

MAPPING IDEA & LITERATURE FORMAT | RESEARCH ARTICLE

Implementation of the Digital Membership System on Customer Loyalty

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ARTICLE HISTORY

Received: June 08, 2025

Revised: July 11, 2025

Accepted: July 28, 2025

DOI

<https://doi.org/10.52970/grmilf.v6i1.1379>

ABSTRACT

This study aims to analyze the implementation of a digital membership system at Sultan Kisaran Barbershop and its impact on customer loyalty. The digital membership system implemented using the WhatsApp Business platform is integrated with the cashier system, allowing customers to monitor point accumulation in real-time and get various attractive incentives. The research method uses a qualitative descriptive approach with data collection through observation, interviews, and transaction documentation. The study's results indicate that implementing a digital system increases the frequency of customer visits, strengthens retention, and triggers referral activities that contribute to the expansion of the customer network. The selection of simple technology that suits local conditions has proven effective in minimizing adaptation barriers, while customer emotional engagement is further strengthened through service personalization. Despite challenges in digital literacy and human resource readiness, training and mentoring efforts have overcome these obstacles. Thematic analysis revealed that the digital membership system provides significant added value in terms of behavior, value perception, and customer emotional attachment, thus supporting a sustainable increase in loyalty.

Keywords: Digital Membership, Customer Loyalty, Barbershop, WhatsApp Business.

I. Introduction

In recent years, the self-care service industry, such as barbershops, has experienced significant growth, in line with the increasing public awareness of the importance of appearance and personal grooming. In smaller towns like Kisaran, barbershops are not merely places for haircuts but also serve as social spaces that blend lifestyle with personalized services. In this context, customer loyalty becomes a vital asset that must be maintained to ensure business continuity and competitiveness, particularly for Micro, Small, and Medium Enterprises (MSMEs). Advancements in information technology have transformed the way businesses interact with their customers. One rapidly growing strategy is the digital membership system—a technology-based membership approach that allows for automated transaction recording, reward distribution, and direct

promotional messaging through digital devices. Businesses in major urban areas have widely adopted this system and have effectively built more personalized and sustainable customer relationships.

However, implementing such systems in non-urban regions like Kisaran remains limited. Many local barbershops still rely on conventional methods, such as physical cards, to record visits or provide discounts. These manual systems have several limitations, including the risk of card loss, a lack of digitized customer historical data, and the inability to analyze consumer behavior strategically. As a result, the potential to foster long-term customer loyalty is not fully optimized. Sultan Barbershop Kisaran is one of the local businesses beginning to recognize the importance of digital transformation, particularly in the context of membership systems. Despite having a loyal customer base, the barbershop still depends on a manual membership system not integrated with digital customer data. This presents both a challenge and an opportunity to enhance service quality and customer retention by adopting relevant digital technologies. Based on literature studies, digital membership systems have been proven to enhance customer loyalty across various service business contexts (Kotler & Keller, 2016; Zeithaml et al., 2020). Grönroos (2007) noted that loyal customers contribute recurring revenue and act as effective promotional agents. Unfortunately, most of these studies focus on large enterprises in urban areas, with little exploration of digital system implementation in MSMEs located in semi-urban regions.

This is where the originality of this study lies, exploring the potential for digital transformation in microservice sectors that have been largely overlooked in previous research. Furthermore, global digital marketing trends emphasize the importance of data-driven approaches, personalization, and automation in building sustainable customer relationships. This study seeks to bridge the gap between these global trends and the realities faced by small business operators in regional areas, offering insights into the readiness, challenges, and opportunities involved in digitalizing membership systems in local barbershop enterprises. From an ethical standpoint, this research is conducted by adhering to the principles of informed consent from respondents, ensuring customer data confidentiality, and avoiding any manipulative or exploitative data practices. Therefore, this study is not only academically and practically relevant but also upholds the ethical standards of social research. This research aims to analyze how a digital membership system can be effectively implemented at Sultan Barbershop Kisaran and its impact on customer loyalty. The study is expected to provide tangible contributions to the development of local, inclusive, adaptive, and customer-experience-oriented digital marketing strategies.

II. Literature Review and Hypothesis Development

2.1. Customer Loyalty

Customer loyalty refers to a customer's commitment to consistently purchase or use a product or service from a particular brand over the long term (Oliver, 1999). Grönroos (2007) emphasizes that in the service industry, customer loyalty generates repeat business and encourages voluntary word-of-mouth promotion. In barbershops, loyalty is a key element, as the cost of retaining existing customers is significantly lower than acquiring new ones. According to Zeithaml et al. (2020), several indicators of customer loyalty include repurchase intention, resistance to switching to competitors, and willingness to recommend the service to others. Achieving such loyalty requires a relational marketing strategy to deliver a consistent and value-added customer experience.

2.2. Digital Membership Systems

Digital membership systems represent a modern form of customer engagement that leverages digital technologies such as mobile applications, websites, and integrated point-of-sale systems. These systems track customer activity, provide loyalty rewards, and deliver personalized marketing communications (Kotler & Keller, 2016). Verhoef (2003) states that digital membership systems allow businesses to obtain more

accurate and comprehensive customer data, enabling more targeted retention strategies. In practice, these systems offer customers a more efficient, convenient, and personalized experience, which manual systems fail to achieve.

2.3. Digitalization of MSMEs

Digitalizing micro, small, and medium enterprises (MSMEs) has become a central issue in local economic development, particularly in improving operational efficiency and expanding market reach. A study by Tambunan (2019) revealed that the primary obstacles in MSME digitalization include limited digital literacy, human resource constraints, and high technology implementation costs. However, when implemented correctly, digitalization can significantly enhance business performance, including customer management. Barbershops, as service-oriented businesses with high levels of social interaction, can gain substantial benefits from adopting digital membership systems. Research by Setiadi & Putra (2022) found that customers enrolled in digital membership programs demonstrated higher loyalty than non-members, primarily due to more personalized experiences and structured incentives.

2.4. Previous Studies and Research Gap

Research on digital membership systems has predominantly focused on large retail sectors and e-commerce-based companies. For example, a study by Pratama and Sari (2021) examined the impact of digital loyalty programs in modern retail stores in Jakarta and found that mobile app integration significantly increased customer visit frequency. However, few studies have addressed implementing digital membership systems in MSMEs in non-urban areas such as Kisaran. Research by Fitriani and Yusuf (2020) stated that most MSMEs still use conventional membership methods due to limited access to technology and a lack of understanding of digital systems. This indicates a significant gap in the academic literature regarding digital membership systems' readiness, challenges, and potential success within local service-oriented MSMEs such as barbershops.

2.5. Theoretical Framework and Variable Relationships

This research is grounded in the Customer Relationship Management (CRM) model and the Relationship Marketing approach, emphasizing the importance of building long-term relationships between businesses and customers. The digital membership system serves as a tool that connects CRM strategies to customer loyalty behaviors. Implementing a digital membership system positively and significantly affects customer loyalty at Sultan Barbershop, Kisaran. The ease of use of the digital membership system positively influences the increase in customer loyalty. The provision of rewards and personalized promotions through the digital membership system significantly affects customers' decisions to continue using the services of Sultan Barbershop Kisaran.

III. Research Methodology

3.1. Research Approach

This study employs a qualitative descriptive approach to gain an in-depth understanding of the transition process from a manual to a digital membership system at Sultan Barbershop, Kisaran, and its impact on customer loyalty. This approach was selected because it allows for a contextual and comprehensive exploration of phenomena, especially within micro, small, and medium enterprises (MSMEs), a sector that remains under-researched in the context of customer membership system digitalization.

3.2. Originality Contribution and Research Positioning

This research contributes to filling the literature gap regarding the application of digitalization in the service-based MSME sector in non-urban areas. Unlike previous studies on large corporations and metropolitan cities (Pratama & Sari, 2021; Fitriani & Yusuf, 2020), this study presents a real-world case of digital transformation in a local business unit with limited resources. The originality of this study is strengthened through the use of primary data gathered from business actors and customers who are directly involved in the digitalization process. All quotes and analytical results are independently developed, plagiarism-free, and verified using plagiarism detection software to ensure the manuscript's authenticity.

3.3. Research Location and Subjects

The research was conducted at Sultan Barbershop, Kisaran, located in Kisaran City, Asahan Regency, North Sumatra. This barbershop is one of the local MSMEs that has independently adopted a digital system using WhatsApp Business and an integrated Point of Sale (POS) system for its customer membership program. Research subjects were selected using a purposive sampling technique, meaning informants were deliberately chosen based on their relevant experiences and involvement with the research topic. The criteria for selection include:

- a. The business owner, due to their strategic role in decision-making and digital system management.
- b. Two operational staff (cashier and customer service) are directly responsible for implementing the digital program.
- c. Five active customers, including three users of the manual system and two digital system users, were selected based on a minimum membership duration of six months and a minimum visit frequency of twice per month.

3.4. Data Collection Techniques and Instruments

Data were collected using three main techniques: in-depth interviews, participant observation, and documentation.

a. In-Depth Interviews

Semi-structured interviews were conducted to explore informants' views, experiences, and perceptions regarding the effectiveness of both the manual and digital membership systems. The interview instruments were developed based on customer loyalty indicators (Zeithaml et al., 2020) and the Customer Relationship Management (CRM) framework. All interviews were recorded using audio devices and manually noted for cross-validation.

b. Participant Observation

The researcher conducted direct observation at the research site over two weeks, particularly during peak operating hours (4:00 PM to 8:00 PM WIB). The observation focused on cashier-customer interactions during point entry, digital membership verification, promotional messages sent via WhatsApp Business, and customer responses to the new system. Field notes were systematically recorded in a daily observation log.

c. Documentation

Supporting documents such as screenshots of the POS system, digital promotional archives, and manual membership forms were collected to strengthen data triangulation.



Figure 1. Customer Visit Documentation

3.5. Data Analysis Technique

The data collected were analyzed using thematic analysis techniques. The analysis process involved data reduction, thematic grouping (coding), and conclusion drawing. Transactional data supported qualitative findings by providing numerical insights into increased visit frequency, loyalty duration, and customer referrals. To measure customer loyalty, this study employed Griffin's (2005) framework, which divides loyalty into three main dimensions: repeat purchase, retention, and referral. In addition, Oliver's (1999) concept of conative loyalty and the Customer Perceived Value (CPV) model by Kotler & Keller (2016) were used to assess customers' perceived benefits of the implemented system.

3.6. Data Validity

To ensure data validity, source and method triangulation were conducted. Interview results were compared with transactional data and field observations. Furthermore, member checking was carried out with the business owner to clarify and validate the researcher's interpretation of the collected data.

IV. Results and Discussion

4.1. Transition from Manual to Digital Membership Systems

At its early operation stage, Sultan Barbershop Kisaran utilized a manual membership system that relied on printed physical cards. While this approach was practical in the short term, helping identify loyal customers and offering basic discounts, it became increasingly problematic as the business grew. Manual systems proved inadequate in handling larger volumes of customer data, resulting in inefficiencies and limitations in customer relationship management. Several issues emerged:

- a. Lost or forgotten membership cards, leading to service delays and customer dissatisfaction.

- b. Lack of systematic records prevents behavioral analysis and personalized offerings.
- c. No digital outreach capabilities, such as notifications or promotional reminders.
- d. Low operational efficiency, as manual input slowed transaction times, especially during peak hours.

These findings echo those of Fitriani & Yusuf (2020), who note that many MSMEs in non-urban settings continue to rely on conventional tools due to limited technological access and low digital literacy. However, few studies have deeply explored how these barriers can be overcome through context-sensitive digital transformation. This represents the central research gap addressed in this study: how a small service-based MSME in a semi-urban environment can transition to digital membership in a way that is both scalable and sustainable.

To address these challenges, Sultan Barbershop implemented a structured shift toward digitalization through six strategic steps:

1. Conversion of existing manual customer records into a digital format
2. Deployment of a WhatsApp Business platform integrated with a Point-of-Sale (POS) system
3. Staff training on the use and maintenance of digital tools
4. Social media campaigns and in-shop education to inform customers
5. Gradual phasing out of physical membership cards
6. Ongoing system monitoring, feedback collection, and iterative refinement
7. This structured process illustrates that digital membership systems can be successfully implemented even with minimal resources, provided the approach is carefully tailored to the local context.

4.2. Implementation of the Digital Membership System

Rather than developing a new, complex mobile application a solution often impractical for small businesses Sultan Barbershop utilized WhatsApp Business, a familiar platform among local customers. This strategic choice minimized the need for technical training and reduced customer resistance to digital change. The digital membership system allowed the barbershop to:

- a. Automatically track loyalty points and visit history
- b. Send personalized promotions, birthday greetings, and appointment reminders. Launch a referral system, where customers earn points for bringing new clients

This design follows Customer Relationship Management (CRM) principles, which prioritize long-term customer engagement through personalized, data-driven communication (Payne & Frow, 2005). Unlike many corporate CRM systems that rely on proprietary platforms, widely adopted tools such as WhatsApp allowed for greater inclusivity, aligning with the customers' existing behavior patterns. This implementation also speaks to the originality of the methodological approach, which goes beyond simply applying digital tools. It reflects a strategic alignment between technology, user familiarity, and localized business needs, a key component often missing from digitalization efforts in the MSME sector.

4.3. The Impact of Digitalization on Customer Loyalty

Post-digitalization data revealed significant improvements in key loyalty indicators:

- a. Customer visit frequency increased from an average of 0.8 to 1.7 times monthly. Customer retention rose to 64%, with many patrons remaining active for over six months
- b. Referral activity improved, with 58% of active customers referring friends or family

- c. These outcomes indicate a shift toward conative loyalty, a strong, intentional commitment to repurchase described by Oliver (1999). Moreover, the findings align with Griffin's (2005) loyalty framework, which emphasizes the importance of retention, repeat behavior, and advocacy as signs of deep customer engagement.

The ability to measure these behaviors with transaction data rather than just surveys adds credibility to the findings. It allows a more evidence-based understanding of how digital systems influence loyalty patterns in microbusiness environments.

4.4. Appropriateness of Simple Technology for Semi-Urban MSMEs

One of the key insights from this study is the strategic value of simple technology. By leveraging WhatsApp Business, Sultan Barbershop avoided the high development and maintenance costs associated with custom applications. This made the system:

- a. Accessible to digitally limited users
- b. Low-cost and easily integrated with existing devices. Scalable in small increments without significant infrastructure upgrades

These findings corroborate Amaliah et al. (2022), who argue that digital transformation in MSMEs must align with their customers' social and cultural realities. Technologies should be chosen not for novelty, but for their ability to be seamlessly adopted by users. This dimension is often neglected in digitalization discourse, particularly in top-down policy frameworks.

4.5. Emotional Engagement and Added Value

Besides functional benefits such as discounts and loyalty points, the system also created emotional value for customers. Personal messages, exclusive rewards, and recognition of special occasions built a sense of intimacy and customer care. This is consistent with Customer Perceived Value (Kotler & Keller, 2016), which holds that customer satisfaction arises when the perceived tangible and emotional benefits exceed the costs. In this context, the emotional experiences provided through digital communication significantly enhanced perceived value and thus strengthened customer loyalty.

4.6. Implementation Challenges and Adaptive Responses

Despite its success, the transition was not without obstacles:

- a. Digital literacy gaps, especially among older customers
- b. Data entry errors, often stemming from staff unfamiliarity with digital tools, and technical glitches related to POS-WhatsApp integration
- c. To manage these challenges, the business took proactive steps:
- d. Bi-monthly staff training sessions
- e. A customer feedback mechanism for continuous improvement
- f. Personalized support for elderly or digitally reluctant customers
- g. These adaptive strategies reflect the importance of organizational readiness, particularly in human resource development, as Prasetyo & Nugroho (2021) noted—even the best systems risk failure during customer interaction without continuous support and feedback loops.

4.7. Thematic Analysis of Customer Perceptions

Using thematic analysis, four core themes were identified from interviews and field observations:

- a. Behavioral change: a substantial preference shift toward digital convenience
- b. Reward-driven loyalty: increased motivation to return and refer friends. Dual-value perception: appreciation of both emotional and functional benefits
- c. Resilience and adaptability: willingness to adjust among customers and staff
- d. These themes indicate that successful digitalization involves more than technical functionality; it requires all stakeholders' emotional engagement and social adaptation.

4.8. Critical Discussion and Research Contribution

This study contributes empirical evidence to the relatively understudied field of digital loyalty systems within MSMEs in semi-urban regions. Most existing research (e.g., Pratama & Sari, 2021) focuses on large-scale retail chains or e-commerce platforms in metropolitan areas. What sets this study apart is its emphasis on real-world application, small-scale adaptability, and using existing platforms to achieve CRM goals. Moreover, its use of thematic analysis as a methodological tool brings to light rich, qualitative insights that are often absent in quantitative loyalty research. The findings suggest scalable, customer-centric digitalization is possible in underserved areas, provided the approach is thoughtful, resource-efficient, and culturally relevant.

4.9. Limitations and Future Research Directions

This study is limited by its single-site scope and relatively small sample size, which restricts the generalizability of the findings. Moreover, the absence of a pre-post statistical comparison weakens the ability to draw strong causal inferences. Future research may consider the following directions:

- a. Conducting comparative case studies across multiple cities and service sectors
- b. Incorporating quantitative methods (e.g., regression analysis) to strengthen causal validation. Investigating psychological variables such as trust, digital fatigue, or perceived control in technology use

4.10. Practical Implications

The findings of this study have direct relevance for small business owners, digital transformation consultants, and local policymakers.

- a. MSMEs in similar regions can adopt the WhatsApp-based membership model as a cost-effective entry point into digital customer relationship management (CRM).
- b. Staff training and personalized support should be essential to any digital transition strategy.
- c. Policymakers may consider subsidizing basic digital tools (e.g., POS devices) or offering technical mentoring to MSMEs to accelerate digital adoption.

V. Conclusion

Based on the research and discussion, it can be concluded that the implementation of a digital membership system at Sultan Kisaran Barbershop has significantly increased customer loyalty. This system provides easy access and point monitoring via WhatsApp Business, tailored to local customer characteristics,

thereby reducing technological barriers. Positive impacts are seen in increased visit frequency, customer retention, and referral activity, expanding the customer base. Beyond the economic aspect, emotional customer engagement through personalized service is crucial in strengthening loyalty. Challenges that arise, particularly related to digital literacy and staff readiness, can be addressed through ongoing training and mentoring. Therefore, a simple, technology-based digital membership system relevant to local needs can effectively build long-term customer loyalty in MSMEs like Sultan Kisaran Barbershop.

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