage which is aimed at solving partner problems so that the objectives of this community service activity can be achieved. The method used is counseling, training and making products to support the program. At this stage partners participate actively by following a mutually agreed schedule of activities. The material presented was in the form of: Strategies for Building Customer Loyalty, creating customer data bases for MSMEs and creating customer loyalty cards.

3. Evaluation and Reporting Stage

After the implementation of the program, the community service team regularly monitors the implementation of the program to assess whether the program provided has been properly implemented or whether partners have encountered problems in its implementation. If partners experience problems, solutions can be provided so that the program can run more effectively. The final stage after program evaluation is the preparation of a report aimed at being accountable for the implementation of the program submitted by the community service team to the tertiary institution as the program supporter and Gig's Batik as the community service partner.

III. RESULT AND DISCUSSION

The program of activities implemented in this community service activity are as follows:

3.1. Provide education on "Strategies to Build Customer Loyalty".

In this activity counseling was given to community service partners by means of two-way discussions. The community service team provides counseling materials and partners follow the presentation delivered. The purpose of this activity is to increase partners' understanding of the importance of building customer loyalty to support business performance improvement. Gig's Batik in running their business, have not yet provided an orientation towards creating customer loyalty where partners are limited to promoting and selling products to consumers. By participating in this counseling activity, partners realize that it is important to start activities that lead to creating customer loyalty, such as: providing the best service for

consumers, responding quickly to consumer requests, establishing good communication with customers and offering attractive programs so that customers become loyal to the product provider. To build customer loyalty, entrepreneurs need to be customer oriented by following consumer tastes, meeting customer needs and wants and providing satisfying products and services for customers. Customer orientation positively and significantly affects customer retention. Besides that, market orientation also has a significant impact on improving the performance of MSMEs where the more market-oriented the performance of MSMEs will increase (Nuvriasari, et al., 2020). Furthermore, the results indicate that customer loyalty has a positive and significant impact on the performance of SMEs (Ismail, 2023). The following is documentation of a number of materials and activities in educational activities regarding customer loyalty:



Fig 5. Part of educational material "Customer Loyalty"

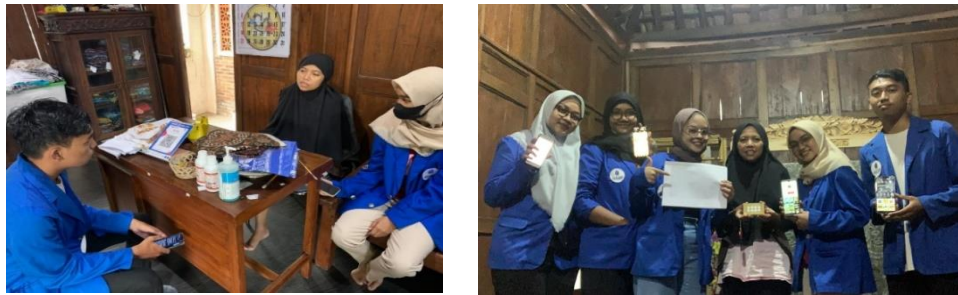


Fig 6. Activities at Gig's Batik

3.2. Training on Compiling a Customer Database

This training activity is aimed at documenting and managing customer data so that it can be used as a medium for active communication with customers. Based on existing data, partners can inform customers about the products offered, existing promotional programs and other information. Submission of information can be done via WhatsApp or Customer E-mail which is recorded in the customer database. Prior to the implementation of the program, partners had not documented customer data and partners only stored data on consumers who contacted via WhatsApp Gig's Batik and had not been properly organized. After participating in training activities, partners understand how to manage and document customer data and its utilization. The customer database is documented in simple software in the form of Excel. Building a customer database through a Microsoft Excel-based customer database form is also intended to record customer information so that sales activities can run effectively and efficiently as well as an indicator used in analyzing sales progress at Gig's Batik. Documentation related to training activities for creating and utilizing customer databases can be shown in the following figures:

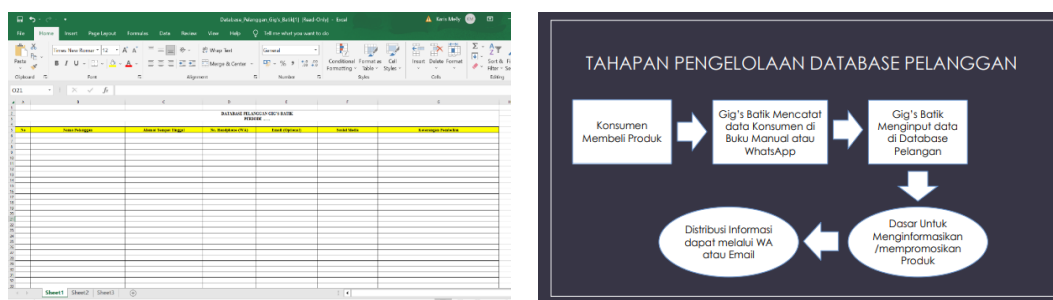


Fig 7. Customer Database Forms

3.3. Develop a Customer Loyalty Program

The purpose of the customer loyalty program is to attract customers to be loyal to shop at Gig's Batik. Loyalty programs are one of the tools that can be used to further retain customers and activate long-term loyalty. Loyalty programs can also reduce consumer decision and search costs through value-added services. As a result, consumers enjoy more convenience when shopping and can save time (Sheng & Benarto, 2022).

The method used in developing the customer loyalty program at Gigs Batik is creating a customer loyalty program through the creation of a Loyalty Card. With a loyalty card, it can be used to attract customers to come back to Gig's Batik. Rewards on Loyalty cards given by Gig's Batik are in the form of special gifts. The gift will be given if the consumer has collected 8 stamps, where every purchase of at least IDR 500,000 per transaction will get one stamp. This loyalty card also functions as a member card for Gig's Batik.



Fig 8. Customer Loyalty Program

IV. CONCLUSION

Building customer loyalty is one of the keys to the success of running a business. Loyal customers will have a positive impact on business performance. Loyal customers will be willing to make consistent product purchases and are reluctant to switch to other product providers, besides that there will be a willingness to recommend to other prospective buyers. Customer orientation is one of the factors that must be considered in creating customer loyalty. MSMEs can start from the simplest steps, namely by collecting customer data and then documenting it in a replacement database. The customer database is a source for MSMEs in offering products or conveying other information to customers. Besides that, to create customer loyalty, it is necessary to create a customer loyalty program that is attractive to consumers and that provides benefits for MSMEs.

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