

Design of a Customer Relationship Management (CRM) Model for Small and Retail Business Zahraza Beauty Products in the Covid-19 Pandemic Era

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Abstract (11 pt)

The growth potential of the beauty product industry in Indonesia is considered very potential. The industry and trade of Indonesian beauty products is projected to increase by USD 7.5 billion with a growth of 6.5% annually for the next five years. The huge potential in the industrial business and trade in beauty products has caused many people to compete to enter this business. This of course will create intense competition among the beauty product business people. Business people are required to win in this business competition. One of the efforts that can be done is to maintain good relations with customers. Customer Relationship Management is a model that can be applied in maintaining customer relationships. The focus in this research is to design and design a model of customer relationship management in small-scale beauty products and retail businesses. The research method used in this study is a qualitative method with an observation approach

INTRODUCTION

This research is based on two main issues, the first issue is the phenomenon of a very competitive business competition trend with the aim of winning the market share of a business (Putri, 2021). One of the business sectors that is currently developing and has very competitive competition is the cosmetic or beauty product retail sector (Hakim, 2021). This is in line with the results of the analysis of the Indonesian Digital Marketing Association (ADMI) in 2020, beauty and cosmetic products dominate the digital business market with more than 247.1 million displayed products outperforming home appliances, clothing and electronics. With this very competitive condition, it forces business people to spin their brains and strategies to be able to attract customer sympathy and make customers stay to remain loyal customers of their products (Asosiasi Digital

Marketing Indonesia, 2021). The second issue is the importance of implementing customer relationship management in a business (Ardhoyo, 2021). But in reality what happens is that the application of customer relationship management in small and retail businesses can be said to be still low. This is due to the low concern of small business actors on the implementation of customer relationship management and reciprocal relationships from customers (Yunita, 2019).

The development and improvement of the beauty product business in recent years provides an overview as well as an opportunity for business people to improve the quality of their business. Research from statista reports that the potential for the beauty and personal care market in Indonesia itself is very large, where in 2021 it is projected that trade in this sector will increase to USD \$ 7.5 billion with a growth of 6.5% annually and is predicted for the next five years (Statista, 2021). The increasing trade in beauty products indicates that Indonesia's public interest in beauty products is very high (Luigi, 2019). The potential for the development of the beauty product industry sector in Indonesia is also a mainstay sector in the national industrial development master plan from 2015 to 2035 (Kemenperin, 2015). So it is not wrong if this business potential in the future will be more tempting for business people.

With high projections and potential market share of beauty products in Indonesia, it will have an impact on the emergence of competition among beauty product business actors (Saputri, 2021). The market share which is still quite large will certainly lead people to jump into this business. The Ministry of Industry noted that in 2017 there was an increase of 153 beauty business players and a total of 760 beauty business players, of which 95% were small and medium-scale beauty businesses. Another dynamic that must be considered by industry players and beauty product trades that has been felt until now is the implication of the threat of the COVID-19 pandemic. The COVID-19 pandemic is considered not to affect the development of the beauty product industry and has actually experienced a significant strengthening (Tokyo, 2021). However, the emergence of policies to prevent the transmission of the covid virus, such as study from home or work from home, is considered to reduce the number of requests for beauty products. This is because previous customers routinely used beauty products because of this

policy (Hambalah, 2021). The Covid pandemic has also made people's consumption patterns slightly shift, where people currently tend to fulfill their consumption of basic necessities (Iswandi&Yusran, 2021).

From the two problems above, it can be concluded that business people are required to win business competition while still paying attention to the threat of the COVID-19 pandemic. In addition, it is also required to create various ways in order to win in business competition (Pradana, 2021). One of the efforts that can be done in winning the business competition is to retain the existing customers. Efforts that can be made are to apply customer relationship management to the business being run. Customer relationship management or can be interpreted as customer relationship management is a process that aims to obtain and maintain relationships with customers in a profitable direction (Sulistyawati, 2021). This Customer Relationship Management model can be implemented in all businesses, including the beauty product retail business, even on a simple scale. This is done because the implementation of Customer Relationship Management in small and retail businesses is assumed to be able to assist in developing products based on customer desires, market dynamics, and competitors (Vidilia Rosalina&Abdul Malik&Erma Perwitasari, 2017).

On the other hand, the application of relationship management to small businesses is still considered low even though many business actors are already aware of the benefits that will be felt from the application of this relationship management. On the other hand, the application of relationship management to small businesses is still considered low even though many business actors are already aware of the benefits that will be felt from the application of this relationship management (Vidilia Rosalina&Mulyanah&Abdul Malik&Erma Perwitasari, 2017)

One of the small and retail businesses that has not yet fully implemented customer relationship management or customer relationship management is the Zahraza store. Zahraza shop is a retail business that markets cosmetic and beauty products. On the marketing side, basically this store has implemented marketing in general, but in the application of customer relationship management it is still not well managed.

From the conclusions that have been described above and based on the problems in the object of research, the focus of research in this paper is to design the

concept of customer relationship management that can be applied and adapted to the object of research. This concept was built on the basis of the problem of implementing customer relationship management at the Zahraza store and adjusted so that its implementation can be carried out properly and effectively

RESEARCH METHODS

In general, this study uses descriptive qualitative methods which are carried out systematically from problem identification, needs identification to descriptive description of the CRM concept implemented in a beauty product retail store business.

1. Research Stage

- a. It started with doing research in a beauty product retail store. The author conducted interviews with the shop owner and observed several documents related to reporting and recording shop customers' purchases. From this data, it will be useful to categorize customers in this store.
- b. The existing data we identify business processes to how the sales picture reaches the end to end users.
- c. After the entire problem description is found, we analyze in more detail to determine the causes and effects of the probability of the store's sales pattern made to the customer until the customer uses it and decides to buy back the product at the same store. This data will then be able to describe what the store actually needs in improving the quality of the CRM that has been running so far.
- d. The results of the identification of these needs are then made a new CRM process system model
- e. For the system model the author describes in general using the following simple picture illustrations with detailed explanations

2. Data Collection Method

In solving problems in beauty product retail stores related to customer relationship management, the author uses several approaches with a CRM model that is customized according to the factual conditions of the business. By using several kinds of data collection methods in order to obtain an explanation of the current system, namely

a. Field Study

It is carried out with an observation model during the sales process and through files related to reporting and recording customer purchases and strengthened by an interview process with shop owners to explore in more detail the technical methods used in the service process to the aftersales stage of every customer who buys a product at the store.

b. Study of literature

The author combines the data findings with the existing literature and then develops an analytical study based on the concept of the author's thinking. And with completeness of data through case studies and literature on the internet.

RESULTS AND DISCUSSION

Overview of Customer relationship at Zahraza Store

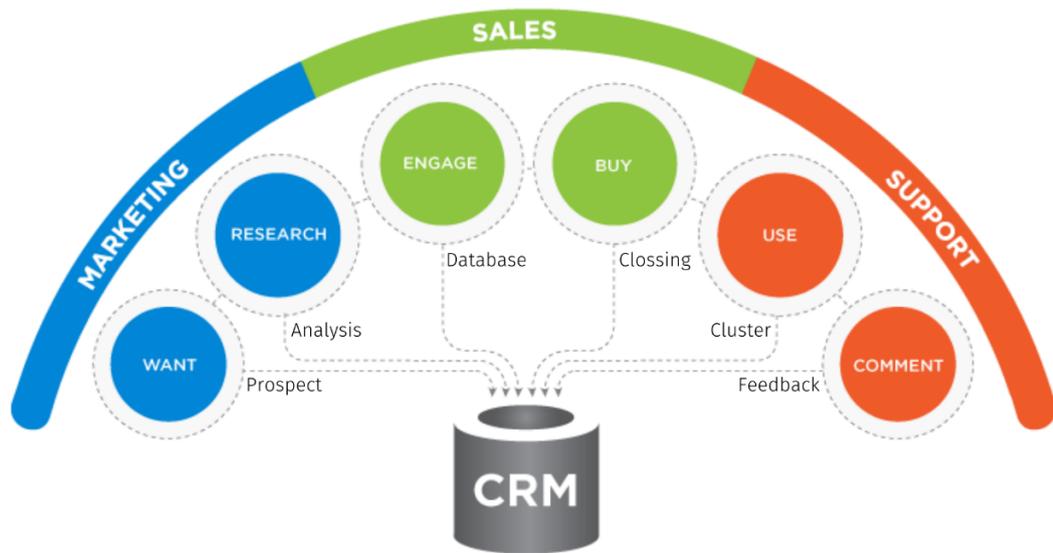
Based on the results of observations and research conducted, basically Zahraza store has several weaknesses in terms of customer service systems. In the prospecting process for target consumers, business owners have implemented sales & marketing principles in general, but the weakness is that the owners do not carry out the clustering process for segmenting prospective customers so that the treatment given to potential customers tends to be average and not on target. Then there is no follow-up process for customers who haven't made a repurchase for a long time (Lost Customer Analysis). So that many old customers are left untouched, even though the manifestation of old customers can provide positive feedback on sales.

Zahraza store also does not carry out a holistic comparison process, but is limited to online media networks, not apple to apple and other offline stores. So that the income of offline stores tends to decrease but online is increasing. Though ideally both should be equally maximal. The store does not have a buyer database, the purchase record is only in the form of a purchase list and does not match the buyer's name. And the most visible thing is that the store does not have a customer forum, aftersales only ask for a WhatsApp number but are not given group treatment. WhatsApp groups are for resellers and agents only. From some

of these gaps, it can be concluded that Zahraza Stores also really need improvement in terms of customer relationship management or in simple language the customer relationship management system.

Design model of Customer Relations at Zahraza Store

The design model of Customer Customer Relationship Management illustrates that its implementation aims to maintain relationships with customers where these relationships can be a way to maximize the marketing process and customer loyalty. This means that CRM is an integrated system starting from the sales plan to after the sale whose main goal is to build customer satisfaction, communication and loyalty. Customer relationship management can be defined as the process of carefully managing detailed information about individual customers and all customer “touch points” to maximize customer loyalty. Customer relationship management enables companies to provide excellent real-time customer service through the effective use of individual account information. Customer Relationship Management can also be interpreted differently as a strategy based on a formulation according to a particular relationship model, which is influenced by the benefits to be obtained and someone who has a philosophy with marketing influence. Implementation is based on organizational structure, processes, people, and technology, with permanent application of best practices in CRM assumptions and framed facilitators of operations covering management metrics. So the concept of customer relationship management that will be built for the Zahraza Store is a real and special system according to the product specialization of its main business line, Relationships at the Zahraza Store.



Picture 1. Customer relationship management model design

The concept of customer relations management is built based on 3 main paradigms, starting from the planning & strategy process (Marketing), sales execution (sales) and supporting tools as an additional service effort after the product is consumed by consumers (support). This model was developed by customization and through two marketing communication channels, namely directly and through digital networks. This model is the development of the CRM implementation that already exists in Zahraza Stores. In detail it is explained as follows

1. Marketing

a. Want

This stage includes the prospecting function on the implementation of the main marketing strategy. Zahraza store manifests market data by determining the main target market, both online and offline segmentation. This also includes what media will be used. This data will be a source of data for marketing materials as well as an effort to re-brand so that the store's sales reach will be wider



Picture 2. Customer prospecting steps

The most important step in prospecting is to classify customers, customer classification is based on two variables, namely effort and revenue. Each lead requires a different level of effort to convert into sales and the

expected revenue also varies from customer to customer. Applying these two variables, the store will be able to classify customers. So that with this classification the store will be able to reach potential consumers according to the desired strata and can widen the possibility to get consumers.

After the first step is taken, the shop owner will become aware and know which main prospect will be attacked, this determination will increase the possibility until the customer closing process. After the main target is found, the shop owner begins to make contact with customers, this step is not for actual sales promotion but for building contacts just to just get to know and build attention that the shop owner has a beauty product shop. Then after getting to know each other and the shop owner already has some manifest data, then the shop owner prepares promotional modules and determines a communication network to spread information about the products sold by Zahraza's shop.

b. Research

This stage includes a research function to get more data about the market and potential consumers. This step needs to be taken by shop owners for the purpose of increasing consumer data accounts, so the implications can increase the possibilities for consumer income. Some things that can be done are as follows.

Lost customer analysis, this method is done by trying to collect data from previous customers who have not been in contact for a long time or even haven't made a purchase for a long time. This should be done as an effort to connect communication and make former consumers aware that the existence of Zahraza Store still exists and the shop owner still wants to take in with his old customers. In this step, shop owners can also ask questions about why they haven't shopped for a long time or with other question modules to get information. Then this information can be developed and used as evaluation material for store development.

Compare competitors, this method needs to be done to find out the GAP between the Zahraza store and other similar stores, its function is to get information and compare whether there are things that have not been done

or even overlapping things that have been done but are not as effective as the store -Other shops. This step can be done through offline or online media. Offline is done by directly visiting other stores and conducting study excursions or comparative studies and if steps are taken online, it can be done by analyzing stores through the marketplace or survey results conducted by associations related to shops or beauty product businesses.

Market customer analysis, this method has been done by Zahraza Shop, but is considered not comprehensive. Ideally, shop owners must be responsive and able to read booming market trends. This is related to products that are viral or new digital methods that can bring in more shop visitors.

2. Sales

a. Buy

At this stage, the shop owner and his staff are required to collect buyer data by inputting the data manifest into the database list which includes; date of purchase buyer's name, contact, address, product and purchase amount. This will be a simple CRM practice by using a database as an effort to provide customer satisfaction treatment to consumers.

b. Engage

Closing & Passing; During the end-to-end purchasing process, the shop owner and staff immediately took a personal approach by using casual communication that made shoppers comfortable. This is one of the principles of marketing communication, so that buyers feel there is no GAP with the seller and to increase the attachment of relationships with consumers. Another way is to have a coupon for every purchase, so every purchase at a certain price immediately gets a lottery coupon which will be drawn every 3 months. And other breakthrough ideas that are continuously upgraded

3. Support

This is the most important point in a CRM implementation system, its implementation is base on data. So that shop owners will have a lot of consumer data references to improve customer satisfaction relationships.

a. Use

Every 1 month the shop owner makes data clustering for all customers, the owner performs data mapping by grouping customer segmentation based on nominal purchases, product purchases and probability level of customer loyalty. This data will be used to force customers in the following month, the goal is to attract customers to make a repeat purchase. Insight ultimately is to make consumers become loyal to a product and store.

b. Comment

Customer feedback, in stores and online stores, store owners provide a column for customer complaints, suggestions and criticisms. In the marketplace, the shop owner is required to provide a quick response when a customer communicates with the store.

Customer forum, the shop owner provides a buyer forum on WA groups, FB fanspage, Instagram, Telegram and other social media. Its function is to get in touch and provide updates if there are special offers as well as if there is a discussion of product complaints.

Advocacy, buyers who are already intense in the group are given the opportunity to become resellers and bonus packages if they can bring in buyers. Several times the shop owner also created a challenge with prizes whose aim was to bring in new customers through status blazing by previous buyers.

Partnership, shop owners build groups of buyers, resellers, agents and marketing creators using a fixed commission or fee system every month. The commission is given for each product with the commission value, and the fixed fee can be given in one live period or in a monthly period with the live market nominal which is determined through the initial agreement.

The entire series of CRM programs is carried out in stages and in stages. By measuring the achievement of each stage and evaluating each period of implementation. All tools are also developed in stages by looking at factual variables every period

CONCLUSION

Customer Relationship Management or Customer Relationship Management is a way that can be implemented in maintaining good relationships with customers. Customer Relationship Management is a process that aims to obtain, maintain relationships with customers in a profitable direction. Customer management based on data is the main basis for implementing the CRM program at Zahraza Stores.

The concept of customer relations management is built based on 3 main paradigms, starting from the planning & strategy process (Marketing), sales execution (sales) and supporting tools as an additional service effort after the product is consumed by consumers (support). This model was developed by customization and through two marketing communication channels, namely directly and through digital networks. The implementation phase includes Want (Prospecting, research, buy, engage, use and comment).

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