

## **DESIGN OF EMPOWERMENT MODEL FOR SMOKED FISH INDUSTRY THROUGH CUSTOMER RELATIONSHIP MANAGEMENT BASED ON THE ADAPTATION OF DIGITAL TRANSFORMATION IN SIDOARJO COAST**

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**Abstract:** The aim of this research is to develop smoked fish home industry through customer relationship management and identify supporting factors and also barriers in the development of the smoked fish industry through customer relationship management. This research used a qualitative approach. Data collection was carried out using interviews, observations and focus group discussions consisting of the village head, Bumdes director, and smoked fish industry stakeholders in Penatarsewu village. After the data was obtained, data triangulation was carried out and then analysed, namely data reduction, data presentation and conclusions. The results found that the customer relationship management model in small businesses is applied to services, namely providing good service to consumers and on social media. Marketing is done online and sales are made directly. Sales management organizes the sales' SOP from orders to products received by consumers. Factors that support the development of smoked fish home industry through customer relationship management include high consumer demand and it makes the product always sold out, meaning there is potential to be developed for the better. Meanwhile, the constraining factor is that the ability of resources is still limited, making the smoked fish business in Penatarsewu village rather difficult to develop.

**Keywords:** *Design of empowerment model; smoked fish industry; Customer Relationship Management; adaptation of digital transformation*

Submitted: 2023-12-22; Revised: 2024-02-20; Accepted: 2024-03-14

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### **1. Introduction**

The global crisis which is rumored to be spreading to other countries is a serious problem for the Indonesian government and must be immediately anticipated, especially for micro, small and medium industries. This makes entrepreneurs, both micro, small and medium enterprises, have to prepare themselves with various strategies so that they are not eroded by the crisis and ultimately go bankrupt.

Most of the coastal communities' business is processing caught sea fish or pond fish so that it has added value. They run various fish processing businesses, including a home-scale smoked fish processing industry. The smoked fish processing industry group on the coast of Sidoarjo can be said to be productive and is a driver of the coastal area's economy. From the initial survey conducted by researchers, the average income of the smoked fish processing

industry group is used to support daily needs. The smoked fish processing industry in this coastal area has the potential to be developed because it contains abundant raw materials, so it has the potential to become an independent food economic area. Currently, marketing is still carried out traditionally and is limited to neighboring villages. On the other hand, the smoked fish processing industry experiences ups and downs in its business and quite a few industries can only survive for a few months and eventually collapse, then other smoked fish processing industry newcomers emerge, only a few of these industries can survive in the long term.

One way to maintain and increase the income of the smoked fish processing industry so that it can achieve profits and develop during this global crisis is to create a model design that is adapted to current customer trends, namely the trend of digitally savvy customers. Limited knowledge and supporting infrastructure such as internet networks and capital to procure digitalization means that technological transformation has not been implemented, (Sidiq & Susanti, 2022). Customer Relationship Management (CRM), is a marketing strategy that is often carried out by management in the hope that customers will continue to buy products. (Saptadi & Marwi, 2014). Relationship marketing has a positive and significant effect on consumer satisfaction (Huwae et al., 2023). Now Employees wanted and expected to use digital technology to improve how they did their job and interacted with colleagues and customers (Boyle et al., 2022) The research team will develop a Design Model for Empowering the Smoked Fish Home Industry Through Customer Relationship Management Based on Adaptation to Digital Transformation on the Sidoarjo Coast.

From this background, the problem can be formulated as follows: 1. How to design a model for empowering the smoked fish home industry through customer relationship management? 2. What factors support and become obstacles in developing a smoked fish home industry through customer relationship management? The objectives of this research are: 1. Developing a smoked fish home industry through customer relationship management. 2. To identify what factors support and become obstacles in developing the smoked fish home industry through customer relationship management.

One way to improve the community's economy is through empowerment, (Florina & Khusna, 2019) Home industry or home industry is a home business producing goods or also a small company. It is said to be a small company because this type of economic activity is centered in (Mafrohah, 2019) Smoked fish processing is classified as a home industry scale business. Therefore, limited resources require arrangements that can optimize their use and resolve problems faced in processing businesses. (Hiarley & Romeon, 2015)

Most SMEs in Indonesia are still managed in traditional ways, with the touch of information technology not being optimal. On the other hand, the number of customers or transactions carried out by SMEs may no longer be small. One modern business approach is to pay attention to customer factors, not only before the transaction, but no less important after the transaction. So that repeat purchases occur. Applications in the field of information technology in this domain are called Customer Relationship Management. CRM development problems look more at large companies and western culture. Many CRM applications are created by large and well-known companies, which is why small companies are less interested in implementing CRM. CRM helps companies build, manage, and maintain strong relationships with customers.

Marketing is developing rapidly and understanding consumer behavior is one of the strategies for successful product marketing. The obstacle often faced by the majority of Small and Medium Enterprises (SMEs) is the difficulty of marketing their products and maintaining

existing markets in addition to several other obstacles such as less than optimal innovation, household finances mixed with industrial financing and traditional management.

Customer Relationship Management is a customer service approach that focuses on building long-term and continuous relationships with customers (So & Sheila, 2011) CRM is the process of strategically selecting the most profitable customers for the company to serve and forming interactions between the company and customers, the aim is to optimize customer value for the company's current and future (Kumar & Reinartz, 2018). Companies must take advantage of developments in technology and social media and improve service to customers to win the hearts of consumers. (Sembiring et al., 2019). CRM is the strategic management of customer relationships, involving the appropriate use of technology (Frow & Payne, 2009). CRM means different things to different people, and is implemented in different ways.

In some companies, CRM means creating offers to customers based on their past behavior and demographic characteristics. Therefore, it is necessary to understand localization in building CRM. Indicators in building CRM include 3 things, namely Humanity, Process and Technology.

Digital transformation is the use of digital technology to fundamentally increase a company's productivity and value. (Firmansyah & Saepuloh, 2022) The manufacturing sector as the engine that drives economic growth must undergo digital transformation, including small businesses, (Purwaningsih et al., 2018). digital economy is primarily understood as a system of relations based on the use of digital information and communication technologies, (Ershov et al., 2019)

## **2. Research Method**

This research is research that uses a qualitative approach with the research location in Penatarsewu village, Tanggulangin district, Sidoarjo. Initial studies in the field were carried out to see the condition of the smoked fish home industry. Researchers explored and determined respondents related to the research problem, namely the smoked fish home industry. The techniques used to collect data were focus group discussions, observation, interviews and documentation. Data analysis uses interactive model analysis as developed by Miles and Huberman which consists of 3 (three) analysis components, namely data reduction, data presentation, and drawing conclusions. which is relevant.

## **3. Results and Discussion**

### **3.1. Results**

Penatarsewu Village is located in the coastal area of East Sidoarjo. So most of the people work in fish ponds. So that the fish can last up to 3 days at room temperature, the pond farmers process the fish into smoked fish. In this village there are smoked fish processing industries and each day the production can reach approximately 10 tons, however in the dry season the production of smoked fish is less because fish from ponds as raw fish material decreases so the price becomes more expensive. This has the effect of making the selling price more expensive which ultimately results in a decrease in demand. Smoked fish can reach a higher market if it meets market requirements and specifications (Antwi, 2019)

The data collection method in this research uses observation, interviews, documentation and focus group discussions. The FGD was carried out on November 21 2022 in Penatarsewu village and the FGD participants included the head of Penatar Sewu village, Mr. Choliq, representatives of intermediary traders, in this case Resto Apung, Mr. Arif, and representatives

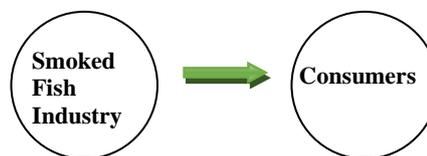
of the smoked fish industry. From the results of the FGD it can be concluded that there are two draft models for empowering the smoked fish industry, namely:

### 3.2. Discussion

From the results of this research, the model can be described as follows:

#### Model 1. B2C

Sales from smoked fish home industries directly to end users. In this B2C model there is no CRM implementation, all sales are carried out traditionally, transactions are carried out traditionally and there is no strong bond between buyers and sellers. Purchases occur because there is a need from consumers. According to Mr. Sulhan, one of the smoked fish business actors "every day almost 1 quintal is sold out under normal circumstances." In this traditional model, everything is done traditionally, there are no digital activities in business management from production to products in the hands of consumers. No matter how much smoked fish is produced, it will be sold out, so industry players are reluctant to be bothered with implementing CRM which will only increase their work. Marketing is carried out locally, namely to surrounding areas including traditional markets in the districts of Porong, Tanggulangin, Sidoarjo and the city of Surabaya.



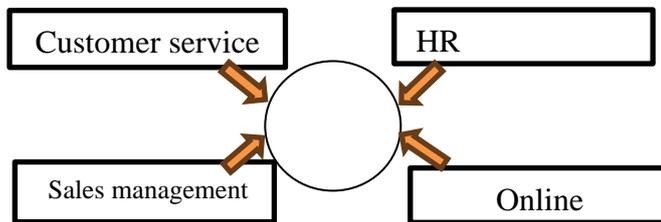
**Figure 1.**

Model 1. Smoked Fish Industry Without CRM  
Source: Research results (2023)

#### Model 2. B2B

Sales from the smoked fish industry to traders for resale, namely in the form of restaurants, cafes and eateries, this B2B model is suitable for implementing CRM, these intermediary traders have also begun to adapt their business management using digital technology. In managing effectively, the management of the floating restaurant applies CRM in managing its customers, which includes components including customers, relationships, and management as is done by the Floating Restaurant which is located in Penatarsewu Village. Resto Apung's management manages relationships with customers effectively to achieve business success even though it has not used a CRM application, so CRM at Resto Apung is managed simply. The CRM model based on digital transformation that was formed is: in the areas of service, HR development, online marketing and sales management. In the field of consumer service, the floating restaurant provides good service to consumers, including providing IG to be accessed by all prospective consumers from outside the area who want to visit and relax at the restaurant, managing criticism and suggestions from consumers for further improvements. Human resource development is carried out through training and development programs to improve employee skills in the field of service to consumers, friendly and family service is provided to consumers so that there is continuous communication via WhatsApp which allows repeat purchases. Marketing is done online on social media IG, Tiktok, YouTube and offline marketing using signboards and selling by word of mouth. This makes it easier for consumers to find floating restaurants so they can add customers which will ultimately increase sales of

floating restaurants. Sales management regulates sales SOPs which regulate the sales process where the sales process begins with the customer placing an order offline, then the order is received, then the sales process is carried out until the product is received by the consumer. Sales and orders for smoked fish menus at floating restaurants are carried out directly at the restaurant and are also made through orders using the WhatsApp social media service.



**Figure 2.**  
**Model 2.**

Customer Relationship Management in Small Businesses  
 Source: Research results (2023)

From the results of the focus group discussion, supporting and inhibiting factors can be identified. Factors that support the development of the smoked fish home industry through customer relationship management include high consumer demand. From the results of an interview with Mr. Ichsan, one of the smoked fish business owners, sales of his smoked fish products always run out. The high demand so that the product is always sold out means there is potential to be developed in a bigger, more profitable direction and to become more advanced.

Meanwhile, the factors that become obstacles in developing a smoked fish home industry through customer relationship management are limited resource capabilities, namely human resources, financial resources, physical resources and information resources, making the smoked fish business in Penatarsewu village somewhat difficult to carry out. developed in a more advanced direction. Smoked fish entrepreneurs assume that the products they sell traditionally are sold in their entirety, meaning the product sells, why implementing CRM will only increase the workload.

#### **4. Conclusion**

From the discussion above, it can be concluded that the smoked fish industry empowerment model through CRM is implemented in the areas of service, HR development, online marketing and simple digital-based sales management. The factors that support the development of the smoked fish industry are the high consumer demand. This, if managed well through the application of CRM, will bring maximum profits, while the factors that become obstacles are the low quality of resources so that it is difficult to be invited to apply the technology. digital in managing their business so that it can be more efficient and effective. This smoked fish home industry feels that selling its smoked fish products every day is profitable and does not require digitalization in managing its business.

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