# Implementation of Customer Relationship Management: The Effect of  Brand Image on SMES in Siak Regency

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**Abstract.**  This study aims to determine the effect of brand image on the implementation of customer relationship management by SMEs in Siak Regency. The population of this study was all the SMEs in Siak Regency and used the slovin formula as a sampling technique. Data collection techniques used surveys, observational and In Deph Interviews. Data analysis technique used simple linear regression. The result of this study show that: The brand image have positive and significant effect on implementation of customer relationship management with contribution of 75,4%.

**Keywords:** Brand, Image, CRM, SMES

## INTRODUCTION

A brand can be perceived differently by different customers. Therefore, building a consistent brand image is a task that must be done by all business owners or people who run the business. Every company tries to build a strong image because it helps in fulfilling their business motives. A company with a bad image may struggle to operate and may not be able to launch new products under the same brand. Therefore, a good brand image is very important to build.

Marketers spend a lot of time, effort, and resources in building a brand identity. They decide how the brand will look, how customers will feel when buying products from the brand, where the brand should be placed in the minds of consumers, and other associations. All of this, when summarized, creates a brand personality that ultimately creates a brand image when customers interact with the brand or simply learn about it.

Nowadays, brand image is not always formed from customer interaction and experience with the brand. Sometimes potential customers form a brand image in their minds after reading news about the brand or simply after seeing an influencer's review of the brand. As with human interaction, when we meet someone, we judge their personality and form a perception of them in our minds based on the interactions that occur. Likewise, we can also form a perception when we hear about that person from some of our friends.

Brand image often influences a customer's expectations and consequently satisfaction with a product or service. As a customer-oriented concept, brand image reflects the customer's perspective of what he or she receives from the brand and depends on his or her experience with it.

Customer loyalty in the business world is very important both in terms of goods companies and service companies. Business actors really hope to be able to retain their customers in the long term, even if possibles as long as possible or for the customer's lifetime. Loyal customers have a lower tendency to switch (change brands), becoming strong word of mouth [4]. A loyal customer will reduce the effort to find alternative products, provide positive feedback to the company. In addition, there is strong evidence that loyalty has a relationship with profitability for the company (Newell, 2020). Therefore, a better alternative is to make various efforts to maintain the existing market, one of which is through efforts to increase customer loyalty. Many assume that customer satisfaction will form loyal customers to the company. However, the relationship between satisfaction and loyalty is unclear. There are a number of customers who express satisfaction but still switch brands.

This research is one of the concrete steps of the collaboration with the industrial partner of Bengkalis State Polytechnic, namely PT Pertamina Hulu Rokan (PHR), which is a subsidiary of PT Pertamina (Persero). PHR has

officially taken over the Rokan Block in Riau from PT Chevron Pacific Indonesia (CPI) on August 9, 2021. The Rokan Block has a fairly important role in achieving the national oil production target of 1 million barrels per day (bopd) in 2030. One of PHR's Corporate Social Responsibility (CSR) activities is to provide guidance and strengthening to MSMEs and KUBs located in the ring 1 area. However, MSME actors under PHR's guidance are hampered by the lack of knowledge about digital marketing and electronic commerce (e-commerce). Therefore, on December 7, 2021, PHR collaborated with Bengkalis State Polytechnic (Polbeng) to collaborate by signing a Memorandum of Understanding Number: BA-07/CA-SP/XII/2021 concerning the "University Relationship Program" which states that both parties agree to improve the quality of human resources through education, teaching, research, and community service..

As a form of partner commitment, this activity has been carried out by signing a work contract Number: UI22078 and Number: 0721/PL31/DN/2022 dated February 25, 2022 concerning the MSME mentoring program, so this research was conducted by focusing on how to build a more effective brand image and CRM for MSMEs fostered by PT. PHR. This research is a follow-up to the 2023 research which focuses more on the impact of the implementation and utilization of digital marketing and e-commerce.

## METHODS

The location of the study is Siak Sri Indrapura Regency. The data sources used are primary and secondary data. Data collection techniques are carried out using surveys, observational and In Depth Interviews. The population of the study is the entire Siak Regency. This study uses a probability sampling design with the Simple random sampling method of 100 responden. Measurement of perception and testing of the influence between the variables studied using linear and multiple regression analysis. The data collection method uses primary data obtained through Focus Group Discussion (FGD) or In Depth Interview (IDI), and offline/online surveys.

## RESULTS AND DISCUSSION

Brand image is defined as the consumer's perception in his memory of a brand reflected through brand associations (Iglesias, 2014 in Helmi Sulaeman 2022). As one of the important intangible assets, brand image has a significant impact on consumer perception. Companies often develop brand images to expand their brand portfolios indirectly. By expanding their brand portfolios to new products, companies can leverage established brand images and brand awareness. This can also increase potential customers' awareness of their brand image. explains that stores with a strong brand image can increase consumer purchase intentions. Recent empirical findings show that brand image has a significant positive influence on consumer purchasing decisions

According to Cahyani and Sutrasmawati, 2016 in [8], brand image is a picture of how a customer identifies himself with a particular brand. In competitive business development, brand image is very valuable and important to ensure that the brand or company is known to the wider community, including both existing customers and potential new customers. In other words, customers who have a positive image of a brand may be more likely to make a purchase, while customers who have a negative image of the brand may not be more likely to make a purchase.

According to Kotler & Keller (2013) in [7], Brand Image can be defined as the perception of a brand as reflected by brand associations in the minds of consumers. Brand Image has an important role because consumers tend to choose products that are well known through experience using the product or based on information obtained through the media (Ramli, 2016 in Deny Rumaidlany 2022). The dimensions of brand image are as follows: quality, trustworthiness, usefulness or benefits, service, risk, price and image.

According to Alma, 2010 in [5], Customer Relationship Management (CRM) is a process that aims to obtain, maintain, and improve profitable relationships with customers. The main goal is to create value for customers, ensure their satisfaction, and optimize profits for the company by providing product quality that can provide optimal satisfaction for customers. CRM is also considered a new approach to managing relationships between companies and customers at the business level. This approach allows companies to maximize communication and marketing by managing various contacts with different customers. Thus, companies can retain customers, provide added value continuously, and achieve sustainable profits (Edward C. Malthouse in Anna Stasia Octavia, 2019).

In addition, CRM can also be interpreted as a proactive business strategy in building preferences for an organization through the involvement of individual employees, distribution channels, and customers. This approach aims to improve customer retention and overall company performance. CRM is also seen as a learning process to

understand the values that are important to each customer and use that knowledge to provide the desired benefits and make it easier for customers to do business with the company (Newell, 2000, in Anna Stasia Octavia, 2019).

Customer Relationship Management (CRM) is a set of software specifically designed to control the three axes of the relationship between a company and its customers, sales, marketing, and service. Electronic CRM has become the latest paradigm in the world of customer relationship management, as modern companies have come to understand the need to evolve sensitively to the environment in order to succeed with their marketing strategies. Since its inception, CRM has had a globally accepted primary objective, which is to attract and retain economically valuable customers, while leaving less profitable ones.

According to Buttle [2], Customer Relationship Management (CRM) is a core strategy in business that integrates internal processes and functions with all external networks to create and realize value for target consumers profitably. The indicators of the framework elements in the implementation of Customer Relationship Management (CRM) are as follows: identification, differentiation, interaction and customization.

The test results for brand image and CRM factors are shown in the following tables:

**TABLE 1**. The Results of the Brand Image Significance Test on CRM

**Coefficients**a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | -.828 | .298 | | -2.780 | .007 | | |
| | BRAND_IMAGE | 1.167 | .067 | .868 | 17.322 | .000 | 1.000 | 1.000 |

a. Dependent Variable: CRM

**Model Summary**b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|---|---|---|---|---|---|
| 1 | .868a | .754 | .751 | .45374 | 2.013 |

a. Predictors: (Constant), BRAND_IMAGE

b. Dependent Variable: CRM

From table 1 above, it can be seen that p value/sig.=0.000 <$\alpha$=0.05 or t count =1.167 <t99.0.25 = 1.984 then H0 is rejected. So it can be concluded that Brand Image has a positive and significant effect on CRM. Based on the output of the regression model, the R Square is 75.4% so it can be concluded that Brand Image has a contribution of 75.4% to CRM.

The findings of this study are in line with research conducted by [6] which explains that by paying attention to service quality, personalization, responsiveness, trust, and effective communication, companies can strengthen relationships with customers, increase their satisfaction, and build long-term loyalty. These findings also support Research conducted by [1] highlighting an enriched understanding of contemporary developments in the field of Customer Relationship Management. They examine the challenges faced, the factors that drive success, relevant domains, and implementation objectives in the context of customer relationship management. The findings of this study provide valuable insights into the dynamics that exist within the industry, enabling stakeholders to identify and address potential barriers to improving customer relationship management.

To build a strong brand image, marketers must start by understanding their brand and what it stands for. This groundwork helps marketers position themselves in the market and win the hearts of target customers. It is important to start by defining the mission, vision, and values of the brand because everything they do must be in line with the company's mission and values. Inconsistencies in values will damage the brand image, so it is important to define goals before promoting the brand. In addition, brand values will not only attract customers but will also drive employee engagement. Mission-driven employees stay with the company longer and are more likely to be higher

performers. Understanding the mission, vision, and values of the brand can go a long way in retaining happy and productive employees and customers.

A brand positioning statement can differentiate a company from its competitors and tell consumers exactly how marketers solve the needs of their target audience. To do this, marketers need to research competitors and understand what makes their company's brand unique. Perhaps it has strengths in areas where one competitor is weak. Once you understand what makes your brand different, create a one or two-sentence statement that communicates the brand's unique value to customers.

In today's world, with online marketplace commerce continuing to grow, it has become critical for SMEs to collect, analyze and process all the customer data they can gather to turn first-time online shoppers into loyal customers. This challenge is underscored by a study by the Boston Consulting Group, which showed that 65% of online customers who make their first purchase on a website will never buy from that site again. On the other hand, CRM has shown that it is an invaluable tool for web-connected companies to fill the service gaps that prevent users from buying again from the same online outlet after their first purchase.

## CONCLUSIONS

The conclusion of this study is: The brand image has a positive and significant effect on the implementation of customer relationship management with a contribution of 75.4%. Brand image is an assessment that must be formed by the company so that its influence and benefits can maintain business continuity. Because, when consumers buy a product, sometimes they do not buy because of the product but because they are influenced by a positive brand image so that they want to feel the meaning offered by the product.

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