ABSTRACT: The company’s goal is to have loyal customers. Most companies do not know that consumer loyalty can be formed through several stages, from potential customers to get customers who will benefit the company. The Creative Industries will become a world trend in the future. Stagnation in economic growth and environmental degradation is increasingly alarming, encouraging the whole world to prioritize creativity in economic life that maximizes the added value of products and services to sustain life and human civilization. This study aims to (1) map the creative Industries SMEs in Bandung, (2) Customer Relationship Management (CRM) in the SME creative Industries in Bandung City and (3) How the loyalty of SME customers in the creative Industries in Bandung ? The result are: 1. SME’s creative Industries in Bandung still dominated by fashion, culinary and handicraft 2. The dominance of entrepreneurs SMEs in creative industries are men and young age 3. Fashion and Culinary are still the businesses most often built by starting a business in Bandung 4. The average has used technology (online business) 5. The magnitude of the influence of CRM on loyalty of SME’s in Bandung is 45.7%.

Keywords: Customer Relationship Management (CRM), Small and Medium Enterprises, Creative Industries, Customer Loyalty

Background

The creative Industries , in many countries around the world, is believed to contribute significantly to its nation’s economy. Indonesia also began to see that the various sub-sectors in the creative industries which have potentially to developed because of the Indonesian people has creative human resources and rich cultural heritage.

This creative Industries is believed to respond to the challenges of short-and medium-term basic problems: (1) relatively low post-crisis economic growth (average only 4.5% per year); (2) high unemployment rate (9-10%), high poverty rate (16-17%), and (4) low industrial competitiveness in Indonesia.2 In addition to these problems, the creative economy is also expected to respond to challenges such as global issues warming, renewable energy use, deforestation and carbon emission reduction, as the direction of developing this creative Industries will lead to the pattern of environmentally friendly industries and the creation of value-added products and services derived from the intellectual human resources owned by Indonesia, where the intellectuality of human resources is a renewable resource.

Customer loyalty has an important role in an organization, maintaining them means improving financial performance and organizational survival, this is the main reason for an organization to attract and retain them. There are many ways
organizations can make customer loyalty. One way is to use the method of Customer Relationship Management (CRM). Customer Relationship Management (CRM) is a discipline to identify, attract, and retain the most valuable customers for the organization. CRM can help management improve profits by implementing customer-focused strategies. The question is whether this CRM concept can be applied to creative Industries customers? CRM concentrates on what society values, not on what the organization wants to sell. A successful CRM is CRM that defines that the customer is the core activity of the business that is contained in the organizational culture along with all the supporting factors. The ultimate goal is to get customer retention in the form of customer loyalty to the organization, products, and services offered by the organization.

The purpose of this research are

1. The condition of SME’s Creative Industries in Bandung
2. The implementation of Customer Relationship Management (CRM) in SMEs creative industries of Bandung.
3. The loyalty of SME customers in the creative Industries in Bandung.
4. The influence of Customer Relationship Management (CRM) with customer loyalty SME creative Industries in Bandung

**Limitation of Research**

This study focuses on 3 (three) aspects:

1. Performance of SMEs with Customer Relations Management
2. Buyer Loyalty for SMEs using 3 parameters, (1) response to technology, (2) repurchase by consumers and (3) resistance to competition.
3. Model linkages of CRM and Buyer Loyalty in SMEs

The following is the implementation process:

1. Analysis by collecting data obtained from government, Bandung City Investment Board and other related agencies.
2. Analyze applicable laws including the Bandung City Government Plan.
3. Analyze it qualitatively and quantitatively

Fish Bone of this study is shown below:

![Fish Bone Diagram](image)
Literature Review

Creative Industries in Indonesia
This research focuses on the city of Bandung in hopes of mapping out the conditions of the creative industry and its sub-sectors. The creative industry sub sector in Bandung is a mechanism that has been implemented in the city of Bandung. But the data needed by the city of Bandung continues to be updated so that it can be used by the government in running the city.

After revolving around 3 years in Indonesia, the Creative Economy and Creative Industries are increasingly being discussed by both the government, the private sector and the perpetrators themselves. In particular, the government has increasingly paid attention to it. There are at least the Ministry of Commerce, the Ministry of Industry, the Ministry of Culture and Tourism, the Ministry of Communication and Information, and the Ministry of Manpower. Because the term “industry” in the Creative Industry, raises many interpretations, how to contextually match the Creative Economy, Creative Industries with Law No. 5/1984 concerning Industry. As an ingredient for contemplation, the following are presented various perspectives on the Creative Economy and Creative Industries.

In the 2025 Indonesian Creative Economy Development Plan formulated by the Indonesian Ministry of Trade, there is an explanation for the evolution of the creative economy. Based on this plan document, it can be seen that there has been a shift from the agricultural era to the era of industrialization and then to the information age accompanied by many discoveries in the field of information and communication technology and economic globalization. The development of industrialization created work patterns, production patterns and cheaper and more efficient distribution patterns.

Customer Relationship Management
Customer Relationship Management (CRM) or other terms Customer Management or Continuous Relationship Marketing. According to Fandy Tjiptono, 2005: 422: “The process of acquiring, maintaining and developing profitable customers. CRM requires a clear focus on service attributes that add value to customers and create customer loyalties. “CRM consists of five main elements, namely Strategy,
Segmentation, Technology, Process, and Organization. Customer Relationship Management (CRM) is none other than talking about how to manage customer relationships and to manage customer relationships well, of course, companies must know in advance who the customer is. CRM has 3 (three) major components that are mutually integrated, according to Fandy Tjiptono, 2005: 422-423:

1. **People**: “People or people in this case employees as Customer Management executors. In the human dimension, the key factor to be considered is such an organizational structure, roles and responsibilities, corporate culture, producers and Change Management program as a whole. Therefore the company should not at all underestimated the importance of frontline staff engagement in establishing and running the Customer Relation Management program.”

2. **Process**: “The first thing to do is to identify who the customers are for the benefit of the company, secondly the differentiation of grouping customers into different groups, so that companies can create service strategies and focus their energies on the right group. customers with the company, so that the company can learn more and more deeply about the customer’s wants and needs, and the last is Personalization, which is to treat customers using all the information previously obtained to make the goods or services in accordance with the wishes and needs of customers.

3. **Technology**: “Technology plays a role to help companies track back interactions with past customers and with technology, companies can contact their customers via E-mail, phone, fax and so on.”

Griffin 1, (2002: 4) states that “loyalty is defined as non-random purchase expressed over time by some decision making units”. Based on these definitions, it can be seen that loyalty is more aimed at routine purchases and is based on decision-making units.

**Customer Loyalty**

Griffin, 2002: 31,

“Customer loyalty is the one who makes repeat purchases, purchases across products and service lines (purchases of other products and services), refer other (affects others), and demonstrates immunity to the pull of competition (showing resistance to competition”).

A loyal customer is an important asset for the company, this can be seen from the characteristics it has. As revealed by Griffin (2002: 35) loyal customers have the following characteristics:

1. Make a routine purchase
2. Purchases of Other Products and Services
3. Affecting Other Customers
4. Immunity to Competitor Attractiveness

Based on the explanation above, it can finally be concluded that with the presence of CRM, all marketing activities of products and services can be done well
so that it is expected to affect customer loyalty, in this case the CRM is better, the customer becomes loyal to the company. This is in accordance with the opinion of Fandy Tjiptono, 2005: 420: “Customers need continuous attention, and with CRM can build mutually satisfying relationships between companies and customers in the long run so as to create customer loyalty”.

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2. Methodology

The form of research is descriptive-verification carried out through data collection in the field, then the research method implemented is the survey method. The survey method is data collection carried out on an object in the field by taking samples from the population using a questionnaire as a basic data collection tool (Masri and Sopian, 1989: 5). Furthermore, it is explained that if a study wants to explain the causal relationship between variables through testing hypotheses, this research is called explanatory research.

This study tried to map how the conditions and profiles of MSMEs in the city of Bandung. After conducting a field study, the following data are obtained:

1. The number of respondents is 488 (four hundred eighty eight) respondents.
2. The amount is addressed to buyers from MSME producers in the city of Bandung

Hypothesis testing is done to know the effect of variable X (Customer Relationship Management) to variable Y (Customer Loyalty). With the calculation results, can be determined which variables that most influence separately or collectively to Customer Loyalty. Hypothesis testing is done by using linear regression analysis (linear regression analysis) with path diagram as follows:
Before performing the calculations, the data obtained from the questionnaires that have ordinal data should be transformed into the interval scale. This is done because the minimum requirement of scale in linear regression analysis is the interval scale. To perform the transformation from ordinal to interval used Path Analysis.

**Hypothesis**

Customer Relationship Management has a positive influence on customer loyalty.

1. **Discussion**

**The Condition of SMEs in the Creative Industry in the City of Bandung**

The city of Bandung has approximately 1.5 million MSME entrepreneurs. This study uses data from several sources to describe the condition of MSMEs in the city of Bandung.

Data retrieval is carried out from August to November 2018. The results obtained are that the dominance of creative industries spread from 30 villages in the city of Bandung. Regol Village is the area with the highest number of business actors.

1. Fashion (629) is the biggest business actor in the creative industry sub-sector
2. The second most culinary (322), although creative identification is debatable.
3. Craft (288) is the third largest
4. Publishing and printing is the fourth. This is unique because in Bandung it is an area with a very large number of Universities. Reach up to 500 colleges.

At present the trend of creative industry leads to startup digital. But the number is still very small, only 1 to 5 from the survey results. Film is a sector that is highlighted and is a concern in the development strategy of the city of Bandung.

**Linier Regression**

In this sub-chapter will create a model of the relationship between CRM and loyalty of SME customers in the city of Bandung. Results of the calculation using SPSS obtained research model as follows:

![Figure 2: Linear Regression Analysis](image)

**CRM (X)**
- People
- Process
- Technology

**Customers’ Loyalty (Y)**

45.8%
From the results of SPSS, it can be concluded that the effect of CRM on Loyalty is 0.457 or 45.7%. This value is large. However, other factors that are not included in this study resulted in larger results of 64.3%. This study uses CRM, but it seems that the indicators in CRM have not been widely affecting the performance of CRM. Based on the results of research known that CRM has a positive effect on customer satisfaction. This means that when companies implement CRM well then it will automatically increase customer satisfaction. Application of good CRM makes consumers feel more in the attention, more comfortable and give priority to use the product. Along with the growth that shows the existence of intense competition in the field of fashion in competing consumers in the textile and fashion Industries, both SMEs or large-scale Industries requires companies to be able to retain consumers. Where can be done by creating a good relationship with consumers one of them by implementing CRM? If the fashion Industries definitely knows the needs of its consumers, then consumers will undoubtedly be satisfied. The results of this study also supported by research Padmavathy, Balaji and Sivakumar (2012), which shows that CRM has a significant positive effect on customer satisfaction. The researcher stated that CRM efforts within the company will enable the company to collect consumer information in its various interactions and tailor the offer to the needs of each consumer. The result of the analysis shows that CRM variable has a positive influence on customer loyalty. This means that customer satisfaction can be established through CRM. Where the better the CRM then the customer satisfaction will increase. Based on the description above it can be concluded that the first hypothesis reads “CRM has a positive influence on customer loyalty in the Creative Industries in Bandung” is accepted.

Based on the results obtained that CRM has an influence on loyalty. When companies implement good CRM, it will create customer loyalty. When the company already has a complete consumer database and specifically records the data such as date of birth, likes, and interests of consumers, of course, consumers will feel special attention given, especially with this service customers will be loyal, because, in many alternative choices, consumers will always choose rationally which certainly provides more benefits. Especially in the conditions of intense competition, all the fashion Industries will race to provide the best for consumers. The results of this study contrast with research conducted by Padmavathy, Balaji and Sivakumar (2012) where the results in the study showed that CRM has a significant positive effect on consumer loyalty. Researchers explain that customer loyalty is a result of successful CRM done by the company, those good CRM efforts will be able to cause a strong relationship between the company and customers and can increase customer loyalty. In contrast to the results of Smith and Chang (2010) research indicating that there is no significant relationship between CRM and customer satisfaction and loyalty.

<table>
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<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
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<td>1</td>
<td>.677</td>
<td>.458</td>
<td>.457</td>
<td>.30461</td>
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</table>

Model Summary.
Customer loyalty is one of the most expected results of a successful CRM effort. Padmavathy, Balaji, and Sivakumar (2012) say that CRM efforts lead to strong relational ties and customer loyalty. Therefore, it is important for a company to implement a Customer Relationship Management (CRM) strategy to identify customer needs and satisfy its customers to become a loyal customer to purchase the company. In addition, the implementation of CRM is expected to increase the company’s profitability by combining customer interests, analyzing and providing services to customers. Based on the results of the study found that the variable of customer satisfaction has a positive influence on loyalty. This can be known when satisfaction is formed it will create customer loyalty because what consumers expect has been met. As Kotler and Keller (2009: 140) have pointed out that very satisfied customers will usually remain loyal for long periods of time, and buy again when the company introduces new products and updates old products, otherwise it will talk about the good things about companies and their products to others, they pay less attention to competitor brands and are less prone to price, they also offer product and service ideas to the company, and their service costs are cheaper than new customers because transactions are routine. One of the characteristics of SMEs is the effectiveness of production, with this they are very guarding the selection of raw materials, if perceived raw materials used are correct and not cause problems, then they have a tendency to be loyal.

A high level of satisfaction from consumers will provide benefits for the company, where Customer satisfaction can improve customer loyalty and influence consumer purchasing behavior and decisions in the future. There are many advantages for the company if it has a high level of customer satisfaction. A high level of customer satisfaction can increase customer loyalty, reduce the price of failed marketing and new consumer search costs, reduce operating costs due to increased subscriber numbers, increase advertising effectiveness, and enhance the company’s reputation. This means that with increasing consumer satisfaction, the loyalty of consumers will also be greater and increased. As stated Sunny, Huang & Chen (2010: 130) which indicates that there is an influence of satisfaction on the intention

ANOVA

<table>
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<tr>
<th>Model</th>
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<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
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<td>38.023</td>
<td>409.795</td>
<td>.000a</td>
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<tr>
<td>Residual</td>
<td>45.001</td>
<td>485</td>
<td>.093</td>
<td></td>
<td></td>
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<tr>
<td>Total</td>
<td>83.024</td>
<td>486</td>
<td>.093</td>
<td></td>
<td></td>
</tr>
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</table>

a. Predictors: (Constant), CRM
b. Dependent Variable: Loyalitas

Coefficients

<table>
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<tr>
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<th>Standardized Coefficients</th>
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<th>Sig.</th>
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<td>(Constant)</td>
<td>.588</td>
<td>.153</td>
<td>3.847</td>
<td>.000a</td>
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<tr>
<td>CRM</td>
<td>.665</td>
<td>.043</td>
<td>20.243</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Loyalitas
CUSTOMER RELATIONSHIP MANAGEMENT (CRM)...

The Model:
\[ Y = 0.588 + 0.865X + e \]

This means that the increase of the independent variable that is CRM will increase Loyalty from Creative Industries Customers in Bandung. As for this research justifies the research hypothesis that is: “There is Positive and Significant Influence between CRM and Customer Loyalty in Creative Industries of Bandung. The magnitude of the correlation between variables is 0.677, or 67%, where it falls into a strong relationship category (Sugiyono, 2015). Coeffin Determination is 45.8%, where the CRM variable can explain the loyalty of 45.8%.

The disadvantages of the creative industries in Bandung are not only from the information techniques, but also the marketing techniques according to Arianis Chan dan Samun Jaja Raharja (2018): business actor in the creative Industries should continue to improve their capability, especially in the aspect of product marketing, such as in packing of goods, product development, packaging and use of information technology to reach a wider area for product distribution.

One component in CRM is people. In many studies, people become a determining factor in company performance. One of them is how companies use people in it very efficiently. (Wisnu Untoro; Wulan Permatasari; Irwan Trimugroho; Doddy Setiawan (2017).

The interesting thing is that consumers in Indonesia have strong impulse buying properties. This also affects their loyalty (Dimas Hendrawan; Dian Ari Nugroho (2018). The Indonesian market is also a market for teenagers and young people. The company’s competitive advantage is in accordance with the response of young buyers. (Alexandi et al (2018))

4. Conclusions and Suggestions

1. Map of SMEs creative industries in Bandung is still dominated by fashion, culinary and crafts
2. The dominance of SME entrepreneurs creative industries are men and still young
3. Fashion and Culinary is still the business most often built by start-up business in Bandung
4. Average has been using the technology (online business)
5. The magnitude of the influence of CRM on Loyalty is 45.7%, Meaning included in the big category. Another variable that is not examined is the rest that is equal to 64.3%.

**Suggestion**

1. CRM can be used as a guideline in improving customer loyalty in the creative industries of Bandung.
2. The Government of Bandung should focus more on fashion and quiz and start developing printing and handicraft.
3. Ease in business still needs attention
4. Copyright is an unsolved problem.

**Reference**