



A STUDY ON CUSTOMER RELATIONSHIP MANAGEMENT IN SELECTED RETAIL OUTLETS

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Abstract

India is a land of increasing retail opportunities. Retailing has bright prospects, propelled by the lifestyle changes taking place among the customers. The retailers have realized that creating superior customer service is the key for their success. The challenge to the retailer is not only to satisfy the customers, but also to delight and retain relationship with the customers. In this situation, well carved-out retail marketing strategy is essential which is specially designed for maintaining Customer Relationship Management and also which is the need of the hour. The present paper makes an attempt to find out the retailers strategies and the state of CRM strategies practiced by them. The basic design of the study was based on administering structured questionnaires to 100 retailers and customers. The paper also attempts to analyse and relate the customers opinions based on the retail services received and the overall satisfaction derived with by the customers.

Keywords: Retailing, Customer Relationship Management (CRM).

INTRODUCTION

RETAILING: Retailing is one of the largest industries in India and one of the biggest sources of employment in the country. Although the retailing industry has existed in our country for centuries, it is only in the recent past that it has witnessed such a tremendous growth. This has become possible due to the entry of Corporates like- the Piramals (Cross Roads), the Tatas (Westside chain of stores), the Rahejas (Globus and Shoppers Stop), ITC (Wills Lifestyle), S. Kumar's, RPG enterprises (Food World, Giant, Music World and Health n Glow). In this era of globalization and increasing competition, retailers are showing a keen interest in formulating well-designed strategic plans that could attract and retain customers by understanding and catering to their needs and changing interests. While India is a land of increasing retail opportunities, it is a challenging and difficult market. The customer is price conscious and his preferences vary from region to region and even within cities. In this reality, a retail strategy takes into consideration, a set of practices undertaken by the retailers to benefit the customers, and are also aimed at providing value added services to the customers. Contextually, the concept of Customer Relationship Management (CRM) has special relevance in retailing.

CUSTOMER RELATIONSHIP MANAGEMENT (CRM): While customer service has become necessary part of the retailing, it is equally necessary to evaluate the service quality provided. Retailers use various methods and programs for obtaining information on customers and their level of satisfaction. CRM is such a tool for servicing the customers. The first CRM initiatives launched in the early 1990s focused primarily on improving a single service channel-namely, the call center. Retailers adopted new technologies and performance measures designed to streamline the process of answering and handling customer inquiries, hoping to increase customer satisfaction and their own operating efficiency. Later, retailers widened this focus to include sales as well, implementing new automation tools to enhance sales force efficiency and productivity. In the mid-to late 1990s, the focus of CRM expanded yet again to include more service and sales channels (such as the Web, e-mail, and instant messaging) giving customers alternatives for interacting. The CRM process starts with constructing a customer database, containing the data about the customers and is the foundation for subsequent CRM activities. However, CRM is still in its nascent stage in retailing and so, an attempt was made in this study to identify the various customer practices followed by the retailers and relate the same to the concept of CRM.

NEED FOR THE STUDY

Since retailers began their push into what is now known as CRM, their initiatives were rarely, if ever, launched with strategic goals in mind. Instead, as retailers rushed to realize the benefits, their CRM efforts were characterized by an ad hoc, tactical approach lacking an overarching strategy. The reasons for this can be boiled down to three key factors. The first is lack of definition. CRM is surrounded by confusion since its inception. To



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some it is the new data warehouse. The second major factor is inadequate leadership. Leaders of CRM efforts have usually been functional heads-marketing, sales, or customer service managers. Finally, there are inadequacies of CRM vendors. Most of the vendors highlighted aspects of CRM which involved their products by addressing specific challenges within the sales or customer service. In addition to these, there are other difficulties as well. The concept, technologies and understanding of CRM are still in the nascent stage in the twin cities of Hyderabad. Therefore, this study is based on analyzing the strategies of the retailers, their CRM practices and also to relate the customers opinions based on the retail services offered to overall satisfaction derived.

OBJECTIVES OF THE STUDY

1. To understand and identify the Customer Relationship Management Practices followed by the retail stores.
2. To study the various CRM programs adopted by retail stores.
3. To study the benefits of CRM to the retailers and customers.
4. To provide the effectiveness of loyalty program adopted by retail store.

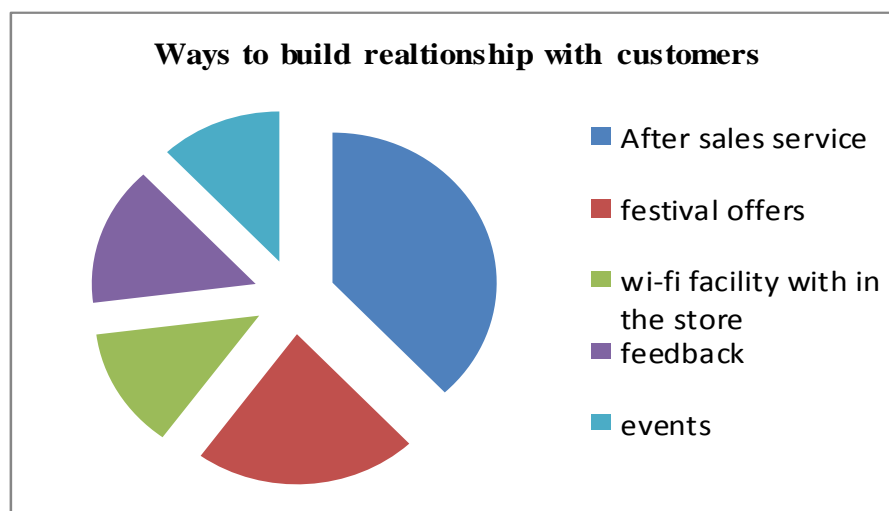
METHODOLOGY AND SAMPLING

The basic design of the survey instrument consisted of structured questionnaires. The questionnaire was administered to select 100 retailers and customers in Hyderabad with an expectation that such retailers (being exposed to the internet) would be familiar with the use of computer, would be associated with software and also would maintain the customer database. The main aim of the study was to know the retailers strategies and the state of CRM practiced by them and the study makes an attempt to know the customers opinions about the retail services offered in terms of ranking and relate the same to the overall satisfaction levels derived by the customers. A pilot study was conducted to test the comprehensiveness and validity of the questionnaire among selected retailers and customers, and based on the responses obtained; necessary changes were made in the Questionnaires.

DATA ANALYSIS

For the purpose of analysis, few retail stores and 100 retailers and customers of the respective retail stores were considered for the study and the data thus gathered had been classified, tabulated and presented in the form of simple tables.

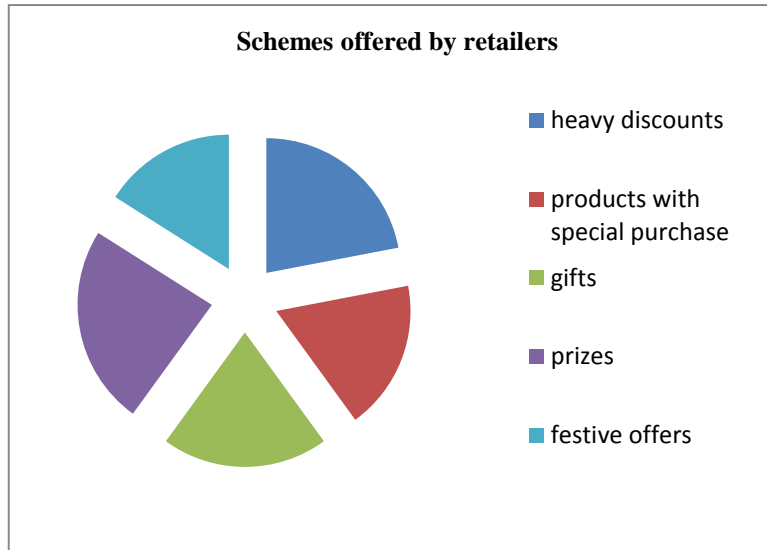
1 .Different ways to build good relationship with customer



Almost all the retailers of Hyderabad are using various means to build a good relationship with the customers. Festival offers, Regular feedbacks and after sales services constitute the major part of the practices used to build a healthy relationship with the customers. There are only 8% of the retailers who are making the use of all kind of the practices to have the faith of the customers in them.

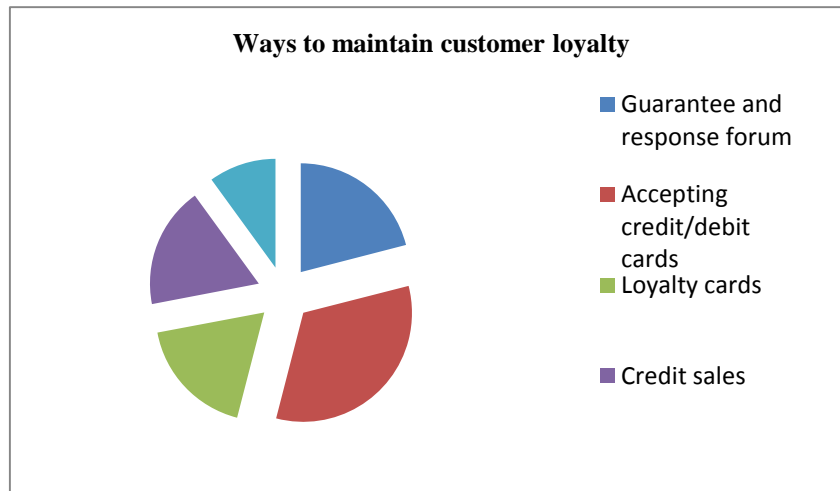


2. Schemes offered by the retailers:



15% of the total retailers are very aggressive in offering the special schemes to the customers and they offer all schemes like heavy discounts, free product with special purchase, gifts and bumper prizes, any other schemes like festival offers etc. to attract the customers and to have maximum footfalls. There are 17% organised retail store in Hyderabad which are not offering any of the special schemes to the customers. The reasons vary from the retailer to retailer. Some of the retailers say that they incur high production cost and their products quality is much higher than the products offered by the competitors, so why to use these cheap gimmicks.

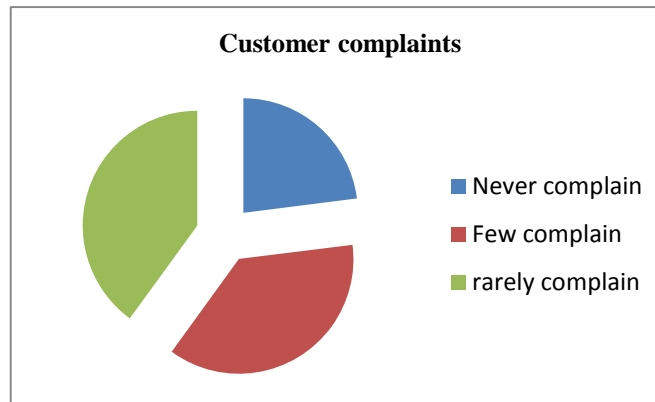
3. Various ways by retailer to maintain customer loyalty



Only about 9% retail stores are making the use of all the methods of the building customer loyalty like guarantee and response forms, accepting credit/ debit cards, mail orders, loyalty cards, and credit sales. The maximum number of 33.33% retailers focus on accepting credit/debit cards as higher income segments and the foreign customers prefer to use the debit/credit cards to make purchase. Guarantee and response forms and credit sales are also given high weight age (about 21% and 18% respectively). Loyalty cards and acceptance of mail orders are least in trend.

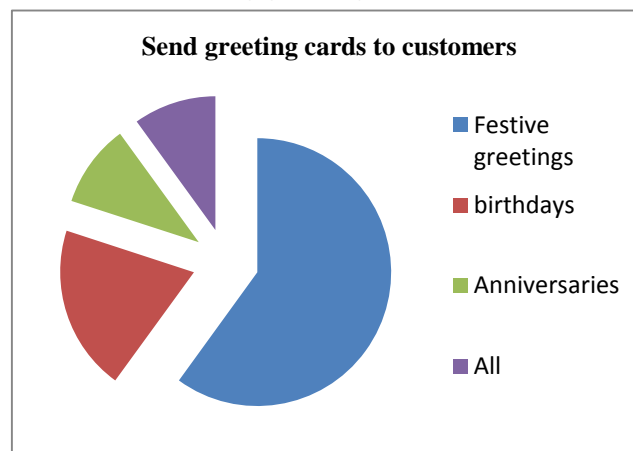


4. Retailers view about customer complaints regarding their product and services



Only 23% retailers said that the customers never complain. But this percent is very low which reflect that in Hyderabad 77% retailers are facing complaints of the consumers regarding their products and services and they are not providing up to the mark services and products to the consumers though the complaints may be rare and few The total number of 40% retailers admit that there are rare chances that the customers complain about their products because these try to satisfy the customers up to their best level. 37% of the total retailers admit that sometimes there may be faults in the products and services provided to the consumers but only few consumers complain depending on the impact and level of the fault and defect in the product.

5. Retailers sending greeting cards to the customer



The graph shows that 80% of the organised retailers believe in to be in touch with the customers. They send festival greeting, birthday greetings, and anniversary greeting to their customers especially loyal ones. Festival greetings constitute a major part of these greeting cards. Reason being is that along with these festival greeting cards these retailers can also send the special offers of schemes of the specific customers only.

SCOPE AND LIMITATIONS OF THE STUDY

1. The limitations of mobility and the time constraints restricted the scope of the study only to the twin cities of Hyderabad..
2. The study focused attention on information sources like shop visits, retail outlets, salesman talks and customers opinions. In addition to these sources, there may be other groups or other ways of gathering data which have not been taken into account in this study.



CONCLUSION & SUGGESTIONS

Customer relationship management is highly exercised in the industry like hospitality, services industry etc. but it is having equal importance in the retail industry also. The customers don't take a single second when it comes to change the preference and break the loyalty for an organization; in such a situation it is the customer relationship management of the organization which will compel the customers to visit the retail outlet again and again. Based on the findings & observations, of the Customer Relationship Management Practices in Retail stores, the following suggestions will give boost to the retailing:

- Retail stores should keep the purchase records of the customers along with the personal information of the customers. It would provide them a way to analyze the buying behavior of their customers.
- The management of the retail store should give a personal touch to the customers. It will encourage the customers to make frequent visit to the retail store. It also helps in building personal relationship with the customers leading to the higher level of the customer loyalty.
- The management of the retail store should provide special training to the sales staff of the organization to keep a healthy and friendly relationship with the customers.
- Timely feedback from the customers should be taken by the retail store it would make the customers realize that they are important for the growth of the organization.

Keeping in mind the diversity and innumerable opportunities, a multiple array of ideas and solutions that are uniquely Indian from small kiosks that serves the average Indian with snacks and food that cater to local Indian taste whenever and wherever he wants to large scale formats that will cater to every need and requirement of homemaker, Thus we are implementing concepts that will ultimately help it achieve its vision of delivering "Everything, Everywhere, Every time, for every Indian consumer in the most profitable manner."

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