Model Enhancement for Batik Artisan Empowerment through Customer Relationship Management Approach based on Information Technology

By Kusni Hidayati

RESEARCH ARTICLE

Model Enhancement for Batik Artisan Empowerment through Customer Relationship Management Approach based on Information Technology

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Abstract

Batik industry, has contributed significantly to economic growth in East Java. From 5.01% economic growth in East Java in 2009, approximately 53.4% are from small and medium enterprises that the majority of the artisans, which include batik craftsmen. (Disperindag Jatim: 2011). In the development of batik in Java encountered obstacles mainly related to marketing problems that real potential to enter the international market. To enter the global market need for empowerment of batik craftsmen who does not charge the craftsmen. One is the proper way to market batik to international markets. On this basis, this study aims to make batik craftsmen Empowerment Model Development approach based Customer Relationship Management Information Technology. To achieve these objectives used a qualitative approach involving multiple disciplines ie marketing management disciplines, accounting, social and informatics. This study aims to assess the pattern-based Customer Relationship Management Information Technology. Thus has determined several independent variables thought to affect the empowerment process of batik artisans, TAM, Relational benefits and Usage Intention. By using the models analsisis expected to be found if there is influence between the dependent and independent variables which are expected to further increase repeat purchases. The population is in Sidoarjo batik makers and Bangkalan. To achieve these objectives used a qualitative approach involving multiple disciplines ie marketing management disciplines, accounting, social and informatics. This study identifies the development of technology-based marketing model relational information that takes place in the region of the object of research. Which will be continued in the next year so that research results obtained batik makers can execute relational marketing activities based on information technology so that the results of this study can be used as a reference implementation of the model formulation of policy.

Keywords: Technology acceptance model, Customer relationship management, Marketing strategy.

Introduction

Indonesia's cultural heritage such as batik products. However, batik Indonesia in recent years faced tough competition with the production of a number of countries such as Malaysia, Thailand, Singapore, South Africa and Poland. Moreover, they use more advanced technology to be able to produce batik quickly and the price is cheaper. According to the Indonesian Batik Foundation chairman Ginandjar Kartasasmita Jultin, Indonesian Batik has been worked up by the Micro, Small and Medium Enterprises as the mainstay among national textile commodities that increase incomes.

Indonesian Batik craft business reached 48 287 units to 792 300 people absorb labor equivalent to Rp 2.9 trillion production value and the value of exports of US $ 110 million located in 17 provinces as a production base, so that the younger generation is more love batik from their own country, then it should be pursued Batik to be one of pride. Batik should be used as a high fashion world. Must be a trend and that is loved young people, Jultin Ginandjar Kartasasmita. Until now, the SME sector is the biggest businesses in the number of business units that reach 99 percent of the total national businesses in 2012 A total of 54 559 business units or 98.82 percent are micro enterprises with assets of up to a maximum of 50 million and a turnover of 300 million per year . Contribution of SMEs to the creation of the national GDP according to current prices, totaled 57 percent. The rest is contributed great efforts to reach 43 percent. Indonesian economic growth throughout the 2009-2012 average of 5.9 percent with inflation under control is one of the catalysts for the development of the SME sectors.

The main weakness of SMEs in Indonesia include market orientation, quality of human resources, mastery of technology, access to markets, capital. Detailed descriptions of the five main weaknesses are as follows [1]:

- The products most SMEs still do not have the penetrating power outlets world / export.
- Human resources involved in the business of SMEs are many reliable and qualified professionals, especially also in the field of entrepreneurship. SMEs in general are still not able to meet the demands of the market that demands quality stability, a large number of orders, and delivery of goods / services quickly and timely.
- The control of production technology and product quality as well as insight into the orientation of the majority of SMEs is still limited and has not been developed, including the power of innovation. Production technology used mostly still relatively simple / traditional.
- The ability and aggressiveness SMEs access to markets is still limited.
- Ability to capital is still limited, and the ability to access sources of funding / capitalization is also limited, among other problems pounded collateral, consulting fees, costs of sales promotion (exhibitions, brochures, cost of quality testing, shipment of samples), which is also compounded by the inconsistent yet alignments banking and financial sector to the development of SMEs.

While the factors inhibiting the use of information technologies by small and medium-sized businesses include:

- Business process mismatch
- Limitations in terms of managerial knowledge and use of ICT
- The cost of development and maintenance of electronic systems,
- The problem of computer and network infrastructures and communications,
- Issues of trust and security of the use of ICT,
- Legal uncertainty and
- The challenges associated with the adoption of electronic business processes.

Based on the multidimensional problems above, it can be taken a conclusion that the purpose of this research is to implement a marketing plan based relational model of Customer Relationship Management (CRM) [2] and information technology unearthed from marketing activities undertaken by the SMEs. From the results of the study are expected to be used by parties other stakeholders as a reference in implementing

Customer Relationship Management and information technology to support relationship marketing has been done by the SMEs.

Literature Review

Customer Relationship Management Approach

Customer relationship management is an enterprise-wide business strategy designed to optimize profitability, revenue and customer satisfaction by way of organizing company based on customer segments, strengthen customer satisfying behaviors and linking processes from customers to suppliers. Investment key to customer relationship management technology provides a number of benefits, including a better understanding of customers, increased access to customers, more effective customer interaction and integration between the functions of customer channels and back-office. Field applications include customer relationship management technology-enabled selling, service and customer support, and technology-enabled marketing. Customer relationship management is a core business strategy that integrates internal processes and functions and external networks to create and deliver value to targeted customers in order to gain profit. Customer relationship management is supported with high quality customer data and facilitated by information technology [3].

More importantly, at this time the communication is no longer controlled by the company. Consumers can find the company which he faced with their own knowledge or from the knowledge of its other customers. CRM has three types of programs, namely the Continuity Marketing [2], One to One Marketing and Partnering Program. All three programs have different forms for the end user, distributor customers, or business to business customers. Three scope of customer relationship management according to Buttle [3] (1) Strategic, (2) Operational, (3) Analytical.

Customer relationship management strategically focused on efforts to develop a business culture that is customer oriented or customer-centric. Culture was reflected in the behavior of the helm of the company, the design of formal systems within the company and the various myths and stories that circulate in the company. In the customer-oriented culture, all resources will be allocated to support all measures that can increase the value of the company in the eyes of the customer, as well as a reward system (reward system) that can increase positive behaviors that lead to employee satisfaction, as well as an

increase in the collection system, dissemination, and application of information about customers to support the various activities of the company.

Customer relationship management is more focused on the automation of operational ways the company in dealing with customers. Automation include: (1) marketing automation is the use of technology in marketing processes; (2) by applying a force automation technology in managing the sales activities of the company; (3) automation services, companies can perform the function of service to customers automatically, either through a call center or contact center owned or, through the facilities of the company's website, even through direct face to face between the customer service representatives in the field.

To be able to implement the business strategy by using Customer Relationship Management can empower batik makers, need to know the problems that occur in the field outline is based on observations on the batik craftsmen as follows: (1) batik makers do not have their own outlets and batik channeled to dealers so as income is only enough for their own cost of capital and the everyday cannot make a profit greater; (2) the craftsmen who have a fixed distributor, using direct marketing through distributors then sold at wholesale; (3) for the batik craftsmen who still does not have a distributor, they are using social networks or blogs to promote and sell their products. However batik makers who use online way, only rudimentary, meaning they do not update the product and the price, so if there are consumers who do not see the old impressed new product updates.

Business competition is now increasing, with various ways they use to be superior to the competition with other companies. One way to be more superior then use the relationship with the customer in order to serve all customer needs fulfilled. Customers are a company's assets to benefit from the sale to the customer. To create customer satisfaction, then the batik craftsmen must create a system and process to acquire more customers and also have the ability to retain loyal customers.

To obtain more customers and retain potential - customers can be an attempt Customer Relationship Management (CRM) [2]. Customer Relationship Management is essentially managing customer relationships through the ability of the company in order to improve the performance of the company in the future. Customer Relationship Management can also be used to develop a comprehensive business

strategy in a company that allows the company to effectively manage relationships with customers. Using a CRM system a company can concentrate on keeping the customers by collecting all forms of customer interaction either by phone, e-mail, feedback on the site or the outcome of talks with the sales and marketing staff [2]. Customer Relationship Management is a consumer behavior modification and learning every time and every interaction, treatment of customers and build strength between consumers and companies [9].

Technology Acceptance Model (TAM)

Technology Acceptance Model TAM hereinafter referred adapted from Theory Reasoned Action (TRA) [4], to establish a causal relationship between beliefs, attitudes users, intentions and actual behavior. TAM was first introduced by Davis in 1986 the main objective of TAM as stated by Davis is to explain the factors that influence the acceptance of information technology with a broad range of information technology and the population of users. In the Technology Acceptance Model, the actual use of the system is determined by the behavioral intention to use, which in turn is determined along with the attitude towards usage and perceived usefulness. Perceived ease of use is a direct determinant on perceived usefulness and a direct and indirect determinants of the attitude [5]. This model is presented in Figure 1.
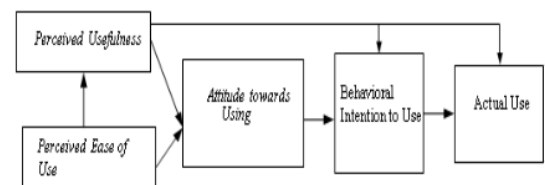
Figure 1: Technology acceptance model

Based on figure 1 the technology acceptance model, perceived usefulness refers to the user's perception of the extent to which the use of such a system will improve performance and provide ease of use, the belief that the use of the system would be free of effort [5]. In early models Davis, Bagozzi, and Warshaw [5] also suggested that perceived usefulness and ease of use of fully mediate on the effects of all external variables such as individual differences, situational constraints, and system design characteristics on individual attitudes and behavior use.

In conclusion, the literature regarding user acceptance of information technology is a wealth of knowledge and strength that has helped researchers and practitioners to better

understand the determinants of intentions or behavior of individuals and the use of technology in an organizational context. Understanding of individual user differences, situational factors, and social influences in the context of giving consumers the opportunity to increase user acceptance and use of technology.

Research Methodology

Sampling Technique and Method

The method in this study uses a qualitative approach to the model of the data on the study object of the Batik SMEs in East Java. A qualitative approach was taken because in this study the target or object of study is limited to the data captured can be extracted as much as possible, and that is not possible in this study the broadening of the research object. This study departed from the way of thinking is inductive, then deductive thinking.

Techniques and steps used in the data collection is a model interview. In accordance with the use of a qualitative approach in this research, the data used to get depth interview techniques. In-depth interview technique is used to obtain the data because it is very precise technique to obtain data related to marketing activities, motivation, behavior and so on [10]. In-depth interviews conducted with a view to explore in depth

information and data relating to comprehend factors that inhibit and promote the implementation of CRM [2] in SME policy as well as the needs for the development of SMEs.

Having conducted in-depth interviews, the results of the interviews will be discussed with a focus group discussion technique is considered a suitable technique for collecting information related to problem solving which in this study were issues related to the implementation of the CRM policy. With FGD researchers expected to find the right model for the implementation of CRM to empower SME policy. Because by doing FGD will be able to engage all parties involved in the implementation of the CRM policy [2]. In this study FGD is used to capture information from the various parties involved, namely batik artisans, local government, community service group, and consumers.

This research is related to policy implementation of CRM in empowering SMEs. In implementing these policies is required the involvement of various parties in this study used the framework of cooperation between stakeholders.

- Model Design Research

  The design of the model in this study can be summarized in the chart that can be seen in Figure 2, as follows.
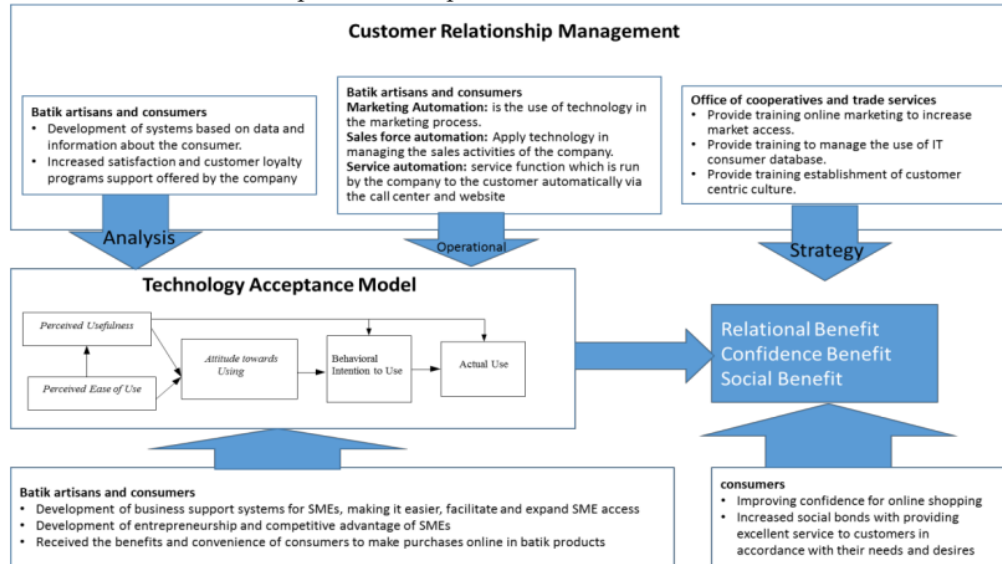

Figure 2: Research model resume

To test the design of the model on the research conducted on the empowerment of SMEs in implementing a CRM program. In the empowerment of SMEs will involve related parties in accordance with the recommendations in the earlier study. The test is intended to obtain

input from the design model that has been found in

The test is done by empowering SMEs with technical assistance is a partner company in the CRM program. In conducting the test

will also be performed monitoring and evaluation. Monitoring and Evaluation is done by observing the implementation of a development program in this way it will be known constraints in testing the model. By doing monitoring and evaluation is expected to be obtained directly from the input field so that it will be found on the right pattern to develop a CRM program in empowering SMEs.

Results

The following summary can be presented some of the results that have been achieved in this research.

A Customer Relationship Management Approach

Based on the concept of customer relationship management (CRM) is derived from the concept of relationship marketing (Relationship Marketing) [6], the results showed that the role of almost all stakeholders at all events by batik entrepreneurs in the batik industry is still small scale low. The role of the community in the batik business activities in the research area of the procurement activities of production factors to technology innovation is moderate, but the activity of business consulting, market access and networking has a role that is still low.

The role of government, academia, and society / NGOs is still very low on the batik business activities in the area of research on all the activities of the respondents. Therefore, the government is expected to play a greater role in the future on all batik business activity small scale, in order to improve the welfare of both economic and non-economic. The role of academics, community / NGO which is still very low in all business activities of small-scale batik need to be improved so that the capacity of the small-scale batik able to increase production. The role of academics / NGOs expected small industrial entrepreneurs are creating new technologies to increase production capacity and efficiency. In addition, the need for guidance and counseling of production management, financial management and waste handling in-process of batik-making in the area of research.

Based on the strategic scope of the study Customer Relationship Management, CRM strategically focused on efforts to develop a business culture that is customer oriented or customer-centric [3]. Based on the research results show, in general, batik craftsmen in the study area still do not understand the magnitude of demand and design / motif is favored by the public. They tend to perform activities of production following the pattern / motif that is

almost the same between the craftsman with other artisans regardless of quality or design / motif desirable for certain consumers, there is also a cheat design motifs of batik entrepreneurs others. It can be concluded that the batik craftsmen do not focus on developing customer-oriented business culture, this is indicated by the absence of attention to quality and design or motif that consumers want certainty. Not the focus of batik craftsmen do not impact all the resources allocated to support all measures that can increase the value of the company in the eyes of the customer and the absence of significant improvement in the system of collection, dissemination, and application of information about customers to support the various activities of the company.

Judging from the operational scope of the Customer relationship management related to the automation of the ways the company in dealing with customers [2], the result can be explained as follows. Based upon the results of the study showed that the majority of batik entrepreneurs in the study area have not been utilizing technology to support the marketing process. Marketing activities undertaken by the majority of batik entrepreneurs to date rely more on word of mouth marketing, product supply in the surrounding shops, create a distribution channel, the exhibition organized by local governments and national events, set up a booth in the plaza, meaning overall marketing pattern run by batik entrepreneurs still do not take advantage of information technology.

Implications of the Technology Acceptance Model

Based on the theory of Customer Relationship Management requires batik entrepreneurs to better guide to business strategy facilitated technology to allocate organizational resources to understand, anticipate and manage the needs of customers [3]. This suggests a link between Customer Relationship Management with the technology acceptance model. Based on the results of the study, showed that only a small fraction of about 10% of batik entrepreneurs in the study area in addition to selling batik products offline are also sold online. So there are many entrepreneurs who sells batik only limited offline.

The entrepreneurs who do promotions (sales) online, based on existing research that uses social media such as Facebook, twitter and other social media, or anyone using a web blog, there is also a website that already has a special sale of batik. Batik entrepreneurs who sell online and even then not entirely seriously perform in accordance with the rules of online marketing. This can be seen in

the online marketing is done in social media, such as Facebook and others. In the online marketing is done in social media, batik entrepreneurs can only be a product shown photo batik products one by one in order to be seen by consumers. Online marketing through social media can not be done by displaying many products because of the limited room that provided by social media. And even then still have to update continuously batik product photos to display new products. The entrepreneurs who do online marketing through blogs and websites and even then still not entirely follow the rules correctly online marketing. It can be seen on websites and blogs that are not continuous for batik product updates, or there are many websites that are not equipped with a quick response if the coming order or request more detailed business information from customers.

Technology acceptance model should provide ease of use (perceived ease of use) as the degree to which a user believes that the technology / system can be used easily and free of problems Davis et al., [5]. The system is more often used to denote that the system is better known, is easier to operate and easier to use by users. Based on the results of observations made on several websites nor Mr blogs batik entrepreneurs who promote (sell) Jetis Sidoarjo batik found that not all of the products listed are sold batik product prices, even though listed price is not the whole product already updated the price, sometimes still using the old price. These raises not know exactly how much the total expenditure to be incurred by the consumer. Even if the price has been listed, the product specifications in the form of batik cloth material used is not specified, so that consumers still consider the appropriateness of the price of the product quality of batik material.

Technology acceptance model done by batik entrepreneurs in the study area has not been fully carried out. It is based on the findings, the online marketing is done still seem perfunctory, not neatly organized and up to date so it is still far from the rules of correct online marketing and professional and can boost profits for entrepreneurs batik and provide convenience and benefits to consumers to shop batik products online.

Results of Benefit Relation

Batik entrepreneurs should develop relational Benefit the benefits derived from the consumer long-term relationship that has been done by batik entrepreneurs with customers [7]. Long-term relationship with consumers can be done with boost consumer confidence and reduced anxiety

(confidence benefits), provide pleasure when shopping and paying attention (social benefits) [7].

Based on the results of the study found that batik entrepreneurs who sell products online has been trying to reduce consumer anxiety by stating the price and quality of batik fabric, a photo of the front and rear for apparel products. In this way, consumers will be able to compare the benefit that the fit between the qualities of the fabric is sold at a price. Consumers also have more confidence in online batik shop that sold the price matches the quality. Online batik shop that raised the level of consumer confidence is the company's effort to make loyal customers [7]. Inclusion of photos batik apparel products, prices and types of fabrics will increase consumer confidence and reduced consumer intentions to move to other online batik shop.

To keep the customers do not leave the service provider or switch to its competitors, it offers an online batik shop online yahoo messenger with the aim consumers can make online communication or inquire about batik products are sold online. This can increase the social benefits. As stated by Price et al., [8] that the social benefit can be constructed by building a commercial relationship between the service providers to its customers. Interaction of the customer with another customer, and friendship are fostered as well as the interaction between the customer and the service provider will produce a social benefit.

Conclusion

Based on observations and interviews conducted, the results of the study can be summarized as follows: The batik SMEs in both the research is in the area of Tanjung Earth Bangkalan, Madura district and village Kampung Batik Sidoarjo Jetis most (95%) are still using the marketing mix (4P concept). To still use the promotional campaign through ads or to build relationships with customers as conventional forms of marketing communication. They do not use the custumer Relationship Management to obtain, retain and develop profitable customer.

The batik SMEs in both the research is in the area of Tanjung Earth Bangkalan Madura district and village Kampung Batik Sidoarjo Jetis only a fraction (about 10%) who use information technology to promote and sell their products, such as social media, blogs and web. Utilization of our technology is based on the observation that too modest, because there is no specific employee whose job is to promote it online so that the product or the price is not updated properly.

Acknowledgment

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