

**Corporate Reputation And Customer Relationship Management Impact On Business Customers Purchase Decision**

**(Research on International Medical Devices Business Customers of Indonesian Sphygmomanometer Manufacturer)**

**Author's Details:**

**(1)Gagan Sugandi (2)Ernie Tisnawati Sule (3)Meydia Hasan<sup>1,2,3</sup>** Business Management Doctorate Program, Economic and Business Faculty, Padjadjaran State University, Bandung, Indonesia

**Abstract:**

*The export marketing performance of Indonesian Sphygmomanometer Manufacturers decreased slightly since 2010 to 2013. This performance is always lower than target level of customer business share caused by the Sphygmomanometer manufacturers is still hard to create customer's purchase decision in higher percentage. On the supply side, manufacturers still face many problems in developing a superior company reputation and excellent customer relations.*

*This research aims to develop the concepts of company reputation and business customers relationship management in increasing business customers purchase decision of Indonesian Sphygmomanometer.*

*This research is using explanatory survey methods. Four (4) Sphygmomanometer manufacturers in Indonesia were used as analysis unit. Fifty four (54) international customers we sampled through census method and were used as the observation unit. Time horizon is a cross section/one shoot. Data analysed through descriptive and causality. Testing hypotheses using PLS.*

*The research found that company reputation and customer relationship management simultaneously and partially affect business customer purchase decision significantly. Partially, company reputation is shown to have the higher contribution to business customer purchase decision rather than customer relationship management.*

**Keywords:** *Corporate Reputation, Business Customer Relationship Management, Business Customers Purchase Decision.*

## **I. INTRODUCTION**

### **1.1 Research Background**

Sphygmomanometer (medical devices for measuring blood pressure) is one of the supporting medical devices that are very often used by doctors and paramedics because it is a core diagnostic instrument as a mandatory tool for doctors in early diagnosis of a patient. Indonesian Sphygmomanometer companies plays an important role in the B2B market of world Sphygmomanometer industry as vendor of Original Equipment Manufacturer (OEM) and Private label (finished product), semi-finished products, as well as the Sphygmomanometer spare parts.

After more than 25 years engaged in this industry, Indonesian Sphygmomanometer vendors growing as one of the market leaders in the world, and it shows that certainly the companies has had a good reputation in their customers point of view. Indonesian sphygmomanometer vendors also continues to maintain and enhance good business relationships with their customers, so that from 1990 until 2009 their sales increased rapidly. Indonesian Sphygmomanometer products have a good competitiveness over the years so that eventually they could dominate the market, although there was negative international issues related to the business such as issue of the environment on mercurial sphygmomanometer raised by the World Health Council in 2008, and issue of allergy to latex gloves prompted some world producers turned to Latexfree product. This condition is a detrimental issue since Indonesia is one of the largest producers of latex in the world. Since the last 5 years, the the performance export sales of Indonesian Sphygmomanometer tend to decrease. For more details can be seen in the following table:

**Table 1**  
**Export Sales of Indonesian Sphygmomanometer Year 2009-2013**

Year	Export Sales		
		NOMINAL	%
2009	Target	\$5.866.200	105,15%
	Achievement	<b>\$6.168.321</b>	
2010	Target	\$6.238.000	95,21%
	Achievement	<b>\$5.939.472</b>	
2011	Target	\$6.224.700	96,30%
	Achievement	<b>\$5.944.472</b>	
2012	Target	\$6.031.500	89,93%
	Achievement	<b>\$5.423.972</b>	
2013	Target	\$6.160.000	87,63%
	Achievement	<b>\$5.398.569</b>	

Source: Indonesian Medical Devices Association (Aspaki), 2014

From the above table it can be seen that the performance of export marketing of Indonesian Sphygmomanometer vendors since 2010 has decreased, each year sales target could not be met and instead has declined. The fact allegedly caused by their business customers are exposed to more than one choice of sphygmomanometer in particular offers from Chinese producers, and it impact on the business share of customers whose devided. Refer to Begalle (2008, p.6) "Share of customer : Specific percentage of one buying firm's purchases of products or services achieved by a selling firm during a specific period of time". Where is the ideal customer share to become the market leader is approximately 70%, while the Indonesian Sphygmomanometer vendors is currently still very difficult to reach business customers share above 50%. This condition is reinforced by the results of a preliminary survey as follows:

**Table 2**  
**The Results of Preliminary Survey of Customer Share**

No	Indonesian Sphygmomanometer	Achievements Percentage of Customer Share	Target Percentage of Customer Share
1	PT. AUS	14,09%	20%
2	PT. DAM	8,09%	20%
3	PT. TRG	3,56%	10%
4	PT. SKI	4,23%	5%

Source : The results of a preliminary survey, 2014 (n=20 business customers)

The fact of low share of business customers occurred allegedly caused by companies engaged in the industry of medical devices is still relatively difficult to be able to create the highest purchase decision to The Indonesian vendors, whereas according to the finding of Shahraki, Zarea, Jannesari (2012, p.153), the decision making is the process of recognition through the selection of different options.

Such a condition allegedly because the Indonesian Sphygmomanometer vendors are still difficult to improve the reputation of the company, which in to help the company establish a strong reputation and profitable, there are some basic elements, namely: credibility, reliability, trustworthiness, and responsibility (Fombrun, 2001). While the phenomenon that occurs at this time, of which the company has not been able to create a product that has the highest credibility, because the products do not yet have optimum reliability, the confidence level of business customers of the products also tend to be still on average, in addition to the quality assurance products realized by the company also does not stand out.

In addition, business customer relationship management programs tends not to seriously implemented, thereby weakening the coordination between the manufacturers and business customers. Customer relationship management program with business customers tend not to serve as the basis for improving the performance of marketing of Indonesian sphygmomanometer vendors. The phenomenon of such problems include;

- The sphygmomanometer business customers are still not treated fairly, in according to the level of their contribution to the company.
- Yet implemented togetherness with business customers to deliver products faster.
- The giving of gift or rewards are not managed in a sustainable manner so that the benefits of a rewards from the company is not optimally perceived by business customers.

According to Kotler & Keller (2016), CRM is a process to manage carefully the detailed information about individual customers and all customer "touch points" to maximize loyalty. In line with the opinion of Verhoef (2003:42) in his journal that "Likewise, relationship age has a positive effect on customer retention but no effect on customer share development. The later results confirm that different variables effect customer retention and customer share development. However, from a CRM perspective, this difference is not as important as it seems, because the same CRM variables affect both customer retention and customer share development." So, CRM affect customer retention and customer share development.

Based on the description of research background, it is interesting to study about the improving of the business customer purchasing decisions through increasing of business customer relationship management and the company's reputation of Indonesian sphygmomanometer vendor.

## **1.2 Research Objectives**

The purpose of this study was to result a study and develop concepts related to data and information on:

1. The company's reputation, business customers relationship management, and business customer purchase decisions of Indonesian sphygmomanometer vendors.
2. To develop the concept of the company reputation and business customers relationship management in improving the international business customer purchase decisions of Indonesian sphygmomanometer vendors.

## **1.3 Literature Study**

Refer to Fombrun (2010), to help the company establish a strong reputation and profitable, there are some basic elements, namely: credibility, reliability, trustworthiness, and responsibility. The main predicate of the company's reputation according to Fombrun (2001) is a case in which the company obtain the status of their reputation derived from a marvelous economic performance, some companies gain their reputation on the strength of their policies and behavior. According to Fombrun (2001) the research showed that a good reputation can reduce the company's cost of capital gain by improving its ability to obtain funds from the credit market.

CRM (Customer Relationship Management) defined by Kotler and Bowen (2010) narrowly as a point of contact with customers to maximize customer loyalty. Meanwhile refer to Lovelock and Wirtz (2011, p.343), CRM is a form of marketing activities to generate a deeper or meaningful relationship with the customer. Meanwhile, according to Kotler and Keller (2016, p.168), "CRM is the process of carefully managing detailed information about individual customers and all customer "touch point" to maximize loyalty. A customer touch point is any occasion when a customer encounters the brand and product-from actual experience to personal or mass communication to casual observation.

According to Wright (2004, p.2) "business-to-business marketing is where one business markets products or services to another business for use in that business or to sell on to other businesses for their own use". Meanwhile Kotler & Keller (2016, p.194) state that "Smart companies try to fully understand customer's buying decision process-all experience in learning, choosing, using, and even disposing of a products. Marketing scholars have developed a "stage model" of the process. The consumer typically passes through five stages : problem recognition, information search, evaluation of alternatives, purchase decision, and postpurchase behavior. While the buying process of the business market has several stages that include

the introduction stage of organizational issues about a need for a product, a general description of the product requirements, product specifications, the search for a partner or supplier, the preparation of the fulfillment of the product (the proposal), the selection of a partner or supplier, doing order regular services, and the final is assessment of the supplier's performance, whether it continued or revisited.

The development of hypotheses based on the results of previous studies showing the relationship between the variables of company reputation, customer relationship management, and customer purchase decisions. Wang et al. (2006) demonstrated the role of brand equity, corporate reputation in enhancing the performance of CRM. One finding of Otubanjo (2011) is the use of reputation in managing relational. Bronn (2007) showed a correlation between the number of reports of relational outcome measures and the perception of the company's stakeholders. The most important finding is the significant relationship between the treatment of the company's customers and the impact on reputation.

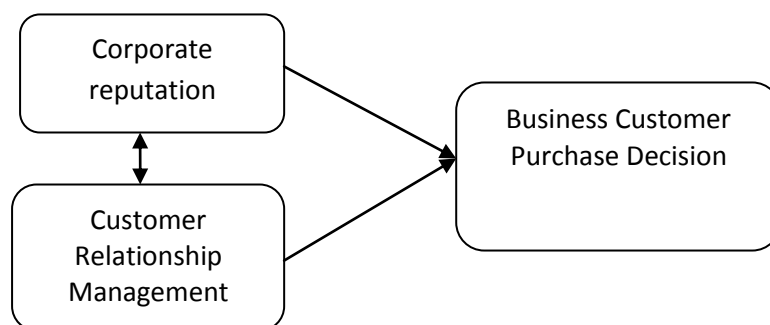
On the other hand, it is found that reputation can lead to customer purchase decisions (Van Oostenbrugge, 2013). Bendixen and Abratt (2007) presented a model of corporate identity / reputation in the relationship between the buyer - supplier. Hung-Jen, Chia-Jung, Chuang (2010) examined the impact of positive and negative affective cues on the intention of investors to buy shares, and moderating effect of cognitive cues on the relationship between affective valence cues and intentions of investors to buy shares. Some of their findings are : (1) the effect of the company's image as an affective cues to the purchase decisions of investor ; and 2) a portion of the negative financial information has a significant influence on the influence of corporate image on shares purchase intentions, while the effect of a single piece of financial information positively no effect.

Crater (2006) shows the on - demand CRM that influence consumer purchasing decisions. Anonymous (2000, p.S6) reveals a study of the behavior of buying a car by the Polk Co., which indicates that the purchase decisions of buyers of new cars are affected by the activities of CRM from companies selling vehicles that they currently have before getting a new car.

Based on the theoretical overview and results of previous studies, the hypothesis developed as follows:

- H1
  - 1a. Corporate reputation is very high.
  - 1b. Business customer relationship management is very good.
  - 1c. Business customer purchase decision is very well understood by companies.
  
- H2 Corporate reputation and customer relationship management effect on purchase decision of international business customers of Indonesian sphygmomanometer.

Based on the hypothesis development, the conceptual framework of this study are as follows:



**Figure 1 Conceptual Framework**

The conceptual framework illustrates that the business customer purchase decisions are influenced by two variables: the corporate reputation and business customer relationship management.

## **II. METHODOLOGY**

### **2.1 The Method**

The study design use Mix Method Research (MMR) with strategy explanatory design. Explanatory design is a design that uses two phases in which the quantitative research design as the key design and qualitative research results are used to explain and make interpretation of the results of quantitative research. Creswell (2003).

Explanatory design is done by test the hypothesis using inferential statistics as a process of generalization to the population by drawing a random sample, so the design of the study conducted with conclusive. Conclusive research consisted of descriptive and or causality. According to Malhotra (2010, p.106) "descriptive research is to describe something-usually market characteristics or function". While the definition of research causalitas still according to Malhotra (2010, p.113) is "Causalitas research is used to obtain evidence of the caused-and effect (causal) relationship".

The unit of analysis in this study is Indonesian sphygmomanometer industry. The unit of analysis according to sekaran (2010, p.132) "unit of analysis refers to the level of aggregation of the the data collected during the subsequent data to the analysis stage", while the unit of observation is customers (B2B) with the unit of observation is the international business customer of Indonesian sphygmomanometer vendors with the coverage time observation (time horizon) is cross section / one shoot.

## 2.2 Population

Population is a combination of all the elements that have the same set of characteristics (Malhotra, 2010, p.371). While the definition of the sample is sub element selected population in the study. Based on such understanding, the population in this study is an 54 international business customers of Indonesian sphygmomanometer manufacturer, so with a very small population size the census method will be used, which took the entire population to be studied.

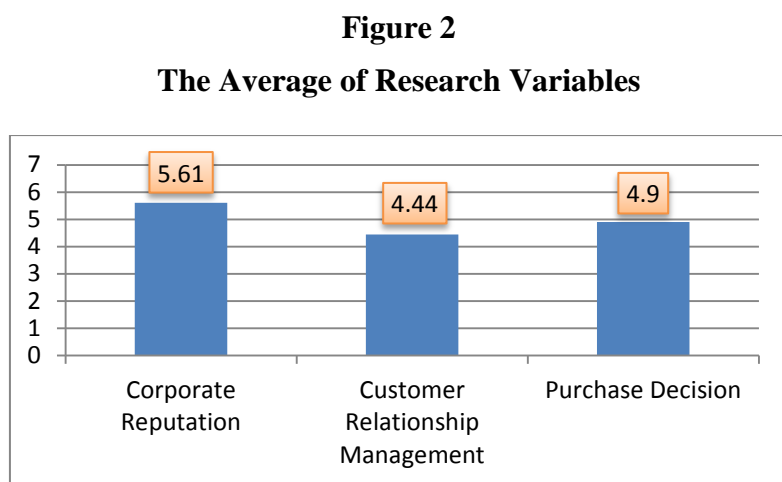
## 2.3 Design of Analysis and Hypotheses Testing

The research design consisted of: (1) descriptive analysis, to determine the extent to which the responses of the respondents to the variables studied; and (2) Analysis of causality, were used to obtain evidence of a causal relationship between variables by using structural equation model for small data ie Partial Least Square (PLS).

## III. DISCUSSION

The first hypothesis testing if the reputation of the company is very good, business customer relationship management is very good, and the business customer purchase decisions are already well-understood by the Indonesian sphygmomanometer vendors.

The below figure illustrates the average index variables of the study:



Source : Research Finding (2015)

Results of the study are shown in Figure 1 shows that:

- a. Corporate reputation variable obtain score of 5.61 which is in the category of "good";
  - b. Customer relationship management variable obtain a score of 4.44 in the category "tend to be good";
  - c. Customer purchase decision variable obtain a score of 4.90 which are in the category "tend to be good"
- Based on the score criteria, these results indicate that all the variables have not yet reached the category of very good because no one has achieved a score on the scale range from 6.16 to 7.00 (Very Good). The highest average scores obtained by the variable of corporate reputation (5.61), while the lowest was obtained variable of customer relationship management (4.44).

Testing average for the samples with the following hypotheses:

$H_0 : \mu_i \geq 6,16$

- a. The corporate reputation is in the category has reached very good
- b. Customer relationship management in the category has reached very good
- c. Business Customer Purchase Decision in the category has reached a very weel-understood

$H_1 : \mu_i < 6,16$

- a. The corporate reputation is in the category has not been reached very good
- b. Customer relationship management in the category has not been reached very good
- c. Business Customer Purchase Decision in the category has not been reached a very weel-understood

**Table 3  
Test of Hypotheses 1**

Variable	Mean	t-value	Conclusion
Corporate Reputation	5.61	-7.975	Hypotheses rejected
Customer relationship management	4.44	-27.185	Hypotheses rejected
Business Customer Purchase Decision	4.89	-14.565	Hypotheses rejected

The first hypothesis testing results shows that in the Indonesian sphygmomanometer vendor companies there are none of the variables studied achieve the excellent value categories as desired by the international business customer demands. The reputation of companies assessed by the international business customers in the categories of Good (5.6081) but still have not reached the value category of very good. Likewise, international business customers assess the customers relationship management (4.44 and the business customer purchase decisions (4.89) in the the value category Tend to be Good.

**Model Evaluation**

The model evaluation in the PLS can be done through measurement model and structural model (inner model).

**1. Evaluation of Measurement model**

**Reliability and Convergent Validity**

Reliability testing done to prove the accuracy and consistency of the instrument in measuring the construct. Reliability are measured by Composite CR (Composite reliability), Cronbachs Alpha and AVE.

**Table 4**  
**Reliability**

Variable-Sub Variable	Composite Reliability	Cronbachs Alpha	AVE
Corporate Credibility	0.915	0.876	0.730
Corporate Image	0.863	0.790	0.614
Corporate Reliability	0.835	0.736	0.560
Giving Easiness	0.901	0.781	0.820
Giving Gift	0.913	0.810	0.840
Cooperation on Development	0.895	0.767	0.810
<b>Corporate reputation</b>	0.933	0.920	0.540
<b>Customer relationship Management</b>	0.939	0.921	0.719
<b>Business Decision</b>	0.965	0.956	0.823

Source : primary data processed by Smart PLS 2.0 (2015)

Tenenhaus et al. (2004) recommends AVE above 0.5 indicates a good measurement of diversity, while Nunnaly (1994) recommends Composite CR (Composite reliability) above 0.7 indicate a good measurement consistency. From the table above it is known that Cronbachs Alpha almost for all the variables > 0.7 as well as Composite Reliability and AVE values > 0.5 means that the measurement model of five variables and sub-variables have been consistent and have the precision in measuring the construct.

### Convergent Validity

**Table 5**  
**Loading Factor**

Indicator-SubVariable	$\lambda$	Standard Error	Nilai uji t
X1 <- Corporate Credibility	0.815	0.105	7.735
X2 <- Corporate Credibility	0.859	0.061	14.035
X3 <- Corporate Credibility	0.875	0.031	27.919
X4 <- Corporate Credibility	0.866	0.079	10.968
X5 <- Corporate Image	0.697	0.208	3.353
X6 <- Corporate Image	0.710	0.059	11.958
X7 <- Corporate Image	0.893	0.088	10.184
X8 <- Corporate Image	0.818	0.258	3.176
X9 <- Corporate Reliability	0.766	0.053	14.478
X10 <- Corporate Reliability	0.768	0.088	8.710
X11 <- Corporate Reliability	0.812	0.071	11.471
X12 <- Corporate Reliability	0.637	0.195	3.274
X13 <- Giving Easiness	0.892	0.026	33.867

Indicator-SubVariable	$\lambda$	Standard Error	Nilai uji t
X14 <- Giving Easiness	0.919	0.018	51.030
X15 <- Giving Gift	0.927	0.017	53.418
X16 <- Giving Gift	0.906	0.038	23.595
X17 <- Cooperation on Development	0.916	0.022	41.604
X18 <- Cooperation on Development	0.884	0.040	22.307
Y8 <- Purchase Decision	0.870	0.024	35.654
Y9 <- Purchase Decision	0.822	0.031	26.804
Y10 <- Purchase Decision	0.937	0.018	52.322
Y11 <- Purchase Decision	0.949	0.013	70.514
Y12 <- Purchase Decision	0.904	0.025	36.086
Y13 <- Purchase Decision	0.954	0.012	76.966

Source : primary data processed by Smart PLS 2.0 (2015)

Results in the above table shows that all the indicators / variables manifest is significant in measure each latent variables with the value of loading factor > 0.7, or  $t > 2.007$  (t table at  $\alpha = 0.05$  with  $df = n-1$ ) so as to concluded that the manifest variables capable to be a gid indicator in forming variable.

## 2. Evaluation of Structural Model (Inner Model)

Structural models in PLS evaluated using Goodness of Fit model, which shows the difference between the observed values and the values predicted by the model. Goodness of Fit measured by  $R^2$  and GoF are showed below.

**Table 6**  
**Goodness of Fit Model**

Variable	R Square	Communality	GoF
<b>Corporate Reputation</b>	-	0.540	0.598
<b>Business Customer Relationship Management</b>	-	0.613	
<b>Business Customer Purchase Decision</b>	0.544	0.823	

Source : primary data processed by Smart PLS 2.0 (2015)

The above table gives the value of  $R^2$  at a fairly high criteria as well as GoF value of 0.598 so that it can be concluded that the research model is enough supported by the empirical situation or model is fit.

The above model can be translated into the sub-structure model that describes the effect of the company's reputation and Business Customer Relationship Management to business customer purchase decisions with a mathematical model as follows:

$$Y = 0,519X_1 + 0,359X_2 + \zeta$$

$X_1$  : Corporate Reputation



X<sub>2</sub> : Business Customer Relationship Management

Y : Business Customer Purchase Decisions

This model informs that the corporate reputation, influence business customers purchase decision of 0.519, while Business Customer Relationship Management give an influence of 0.359.

Furthermore, the second hypotheses examined to determine the effect of corporate reputation and business customer relationship management to business customer purchase decisions.

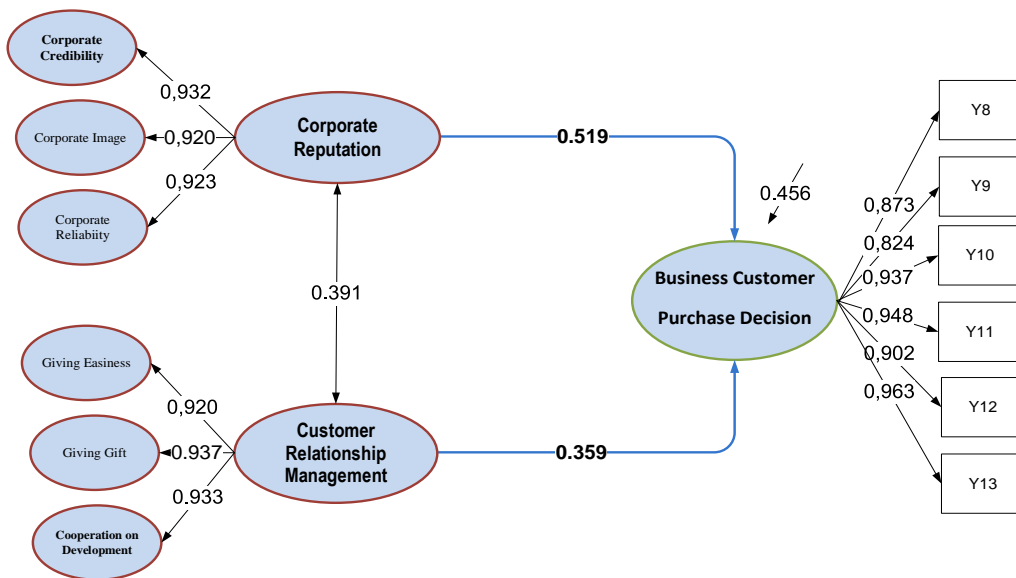


Figure 3 Testing of Hypotheses 2

The above result is explained below :

**Table 7**  
**Influence of Corporate Reputation and Business Customer Relationship Management on Business Customer Purchase Decision**

Hyphteses	$\gamma$	$R^2$
Corporate Reputation -> Purchase Decisions	0.519	0.544
Customer Relationship Management -> Purchase Decisions	0.359	

Coefficient  $R^2$  of 0,544 stated the simultaneous effect of corporate reputation and business customer relationship management to business customer purchase decisions by 54.4% which the corporate reputation has a more dominant influence on the purchase decision.

The corporate reputation is a perceptual representation of companies that describe the overall attractiveness of the company to the customer. Based on the test results it is known that the dimensions of corporate reputation reflecting the greatest influence is the credibility of the company, then company reliability, and the company's image. Credibility indicate the extent to which companies can be trusted by their customers, how much the value of the company, and the extent of its responsibility to the values of customers that can provide greater benefits to the customers than the total cost which is issued by the customer to buy the company's products, as well as the extent to which customers believe in the company's business processes in the future. As for the reliability of the company is reflected in the corporate culture

that leads to superior performance, strive continuously to enhance its internal business processes, the excellence in providing sales coaching, as well as the level of accuracy in doing the selling process. While the company's image is reflected on the customer's perception of the strength of corporate image, superior product quality, product durability, and uniqueness of products manufactured by the company.

Based on calculations it appears that the third aspect of the company reputation is providing more dominant influence than business customer relationship management in forming the business customer purchasing decisions of Indonesian sphygmomanometer. Thus the results of this hypothesis indicates that the company's reputation more dominant influence in shaping the buyer's purchase decision process business covering various aspects of providing services supplier or partner, compared to the effect of business Customer Relationship Management. Customer perception regarding the credibility, image, and reliability manufacturer purchasing decisions by customers moving business.

However, based on the results of a descriptive research and field observations indicate that some Indonesian sphygmomanometer producers today still do not have a very good reputation to the international customers, thus not providing optimal influence in customer purchasing decisions to the Indonesian sphygmomanometer vendors in highest position. In general, international business customers still choose more products especially from Chinese vendors, in addition to vendors Taiwan and Japan, despite the majority of large-scale international customers who are loyal to products made in the Indonesian vendor.

The dominance of the influence of the company's reputation for customer purchase decisions business compared to the effect of CRM can also be caused because the manufacturers have not yet conducted CRM program that relational closeness of the Indonesian vendors with international customer has not established to the optimum. Where CRM in this study is defined as an approach to specifically categorize the exchange relationship between the vendors with business customers. CRM in this study was measured by the giving of easiness purchase procedure and term of payment, giving of rewards, and business development cooperation.

Based on the results of the descriptive analysis revealed that the Indonesian sphygmomanometer vendor in implementing the CRM is still lacking in providing easiness purchase procedure and term of payment, giving of rewards, and business development cooperation In doing so they buy more to the vendors from other countries.

The test results consistent with the results of the study of Van Oostenbrugge (2013) which suggests that company's reputation can drive the purchasing decisions of customers. Also Bendixen and Abratt (2007) presented a model of corporate identity / reputation in the relationship between the buyer - supplier. Hung-Jen, Chia-Jung, Chuang (2010) examined the impact of positive and negative affective cues on the intention of investors to buy shares, and moderating effect of cognitive cues on the relationship between affective valence cues and intentions of investors to buy shares. Some of their findings are : (1) the effect of the company's image as an affective cues to the purchase decisions of investor ; and 2) a portion of the negative financial information has a significant influence on the influence of corporate image on shares purchase intentions, while the effect of a single piece of financial information positively no effect.

These results are also in line with the Gerson (2014) based on the results of a national survey from market research firm Dimensional Research, 90% of consumers read online reviews claim that the positive reviews influence their decision to buy. 86% say that the negative reviews also influence purchasing decisions.

And the contribution of CRM to customer purchase decion also in line with Crater (2006) that shows the on - demand CRM that influence consumer purchasing decisions. Anonymous (2000, p.S6) reveals a study of the behavior of buying a car by the Polk Co., which indicates that the purchase decisions of buyers of new cars are affected by the activities of CRM from companies selling vehicles that they currently have before getting a new car.

## **IV. CONCLUSIONS AND RECOMMENDATIONS**

### **4.1 Conclusions**

The corporate reputation that developed by Indonesian sphygmomanometer vendor is considered not very reliable and credible by business customers. Business customer relationship management yet provide optimum convenience. Business customer purchase decision is not yet very well understood by the vendor. From the research findings indicate that the development of the corporate reputation and Business customer relationship management facing conditions of not optimum understanding of the vendor of the business customer purchase decisions.

Corporate reputation have a stronger relationship with business customers purchase decisions when compared with Business customer relationship management. The most important aspect of improving the business customer's decision to purchase sphygmomanometer from Indonesian vendor is the credibility of the company, which is supported by the reliability of the company and the company's image.

## **4.2 Recommendation**

### **4.2.1 Academics Recommendation**

- a. The findings of this study indicate that purchase decisions of business customers more influenced by the reputation of the company, it is necessary to do further research directed at the same unit of observations that is internaional business customers, either with the different and same analysis unit, but with different research variable specializing in the development of marketing strategies of the Indonesian sphygmomanometer industry.
- b. The findings of the research results obtained by a survey of 54 international Sphygmomanometer customers of the semi-finished sphygmomanometer products produced by the Indonesian vendor, then in order to contribute knowledge and input to the business development of Sphygmomanometer, it is necessary to study more comprehensive on the effect of the corporate reputation and business customer relationship management on business customer purchase decisions of each type of Sphygmomanometer product.

### **4.2.2. Practical Recommendation**

#### **4.2.2.1 Development of Corporate Reputation**

The results showed that in Sphygmomanometer manufacturing industry in Indonesia, the reputation of the company has a greater influence than business customer relationship management on business customers purchase decisions. It is recommended that the Indonesian sphygmomanometer vendors to promote the development towards:

#### **1. Corporate credibility, through :**

- d. Improving the ability of vendors in building a reputation as a trustworthy company in the customers point of view.

Practical steps that must be done, as the following :

- Maintain the consistency in the quality of products exported to customers for all product components, both specifications, the accuracy of measuring devices, color stability, workmanship.
- Maintain the consistency in accuracy in delivery time to the customers by implementing strict internal control of the production of components produced themselves or the components supplied by subcontractors, including assembling a controlled scheduling.
- Maintaining the stability of selling prices to customers even if there are fluctuations in raw materials or components cost that make the business customer comfortable in doing costing to their end products..

- e. Improving the ability of vendor in conducting capacity building / growing scale of business (business size). Practical steps that must be done, as the following :

- To be able to serve the needs of rush orders of customers it need for reserve capacity allocation around 10% of the installed capacity in order not to interference with production scheduling and delivery time existing order.

- Increased production capacity can be done by building a network of trained subcontractors that are tailored to the standard quality of vendors around the plant site for certain components which have a low risk level, for example cuff, vinyl zippered case, nylon carrying case, latex bladder, latex bulb, and others.

3. Improve the ability of vendor in building a competitive advantage/customer value.

Practical steps that must be done, as the following :

- Make an effort to cost down the production costs by getting new sources of key raw materials which are production cost center, such as natural latex raw materials, chemicals, textile materials, fastener tape, and others.
- Make an effort to decrease production costs by increasing productivity by way of re-evaluation of the production process currently running and cut production process that is not efficient in the labor intensive process, such as in the production process of latex bladder, latex bulb, coiled tube, cuff, vinyl zipper case, and others.
- Make an effort to decrease production costs and increase productivity by automating production or semi-automation of production in the production process specific components are labor intensive, such as in the production process of latex bladder, latex bulb, cuff, vinyl zipper case, screen printing, etc. ,
- Provide more benefits to the customers with complete certification of main raw material from related institutions, such as the certification of natural latex from the National Rubber Institute, certification of textile raw materials from institutions Okotex, material safety data sheets from independent institutions such as Intertek, etc. ,
- Completing the certification of products for international markets, including the CE Mark, FDA Approved, 510K, and others.
- Make an effort to diversify products to product range has expanded, for example to add more variants of manometer gauge such as handheld manometer gauge, clock aneroid, wall clock aneroid, trolley clock aneroid, and variants of digital sphygmomanometer which is still largely imported, can be started by doing a modular assembly for the next can be produced domestically.
- Adding new product line of sphygmomanometer during this time is not yet manufactured by vendors in Indonesia, such as single patient use cuff which is specifically made to be used only for one patients to avoid from infectious diseases or other diseases that are categorized dangerous to others.

4. Improving the ability of vendor in arrange a work program in related to the growth of purchase from customers.

Practical steps that must be done, as the following :

- Perform inventory management improvements that more put the stock level of raw materials that is enough for more longer time to ensure the production smoothly, for example, stocks of raw materials prepared for the needs of 6 months of production will be ready to anticipate the growth of customer orders.
- Conduct a weekly evaluation of the production planning inventory control (PPIC) to ensure the accuracy of the production schedule and the schedule of delivery time to the customer.

2. Corporate reliability, through :

a. The improvement of vendor's reliability in reinforce Corporate Culture.

Practical steps that must be done, among others :

- Applying clean culture as a corporate culture that is particularly suitable for manufacturers of medical devices that implemented daily by use clean and neat uniform, the cleanliness of the rooms, and others.

b. The improvement of vendor's reliability in conduct continuous internal business process .

Practical steps that must be done, as the following :

- Improving business processes by means of production automation or semi-automation of production in the production process of specific components that labor intensive, among others in the production process of latex bladder, latex bulb, cuff, vinyl zipper case, screen printing, etc., further evaluation periodically every 6 months.
- Accelerate business processes in the standard delivery time commitments to customers that currently 6-8 weeks from the date of ordering accelerated to 5-6 weeks' time.

c. The improvement of vendor's reliability in conduct professional sales coaching /product knowledge to the business customer.

Practical steps that must be done, as the following :

- Provide product knowledge especially for the unique selling point on each customer's products ordered by various means appropriate in the view of each vendor to the customers. It can be distinguished according to differences in the size category of business from all customers, large customers, medium customers and small customers.
- For large customers category that are important to the company, product knowledge can be given more ranging from soft copy, hard copy catalogs, and also did a visit to the customer to do product knowledge training.
- For medium-sized customer category, product knowledge can be provided through the soft copy and hard copy catalogs that can be sent by international courier services such as Fedex, TNT, UPS, and others..
- For a small category of customers, product knowledge can be given by sending a soft copy files via e-mail.

d. The improvement of vendor's reliability in understanding the selling process to their business customers.

Practical steps that must be done, as the following :

- The export marketing staff at the vendor company should clearly understand the business process procedure with international customers especially to understand the standard handling of customers inquiry, such as respond to every inquiry either voice inquiry or e-mail inquiries maximum answered within 24 hours, as well as for lead time of customer product samples demand for each product must be expressly stated in writing to the standard delivery to the customer because every customer has different types and different design (custom design). The entire export marketing executives must be equipped with a standard understanding of the business process ranging from the handling of customer inquiry, quotation, production samples, production flow, packing, export administration, export regulations, shipping, etc..

3. Company image, through :

a. The improvement of vendor's ability in building the company image ((tangible & intangible).

Practical steps that must be done, as the following :

- Vendors need to pay more attention to the visual appearance of the website which is always the instant product information display that at any time can be seen by international customers, do modification of website every year to keep it fresh impression and up to date.
- Follow the events in the international medical trade show every year, if there was one year where the vendor did not participate in a trade show, the business customer can have a negative perception of the vendor. International medical trade show that have to be participated is Medica Dusseldorf Germany which is the largest exhibition of medical device industry in the world which is held every year in November. If there is still available budget for marketing program it is good to participate other medical trade show such as Medtrade USA that usually held in Atlanta Georgia, a good trade show of healthcare industry for the Americas region. Other alternative is Arab Health which is the largest exhibition of medical equipment for Middle East region, held in Dubai every January.
- Company building is a tangible asset company that gives the image of the company, the vendor must pay attention to the physical appearance of the building as well as signboard of the company. do the renovation of the building when necessary or at least do building maintenance periodically.

b. The improvement of vendor's ability in building a superior quality products.

Practical steps that must be done, as the following :

- Improving the quality of the product visually and function with strict quality control.
- Sphygmomanometer cuffs is a simple component but very important parts should be kept the high quality of its workmanship, stiffness raw material, and color for the parts that are most easily visible visually. So also should be noted that the visual quality of the other components bladder tube, bulb, manometer and its packaging, if any. In the function that needs to be improved is the leakage rate in bladder inflation component products, both in natural latex and PVC.

c. The improvement of vendor's ability in building product durability.

Practical steps that must be done, as the following :

- Items that need to be maintained its strengthness is in terms of durability is in the cuff's fastener tape or Velcro tape in order to achieve maximum usage of 30,000 times usage of the cuffs while standard customer demand at the level of about 10,000 times of the cuff usage.
- Other parts of sphygmomanometer that need to be maintained and improved in terms of durability strength is the strength of the spring mechanism on the manometer gauge to achieve maximum use of the use of 20,000 times used while standard customer requirement is at the level of about 10,000 times used of aneroid sphygmomanometer.

d. The improvement of vendor's ability in building brand uniqueness.

Practical steps that must be done, as the following :

- Providing a unique guarantee of products, for example warranties for products manometer gauge calibration and digital sphygmomanometer for 5 years or even a lifetime guarantee.
- Development of the bladderless cuff can develop that merging two components into one component that is a component of inflating bladder and sphygmomanometer cuff using the technique of Radio Frequency Welding (RF Welding).
- Development to increase the uniqueness of the products is to develop single patient use cuff that is the type of cuff whose use to only one patients especially those who suffering from infectious diseases, so if the patient had recovered then the cuffs will be throw away. Single patient use cuff is very beneficial for other patients to avoid diseases infected.

#### **4.2.2.2 Development of Business Customer Relationship Management**

Business Customer Relationship Management influence on the purchase decisions of customers. It is recommended that the Indonesian sphygmomanometer vendor to promote the development towards:

1. Giving the reward to customer and bonus to loyal customer.

a. Improve the giving of variation of reward as an appreciation to loyal customer to Indonesian vendor.

Practical steps that must be done, as the following :

- Give the reward in form of plaquete or trophy or exclusive medal of loyalty award for all customers, ie Silver trophy to 2 years loyal customer, golden trophy to 5 years loyal customer, platinum trophy to 10 years loyal customer, life time diamond trophy to 15 years loyal customer.

b. Improve the giving of bonuses to loyal customer based on their sales contribution.

Practical steps that must be done, as the following :

- Cash back program: give cash back as amount to 0.5% for buying equals to \$ 100,000,- dan multiplication with direct payments when it reaches the equivalent of \$ 100,000,- and created as an annual program; and when there is a balance of more than multiples \$ 100,000,- will carry over to next year in order to customer more eager to do re-purchase.

2. Increased business development cooperation which can be implemented through increased participation of the producers in the following activities / events held by the customer, as well as stimulate customers to be more actively participate in the activities / events held by the manufacturer.

a. Increased participation of vendors in the event held by the customer.

Practical steps that must be done, as the following :

- Sending experts from Indonesian vendor to the exhibitions or seminars or other similar events held by customer to help customer promote their end product.
- Vendors can participate in sponsoring the event with a number of funds for promotional activities such as seminar or exhibition

b. Increased customer participation in the program of cooperation with the vendor form Indonesia.

Practical steps that must be done, as the following :

- Vendor initiated cooperation in order to develop specialized products that will be produced, to invite the certain customers that are known to dominate the market segments related to the products that will be implemented, for example, production cooperation of single patient use cuff for infectious disease patients.
- Cooperation between vendor with the customer in order to develop products Latex free to enter markets that promote products Latex free issue where there is an allergy to products made from Latex medical devices, materials development can be based material Syntetic based Latex or PVC.
- Cooperation between vendor with the customer in development Non-Mercury sphygmomanometer, where there is the appeal that mercury is not used in medical equipment such as the sphygmomanometer and thermometer were declared in 2008 by the WHO (World Health Organization) and HCWH (Health Care Without Harm).

3. Providing purchase convenience to customers in the easiness of purchase ordering and easyness of term of payment transaction.

a. Improve the purchase convenience to the customers.

Practical steps that must be done, as the following :

- Business customers who already have the characteristic as a loyal customer with the cooperation age of 5 years business relation and a minimum purchase volume of \$ 100,000 / year can be given various facilities, among others, free of cost to the manufacture of production samples, and low of minimum order quantity.

b. Increased the easiness of term of payment transaction to the customers.

Practical steps that must be done, as the following :

- Standard payment is by L / C at sight, for the loyal customers with the age criteria of cooperation more than 5 years and the volume of purchase of at least \$ 100,000,/year can be served by payment T / T (Telegraphic transfer) after shipment so that customers can enjoy cost savings for L / C on every purchasing product.

#### **4.2.2.2 Improvement the Understanding of Business Customer Purchase Decision**

It is recommended to the companies to improve the understanding of:

a. Vendors in understanding in customer performance evaluation

Practical steps that must be done, as the following :

- Vendors need to understand that every year business customers doing the evaluation of vendor performance. If the vendor's performance was rated in the category of very well by customers then the opportunity of Indonesian vendor to become the main supplier will be very large.
- The stability of the selling price is very important for the assessment of business customers. Determination of the selling price should be stable, keep the vendor's price list valid for one full year except in an emergency (force majeure). Vendors must strive to not raise prices despite rising costs of eg. raw material prices or labor costs, etc. if the condition is still possible, then the price increase to be postponed until end of next year, so that customers will feel comfortable in doing their business with their distributor.
- Delivery time is an assessment of the vendor's performance that is considered very important by business customers. Delivery time must be in accordance with the commitment to the customer,

because the customer already planned schedule assembling with other components in case of delay in delivery time on one component will be a problem in the customer's production delays.

- The stability of product quality and suitability specifications should be maintained with good quality control as an important consideration for customers.
- Vendors can make or modify a product innovation every year in order to get a good assessment of business customers. It will also encourage vendors to have an increased variety of products so that adds to the appeal of business customers.

b. Search partners / vendors, through increased understanding of the Indonesian vendor to the customer consideration in determining the qualification of vendors.

Practical steps that must be done, as the following :

- Business customers determine the main qualifications vendor they are to be truly manufacturers who produce their own product that they sell.
- In addition to product quality, price, and delivery time are of concern to sphygmomanometer business customer, vendors required to have certified ISO management system, product certification CE, certification US FDA and the certificate of the results of the test materials and test the product from independent institutions.

c. Product specification, to increase the qualification of vendors from Indonesia to meet the product specifications required by customers.

Practical steps that must be done, as the following :

- Each business customers determine the specifications of each product, the vendor must perform periodic training every 6 months for updating for its marketing executives regarding the specifications for the entire product knowledge of sphygmomanometer; Mercurial sphygmomanometer, Aneroid sphygmomanometer, as well as digital sphygmomanometer, so that every customer inquiry can be served satisfactory.

d. Plan to order in a regular basis, by increasing efforts to create alignments of customers in the query plan / order regularly from Indonesian vendor.

Practical steps that must be done, as the following :

- Marketing executive of the vendors communicates to the business customers that manufacturers require to have order forecast regularly that benefits to the customers in terms of guarantee of delivery time and the quality of workmanship. The spot orders for production planning will be more difficult for vendors to maintain.

e. Knowing the problem facing by potential customer by , increased vendor's knowledge in understanding the product needs.

Practical steps that must be done, as the following :

- Understanding in customer needs, searching what the customer specific concerned through the website, trade fair, purchase the end products of the customer at medical equipmwnt retail stores, etc.

f. Knowing the general requirements, increase in vendor's identification to general customers need.

Practical steps that must be done, as the following :

- Understanding the general requirements of customer that unique to each customer. There are customers who are more concerned about the high quality, but some customers are sensitive to the price but not concerned with high quality standards.

## **REFERENCES**

Anonymous (2000). Car Buyers' Decisions Shaped By CRM Activity. Intelligent Enterprise, suppl. Intelligent CRM : S6.



- Crater, Bonnie (2006) Is On-Demand CRM Right For your Customer Service Organization? *customer Interaction Solutions*, 24 (7), 34-36.
- Fombrun, Charles J. (2001). *Corporate reputation - Its Measurement and Management*. *Theixiz*, 4:23-26.
- Gerson, Keith, CFE (2014). *Customer Satisfaction Processes*. *Surveys and Reputation Management, Franchising World*, 46 (12), 20-21.
- Hughes, Douglas E; Le Bon, Joël; Rapp, Adam (2013). Gaining and leveraging customer-based competitive intelligence: the pivotal role of social capital and salesperson adaptive selling skills. *Academy of Marketing Science. Journal* , 41(1), 91-110.
- Hung-Jen, Su; Chia-Jung, Chang; Chuang, Shih-Chieh (2010). The Effect of Corporate Image as an Affect Heuristic on Investors' Decision Making. *Asia Pacific Management Review*, 15(3), 453-476.
- Kotler & Bowen, John T. (2010). *Marketing for hospitality and tourism*. James C. Makens. - 5th ed. Boston : Prentice Hall.
- Kotler, Philip & Kevin Lane Keller (2016). *Marketing Management*, 15e, Global Edition, England : Pearson Education Limited.
- Lovelock, Christopher, & Wirtz, Jochen (2011). *Service marketing : People, Technology, strategy*. 7th edition. Pearson Education Inc. , USA.
- Majalah Marketing, No 12/IV/Desember 2004
- Malhotra. Naresh K. (2010). *Marketing Reseach : An Applied Orientation*. Sixth Edition. Pearson Education
- Nunnally, Jum.C, Ira H. Bernstein (1994). *Psychometric Theory*. McGraw-Hill.
- Bendixen, Michael; Abratt, Russell (2007) *Corporate Identity, Ethics and Reputation in Supplier-Buyer Relationships*. *Journal of Business Ethics*, 76 (1), 69-82.
- Sekaran, Uma (2010). *Research Methods For Business*. Fifth Edition. New York: Jhon Wiley & Sons, Inc.
- Shahraki, Alireza; Hadi Zarea, Abbas Jannesari (2012). Decision Making with Multi Criteria through Hierarchic Analysis Technique and its Effect on Customer Decision Procedure, *Information Management and Business Review*, 4(3), 153-158.
- Smith, Rodney E, and Wright, William F. (2004). Determinants of Customer Loyalty and Financial Performance. *Journal of Management Accounting Research*, 16, 183, 23 pg.
- Tenenhaus, Michael, Vinzi, E Vincenzo, Chatelin, Yves- Marie., Lauro, Carlo (2004). PLS Path modeling. *Computetional Statistics & Data Analysis*, 48(1), 150-205.
- Teo, Thompson SH ; Yujun Pian (2003). A contingency perspective on Internet adoption and competitive advantage. *European Journal of Information Systems*, 12 (2), 78-92.
- Tirenni, Giuliano; Kaiser, Christian; Herrmann, Andreas (2007). Applying Decision Trees For Value-Based Customer Relations Management: Predicting Airline Customers ' Future Values. *Journal of Database Marketing & Customer Strategy Management*, 14(2),130-142.
- Van Oostenbrugge, Steve J. (2013). *Customer Satisfaction And Corporate Reputation: A Correlation Study*, Capella University, ProQuest, UMI Dissertations Publishing, 3557630.
- Verhoef , Peter C. (2003). Understanding the Effect of Customer Relationship Management Efforts on Customer Retention and Customer Share Development. *Journal of Marketing*, 67(4), 30-45.
- Wang, Wen-Cheng, Lin, Chien-Hung, Chu, Ying-Chien (2011). Types of Competitive Advantage and Analysis. *International Journal of Business and Management*, 6(5).