

An Empirical Study of Successful Customer Relationship Management Practices in Organized Retail Sector

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ABSTRACT

Today in the highly competitive market, increasing customer demands retail outlets realize the importance of customer relationship management. The lack of understanding on Customer Relationship Management (CRM) is always a concern among the service providers especially retail outlets, retailers have their own way of managing their relationships with the customers.

The fast changing trends in lifestyles, food and eating habits of consumers have contributed largely to the growth and development of organized retail formats in India. But, this sector is predominantly (99.2 percent) dominated by the traditional kirana stores, which have strong relationships with the customers for various technical and functional quality benefits extended to them. This posed a great challenge to the organized retailers for customer acquisition and retention of loyal customers in this fierce competition. The paradigm shift in marketing practices from the traditional marketing to reactive marketing and then to relationship marketing have reiterated the significance of leveraging firm–customer relationship for reaping mutual benefits. Thus relationship marketing has come to the fore and occupied centre stage as one of the strategic tools for organized retailers to develop ways for attracting and motivating potential customers to remain staunch loyalists forever. However, little is known about the actual influences of the cornerstones of relationship marketing on relationship quality and customer loyalty from an empirical analysis in the context of changing trends in retailing. This study seeks to investigate the influence of relationship marketing cornerstones viz., Customer Satisfaction, Trust, Commitment, Communication on Relationship Strength which further explore the affect on attitudinal outcomes like relationship quality and behavioural outcomes such as customer loyalty. The study further examines an influence of the relationship quality on customer loyalty. This paper is an overview on success factors that could facilitate successful implementation of CRM.

Keywords : *Customer Relationship Management, Commitment, Communication, Customer Satisfaction, Customer Loyalty, Relationship Quality, Trust.*

1. INTRODUCTION

CRM is a combination of policies, processes, and strategies implemented by an organization to unify its customer interactions and provide a means to track customer information. It involves the use of technology in attracting new and profitable customers, while forming tighter bonds with existing ones. Customer relationship management is an emerging tool that enables marketers to maintain their presence in the dynamic marketing environment. Customer relationship management is high on the corporate agenda. Recent research carried out by Business Intelligence reveals that six out of ten companies have already started out on the CRM journey. CRM needs a deep understanding of the customer expectations, attitude & behavior through a well-organized & maintained customer database & innovative customer strategies.

In today's scenario, where competition is very hyper, CRM practices are being used by every marketer for attaining and retaining customers. CRM gives boost to the up-selling and cross-selling of the product and services. Building long term relationship with the customers is an asset for an enterprise which is directly proportional to profitability,

competitive advantage, customer satisfaction, elimination of distrust and problems. The goal of CRM is to ensure customer satisfaction & delight at every level of interface with the company.

2. RETAILING IN INDIA

Indian retail market is one of the Indian's fastest growing industries is expected to grow from us \$ 350 billion to us \$ 427 billion by 2010, retail is India's largest industry accounting for over 10 percent of the country's GDP and around eight percent of employment. Retail in India is at the crossroads. It has paced industries with several players entering the market. Retailing in India is gradually inching its way to becoming the next boom industry. The whole concept of shopping has altered in terms of format and consumer buying behavior, ushering in a revolution in shopping, modern retail has entered India as seen in sprawling shopping centers, multi-storied malls and huge complexes offer shopping, entertainment and good all under one roof. In recent times, however more and more by retail outlets are coming up in the metros and cities and the country. Many business houses now thinking and opening up a retail chain of their own like, Spencer and co limited, Vitan industries limited pantaloon, shoppers stop, Reliance malls, to name a few have already in the business with a big bang.

3. CRM AND ORGANIZED RETAIL SECTOR

The Retail industry has made a paradigm shift in strategy from being product centric to consumer centric in the past decade. Also, there is a rapid adoption of Internet technologies. A major challenge that service providers face is to establish a robust Customer Relationship Management (CRM) process that accurately collates related customer information for their organization. The current generation of shoppers is getting savvier in its options. To compete successfully in the present dynamic environment predictive sales, revenue forecasting, greater staff productivity, sifting and organizing unstructured data and automating and streamlining processes are the key requirements in any CRM solution offering. Retail CRM is one solution that every retailer relies on because it is directly linked to the customer and in turn results in better sales and Return on Investment (ROI). The ROI depends on how retailers manage their customer relationship which in turn is based on their ability to aggregate, analyze, and apply a range of data sources such as Point of Sales (POS), social media sites, in-house customer information, and loyalty programs. The six major business processes for retail CRM are loyalty program management, campaign management, in-store CRM, customer analytics, master data management, and a collection of customer information at POS. CRM and Organized Retail.

Products are easy to copy, services are harder to copy but the learned relationship that a customer has with or his supplier is nearly impossible to reproduce. It increases profitability of the retail business in five key ways:

- Customer loyalty translates into reduced price competition.
- Customer information allows companies to target profitable customers.
- Predictable buying patterns lower inventory holding costs, spoilage, and distribution costs.
- Customer loyalty reduces advertising and marketing costs.
- Customer loyalty extends products life cycle

4. FACTORS CONTRIBUTING TOWARDS CRM IN IMPROVING CUSTOMER RELATIONSHIPS

The recent growth of CRM can be sum up due to various factors. This practice adoption includes reduced role of the intermediaries and middlemen, especially with the advancement of computer and telecommunication technologies. With the emergence of CRM it allows the producers to directly communicate with the customers and service is available for 24*7 at very low cost.

The emergence of the digital technology has enabled companies to sell even complex goods and services; there is great opportunity for cross-selling and up-selling of the products to the customer who is loyal and committed to the firm. Factors contributing it are as follows:

- CRM introduces upgrades in client administration→ to encourage long haul supported customer loyalty.
- CRM builds up a top to bottom comprehension→ between the firm and its customers..
- Empowering the firm to achieve a higher rate of→ rehash Purchase.
- CRM helps the associations to recognize customers → require and refocus its procedure to serve him better.

- It helps the organization to accomplish business— development through improvement of aggressive edge and fabulousness.
- It helps in rediscovering the customer and— comprehension him.
- Recognize fields requiring new innovation and— improvement.
- Give input and new data on contenders.

5. BENEFITS OF CRM

The core benefits of CRM will be linked theoretically to the three types of equity (relationship, value and brand) and ultimately to customer equity. Seven core benefits were identified to serve as value drivers:

1. Improved ability to target profitable customers;
2. Integrated offerings across channels;
3. Improved sales force efficiency and effectiveness;
4. Individualized marketing messages;
5. Customized products and services;
6. Improved customer service efficiency and effectiveness; and
7. Improved pricing.

6. CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES IN RETAIL SECTOR

The highly demanding and knowledgeable consumers are compelling retailers to stock a huge Product range, offer attractive discounts in an aesthetically set up environment and so on all in the hope of having a loyal customer base. So, customer relationship management may be referred to as a philosophy of set of strategies, programmes and system which focuses on identifying and building loyalty with the retail outlets most valued customers. This means that CRM will work on the principle that retailers have to chat out programmes which will help them to raise their profitability ones on continuous basis though building long-term relationship with their customer's. Customer Relationship management is a company's business strategy designed to reduce cost and increase profitability by solidifying customer loyalty.

In Retail, well developed and carved-out marketing approach has become a need. Every marketer should have a customer-centric approach towards their customers and should build better CRM practices for their satisfaction. Most of the organized retailers who are located at prime locations provide pretty much attractive arranged settings, such as wonderful ambience, attractive décor, packaging, all these efforts provides satisfaction to the customers and they feel delighted and comfortable. Even now these organized outlets are hiring qualified personnel in marketing and retailing, so that they can understand the customers in better and efficient way. Training is being provided to the employees that will certainly benefit the end customer in the overall experience. Technology imperatives are there, even the customer can shop from the particular website and can avail discounts on purchase of items. Even reward cards are been issued to the customers as an initiatives for building better relations with them.

6.1 CRM PRACTICES IN RETAIL MARKETING (BIG BAZAAR)

"CRM is the business strategy that aims to understand, anticipate, manage and personalize the needs of an organization's current and potential customers". Customer relationship activities have the most impact on customer retention. Every customer service encounter has the potential to gain repeat business or have the opposite effect. The expectation of personalized, relevant offers and service is becoming a primary driver of customer satisfaction and retention in retail services. Good business people have always understood the relationship between happy customers that come back again and again and creating long term, sustainable profitability. **Big Bazaar has realized this and applied this to effect.**

("Come To Big Bazaar- Isse Sasta Aur Achha Kahin Nahin")

Big Bazaar is one of the largest and widespread hypermarket of the retail industry that is providing bigger value for your money, it promise more for the less and provides wider range of the commodities of different product line such as cosmetics, grocery, apparels, crockery, electronics, etc. They have taken various initiatives like Wednesday bazaar and they also provide discounts on most of the items.

Other initiative by Big Bazaar is Big Bazaar E-Gift voucher – if the customer is willing to gift someone something of their own choice they can go for the E-Gift voucher so that they can buy the gift of their own choice by issuing that voucher to the outlet.

It is said that a successful CRM implementation will allow your Customer Service, Sales and Marketing people (and anyone else in your organization) to have a holistic view of each and every one of your customers. In theory this will enable them to make quick, informed decisions, create cross selling and up selling opportunities, measure marketing effectiveness and deliver personalized Customer Care. Sound's great doesn't it!!!

6.2 CRM PRACTICES IN RELIANCE FRESH

Reliance fresh strongly believes in retaining and creating new customers. Reliance itself is a very strong brand and has always proved itself in various occasions and in various industries. It provides all its items at not only at competitive prices but also gives variety of offers and discount to its customers. The warm and friendly staffs make sure that you are satisfied while shopping at reliance fresh outlets and always look forward for a continues shopping experience at Reliance fresh. In order to create loyalty among customers reliance fresh team works hard to provide their Best in products and services to their fullest.

7. CONCLUSION

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 do not 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 repeatedly. Thus we are implementing concepts that will ultimately help it to achieve its vision of delivering "Everything, Everywhere, Every time, for every Indian consumer in the most profitable manner." The CRM practices have now gradually taking large market share and dominating the entire marketing. It is very important to know that CRM is not just merely software; it is designed to support the strategic vision and mission of the company. It builds relationship with the customers and retains them for a longer period of time, even the customers frequently re-visit the store or outlet to buy goods and services. Various services and amenities provided by the seller add synergy for the customer and if they are delighted then they do the positive word of mouth publicity of the seller and its products. Various measures adopted for building and maintaining relationship with customers such as after sales services, ambience, décor, escalators, lifts, etc. add more value.

Customer relationship management helps businesses to gain an insight into the behaviour of their customers and modify their business operations to ensure that customers are served in the best possible way. In essence, CRM helps a business to recognize the value of its customers and to capitalize on improved customer relations. The better you understand your customers, the more responsive you can be to their needs. Building effective customer relationship is the basic necessity of the business nowadays and requires holistic strategies to make it more successful.

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