

# Development of Madura Batik MSME Partnership Model Based on Customer Relationship Management

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**Abstract:-** Madura Batik's business is still not able to absorb as much labor as the agricultural sector and has not been able to contribute as much regional income as expected. Marketing problems that are only oriented towards high short-term sales volumes are less favorable in service businesses. This study aims to: (1). Map the performance of customer relationship management in Madura Batik MSMEs, (2). Formulate a partnership model for Madura Batik MSMEs based on customer relationship management. The analysis methods used are (1). Descriptive data analysis, (2). Strengthening the partnership model using interval scale indicators on five partnership models. In the development of the Madura Batik SME partnership model, it is known that the most important partner is the supplier where which is in line with the measurement of the weight of the core process of the SCOR model of Madura Batik SME supply chain management which is known that the procurement process is a priority. In the criteria for the formation of commitment and trust, it is known that Non-Opportunistic Behaviour has the highest weight that if partners trust each other, opportunistic behavior will be more difficult to occur and the partnering parties will not harm each other.

**Keywords:** Customer Relationship Management, Madura Batik, SME Partnership Model.

## 1. Introduction

Indonesia is a country that has a rich and diverse culture. One of the many cultural treasures of Indonesia is batik. On 2 October 2009 UNESCO designated batik as one of the masterpieces of the oral and intangible heritage of humanity [1]. Indonesia has a variety of batik motifs and some very famous motifs are Pekalongan, Solo, Yogya, Cirebon and Madura Batik.

Madura batik is produced by three districts, namely Bangkalan Regency, Pamekasan Regency and Sumenep Regency with their respective characteristics. Bangkalan's Tanjung Bumi batik is more firmly identified with coastal batik, while Pamekasan and Sumenep batik are relatively softer. Despite the differences, the core patterns of Madura Batik are distinctive for their bold colors and the number of lines displayed in one design. This uniqueness further complements Madura's rich potential to welcome tourists after the opening of the Suramadu Bridge in 2009. The presence of the Suramadu bridge gives more enthusiasm for the people of Madura to develop their potential in agriculture, trade, industry and other services.

The existence of the Suramadu bridge has facilitated access to transport between Java and Madura. With an average vehicle volume of 20 thousand per day on weekdays and 25 thousand on holidays, it provides a great opportunity for Madura to develop the potential of its territory both in the agricultural, industrial, trade, and service sectors and not to forget tourism. The results of field observations show that visitors or tourists who enjoy the splendor of Suramadu are also looking for typical Madura shopping tours. Madura batik is one of the most sought-after products by these tourists, especially its distinctive patterns, unique colors and quality

materials used make Madura batik even more attractive to enthusiasts [2]. On the other hand, the Madurese people have the ability and excellence in this batik business.

Two districts in Madura, namely Pamekasan and Bangkalan, have been serious in preparing their products after the establishment of the Suramadu bridge. Batik is one of the products that receive special attention. The central batik-producing area in Pamekasan is prepared as a tourist visit area called Kampung Batik Klampar. Support in the field of marketing is also optimized with the provision of the Batik 17 August market located in the city center. Meanwhile, Bangkalan is exposed to the Tanjung Bumi area.

The text below discusses how Madura batik businesses can contribute to the growth of the local and regional economy. Despite its potential, the batik industry has yet to provide as much employment as the agricultural sector and its contribution to regional income has been below expectations. Research indicates that most batik businesses are small to medium-sized and rely on local resources and communities. These businesses have immense potential to drive economic growth in the region and become a national economic growth area. However, challenges such as business management, access to capital, and product marketing have been hindering the development of small to medium-sized enterprises.

Moreover, batik entrepreneurs face intense competition in both domestic and international markets. To succeed, they must create high-quality products that meet customer demands. Transactional marketing is not an effective approach for businesses that rely on building relationships with customers. Instead, relationship marketing is key to retaining customers and creating long-term growth. Therefore, it is essential to conduct a thorough study to (1) assess the performance of customer relationship management in Madura Batik MSMEs and (2) strengthen the partnership model of Madura Batik MSMEs based on customer relationship management.

## 2. Methods

The research location was determined purposively in three Madura Batik producing districts, namely Bangkalan, Pamekasan, and Sumenep. The research targets that will be sampled are from the consumer side and all actors involved in the Madura Batik marketing supply chain in Kampung Batik, either in Klampar or In Tanjung Bumi. According to Sugiyono (2017) [3], the appropriate sample size in research is between 30 and 500. This study used a sample of 30 respondents in each district. And took all the marketing actors encountered in the field.

The data used in this research is primary data, which is collected through interview techniques and in-depth observations, using questionnaires. The data analysis used is qualitative descriptive analysis. Mapping the implementation of customer relationship management in Madura batik SMEs using the servqual formula. According to Amatullah et al., (2018) [4], this servqual formula uses a statement with a Likert scale assessment with a value range of one which means strongly disagree to five which means strongly agree.

$$S = (P - E) \times 100\%$$

Note :

S = Servqual Value

P = Perception Value

E = Expectation Value

The basic concept of CRM is not only to make customers objects of sale but also as business partners. According to Sayyid, (2020) [5], there are stages in customer relationship management, among others:

1. Getting new customers. This can be done by promoting the advantages of the product.
2. Maintaining existing customers, which can be done by providing specific information to customers.
3. Increasing business profits. This is done by increasing the potential of existing customers by providing good service.

The second descriptive analysis is regarding the implementation of relational marketing based on determining and retaining customers. Customer determination is seen based on decisions in selecting customers. The basis

for retaining customers is seen based on communication, quality management and logistics management. Descriptive analysis to answer the second problem formulation using a Likert scale. The Likert scale is used to measure the attitudes, opinions, and perceptions of a person or group of people about social phenomena [6]. The measurement indicators use an interval scale. The interval scale is data obtained by measuring where the distance between two points on the scale is known. The level of relationship marketing is measured based on five indicators, namely: termination cost, relationship benefit, shared value, communication, non opportunistic behaviour.

According to Morgan & Hunt (1994) [7], five relationship marketing models affect customer commitment and trust, consisting of the following:

1. Termination Cost

Termination cost is the cost incurred by business people when they lose partners (suppliers or consumers) or replace partners who have previously cooperated with other new partners. The higher the cost, the greater the commitment of a business person. Indicators of variable measurement are based on economic losses and product strength.

2. Shared Benefit

Shared benefits or relationship benefits relate to benefits that can be provided and shared with partners. Partners can benefit from the partnership that is established. The benefits in question can be in the form of profit, customer satisfaction, performance, or others. The more benefits obtained, the greater the commitment to partnering. This indicator is measured based on benefits, guaranteed availability, and satisfaction.

3. Shared Value

Shared value shows the compatibility of values such as vision, goals, targets, and behaviour between partnering business actors. The suitability or similarity of values owned will facilitate the partnering process. Conformity or similarity of values owned will facilitate the business process that will be run together because conflicts or differences will be difficult to find. Business actors will tend to be highly committed and very trusting when each business actor has the same values. This indicator is measured based on the similarity of values and the same perspective.

4. Communication

Communication is the process of various information both formally and informally between partnering business people. Communication that can increase trust in partners is communication that contains relevant, reliable and quality information. Open, intensive, and timely communication can increase the trust of business people in partnerships. This indicator is measured based on information and feedback between farmers and customers.

5. Non Opportunistic Behaviour

Opportunistic behaviour is an activity that is not concerned with one's affairs and benefits by taking advantage of other weak parties. If a partner behaves opportunistically, trust in the partner will decrease. This indicator is measured based on the attitude of exploitation, suppression, and ego.

This analysis was carried out by scoring the answers to the questionnaires that had been filled in by the respondents. The results of the summation of each statement item are then consulted with the variable category table. Categories at the relationship marketing level in the koi fish business are grouped into three, namely bad, good, and very good. The category of each variable is presented in the form of a category table. The steps to determine the category table on the relationship marketing level variable are as follows:

1) Determining the criteria index

$$\text{Index} = \frac{(\text{Total per item} - \text{Smallest value})}{(\text{The largest value} - \text{The smallest value})} \times 100\%$$

- 2) Determine the number of classes (k) required, which is three categories:

**Table 1. Relationship Marketing Level Assessment Category**

Category	Interval
Low	0-34
Medium	35-67
High	>68

- 3) The next stage is the formulation of the partnership model. This model formulation stage is divided into two stages, namely the model development stage using the AHP method.
- 4) Verification and enrichment of the model was conducted through FGDs with relevant parties.

### 3. Results and Discussion

#### Mapping the Implementation of Customer Relationship Management in Madura Batik SMEs

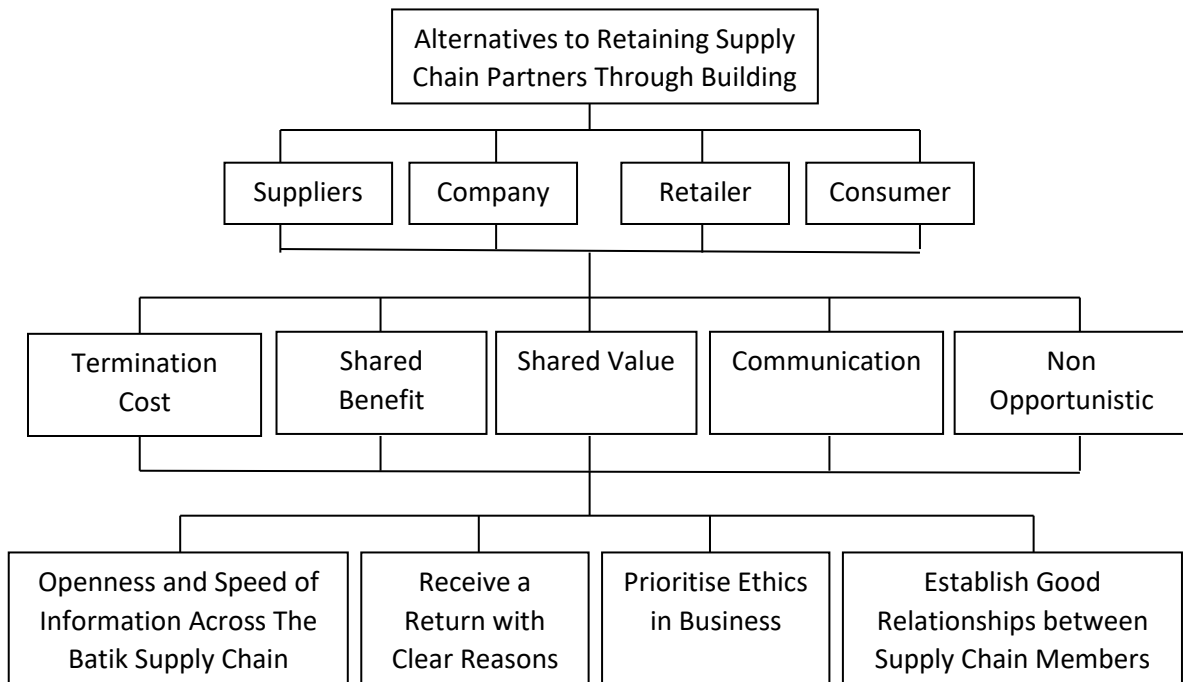
Based on the research results, it is known that CRM activities in Madura Batik SMEs follow the following stages:

- Getting new customers: creating a website for information services by promoting the advantages of the product, and giving discounts for the first purchase in the partner marketplace. Nurfahriza et al. (2023) [8] stated that a website can help a company in marketing its products to be widely spread to various regions efficiently.
- Maintaining pre-existing customers: namely by giving parcels during Eid to loyal buyers, replacing unsuitable ordered products, free shipping for certain purchases. This treatment is in line with research by Sinambela & Mardikaningsih (2022) [9] which states that customer loyalty is not easy to obtain, especially since similar and newest products continue to compete for customers' hearts, efforts to create customer satisfaction also vary, such as: giving discounts to loyal customers and replacing unsuitable products.
- Increase business profits: by giving a special discount for purchasing a certain amount. And provide additional free bonus products for the purchase of a certain amount and apply multiples. This is evidenced by research conducted by Lestari (2018) [10] which states that giving discounts and giving additional bonuses can trigger the impulsive actions of customers to purchase a product.

Based on the results of the study, the CRM method most favored by respondents is a free additional bonus product for certain purchases and applies multiples. While web creation for promotion occupies the lowest rating from consumers.

#### Providing Alternative Solutions to Supply Chain Management

Supply chain management in Madura Batik SMEs needs to be improved to get better supply chain management. To maintain and improve supply chain management, it is necessary to analyze alternatives to maintain intense and long-term relationships with each partner in the supply chain. According to Morgan & Hunt (1994)[7], intense and long-term relationships can be maintained through trust and commitment between supply chain partners. The provision of alternatives is carried out using the AHP method with level 1, namely the type of partner; level 2, namely five things or criteria that form partner trust and commitment; and level 3 alternative fractions of the five things. The hierarchy of alternative provisions can be seen in the following figure.



**Figure 1. Hierarchy of Alternatives for Maintaining Supply Chain Management Performance**

**Table 2. Alternative Weight Calculation Results Maintaining Supply Chain Management through Relationship Marketing**

Factors	Factor Weight	Criteria	Criteria Weight	Alternative	Alternative Weight
Suppliers	0,461	<i>Termination Cost</i>	0,09	Openness and speed of information across the batik supply chain	0,283
Company	0,129	<i>Shared Benefit</i>	0,11	Accept returns with clear reasons	0,176
Retailer	0,108	<i>Shared Value</i>	0,24	Prioritise Ethics in Business	0,247
Consumer	0,301	<i>Communication</i>	0,25	Establish Good Relationships between Supply Chain Members	0,294
		<i>Non Opportunistic Behavior</i>	0,30		

From the table, it is known that the most important partner is the supplier with a weight of 0.461, which is in line with the measurement of the weight of the core processes of the SCOR model of Madura Batik IKM supply chain management, which is known that the procurement process is a priority. Trust and commitment affect supplier satisfaction so that it can increase supplier loyalty [11]. In the criteria for establishing commitment and trust, it is known that Non-Opportunistic Behavior has the highest weight of 0.30. Pantouvakisa et al (2017) [12]

suggest that if partners trust each other, opportunistic behavior will be more difficult to occur, and will not experience losses to each other. The alternative to building trust and commitment that is considered the most important is to establish a good relationship between partners or supply chain members at 0.294. This is in line with Anggita et al (2016) [13] where if the relationship between partners is well maintained, this will lead to the high commitment between partners.

#### 4. Conclusion

Based on the research results, it can be concluded that the CRM method most favored by respondents is a free additional bonus product for certain purchases and applies multiples. While the creation of a website for promotion has the lowest rating from consumers. Then, in strengthening the partnership model of Madura Batik SMEs, it is known that the most important partner is the supplier because the procurement process of raw materials is a priority in the supply chain management of Madura Batik SMEs. In the criteria for the formation of commitment and trust, it is known that non-opportunistic Behavior has the highest weight, meaning that if partners trust each other, opportunistic behavior will be more difficult to occur and will not harm each other.

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