A review of CRM Strategies for Direct-to-Consumer (D2C) Brands in India: A New-Age Retail Approach

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Abstract

A new generation of Direct-to-Consumer (D2C) businesses has emerged as a result of the retail industry's rapid expansion in India. In doing away with intermediaries and interacting directly with consumers, these brands are redefining conventional business models. Customer relationship management, or CRM, has become a vital strategic tool for direct-to-consumer (D2C) firms aiming to establish long-term, valuable relationships with their customers in a digital economy that is becoming more and more competitive. The CRM tactics used by Indian direct-to-consumer (D2C) businesses are thoroughly addressed in this article, with an emphasis on how these businesses use technology, customization, and data-driven insights to enhance customer engagement and brand loyalty. The study investigates the variety of CRM tools used, spanning automation platforms, omnichannel communication, and loyalty programs, using secondary research and industry case studies. To achieve client retention and reduce churn rate to establish a brand distinction, it also critically evaluates the advantages and disadvantages of these strategies. The study demonstrates how Indian direct-to-consumer (D2C) brands are advancing beyond traditional CRM practices to meet the distinct needs of digital natives. To contribute to a more nuanced understanding of CRM in the developing D2C retail scene, the study ends by highlighting strategic insights and scope for further research.

Keywords: CRM strategies D2C brands, D2C business in India, customer relationship management, D2C marketing, Digital CRM tools for startup, Personalize marketing in India, customer retention strategies.

Introduction

Definition of D2C business

Direct-to-Customer is a business model that reaches out directly to the customer, which includes both the physical and online forms of selling any product or service that benefits the customers.

Emergence of D2C Brands in the Indian Retail Landscape

Over the past ten years, India's retail industry has experienced a significant change due to the country's rapidly increasing digitalisation, the emergence of e-commerce, and customers' growing preference for personal interactions with businesses. Direct-to-Consumer (D2C) brands allow producers or manufacturers to sell their products directly to final consumers, signaling a significant

shift from the conventional multi-tiered retail paradigm. It eliminates intermediaries like wholesalers and retailers. This strategy offers more efficiency in operations and enhances customer experience.

Digital platforms including social media, smartphone applications, and custom websites are the primary means that direct-to-consumer (D2C) firms operate. The success of D2C startups in a variety of product categories, such as personal care (e.g., Vilvah), fashion (e.g., Bewakoof), food and nutrition (e.g., The Whole Truth), and electronics (e.g., boat), has been fueled by the accessibility of these technologies as well as the growing influence of digitally native consumers.

Because D2C brands control every step of the customer experience, from brand discovery to post-purchase care, they are able to establish genuine, tailored relationships with customers. D2C is a prominent and rapidly expanding retail model in the Indian market thanks to its capacity to provide carefully chosen experiences and collect unfiltered customer feedback.

Role of CRM in D2C Business Models

CRM has become an essential part of D2C branding and to retain customers is crucial for this business to continue its operations long run. D2C companies have direct control and management of client data, in contrast to traditional retail models where it is distributed among various parties. To increase customer's brand loyalty and trust, CRM strategies are vital to build a brand for D2C business in India.

CRM is a whole business strategy that integrates communication tools, behavioral data, and customer insight to improve the customer experience. It is not just a set of technologies. CRM strategies enable more customisation for Indian D2C firms through audience segmentation, customized marketing campaigns, predictive analytics, and focused product suggestions. D2C brands know the pain points of the target audience and tailor products and services based on consumer preferences.

CRM tools help in handling the full customer cycle for D2C brands. The capacity to track customer behavior at each touchpoint, from onboarding to post-purchase assistance, enables brands to provide reliable and worthwhile services. In the competitive and diversified retail landscape of India, where companies must cater to a multitude of languages, tastes, and regional characteristics, this is especially crucial. CRM is a critical enabler of customer happiness and repeat business thanks to tools like chatbots, AI-powered recommendation engines, and loyalty tracking systems.

Prominent CRM Strategies Adopted by Indian D2C Brands

Indian D2C brands have embraced a variety of CRM strategies that leverage both automation and customisation to deliver seamless customer experiences. These strategies typically involve:

Customer profiling and data integration: Companies compile consumer information from websites, social media platforms, web applications, third party platforms and dashboards to understand the preferences of the target audience. Companies collect information when customers visit their websites, products or services they search on competitors' websites. Search engine advertising and lead generation is a prominent technique used by several D2C brands globally.

Personalized Engagement: By employing behavior-based triggers, CRM systems assist organizations in developing dynamic customer journeys. For instance, offers based on browser history or automatic messages sent through emails and other social media platforms to set reminders about their items in cart.

Omnichannel Communication: To guarantee constant engagement across channels, a lot of direct-to-consumer (D2C) firms combine CRM platforms with email marketing tools, Instagram direct messages, WhatsApp Business, and SMS. Two well-known companies with a strong omnichannel CRM presence are Lenskart and Sugar Cosmetics.

Loyalty Programs and Rewards: To encourage recurring business and cultivate brand advocacy, companies like Plum and Wow Skin Science use loyalty points, referral bonuses, cashbacks, and early-access deals.

AI & Automation: Several Indian D2C companies employ AI-driven CRM systems for churn prediction, review sentiment analysis, and product recommendations. This allows for proactive engagement and optimized marketing spend.These strategies are often supported by tools like Zoho CRM, WebEngage, Salesforce, and Freshworks, which cater to the specific needs of Indian SMEs and growing startups.

CRM with Omnichannel Marketing is a powerful combination for direct-to-consumer firms.

Customer Relationship Management (CRM) is the hidden weapon for better understanding customers, and Omnichannel Marketing is a tool for reaching out to them through all of their chosen channels, including social media and email marketing. CRM and Multichannel Strategy Work Hand in Hand.

CRM, in its most basic form, is the first step towards building personal connections with clients. It enables us to obtain a thorough insight of their tastes as well as their needs. Meanwhile, CRM and Multichannel marketing, which is the process of linking with consumers across multiple platforms, provide an enduring and effortless interaction.

Advantages and Limitations of Existing CRM Practices

Advantages of CRM in the D2C Context

The benefits of implementing structured CRM strategies in D2C brands are substantial:

1. Enhanced Customer Loyalty and Customized communication strengthen emotional connections with customers and increase brand loyalty.

2. Data-driven decision Making in CRM platforms allows real-time data analysis for informed marketing, product strategies, and customer retention rate.

3. Operational Efficiency is the key aspect as automation reduces manual work and ensures prompt responses to customer queries.

4. Higher Customer Lifetime Value (CLV) with personalized experiences, customers are more likely to make repeat purchases, increasing overall revenue per customer. This reduces churn rate and improves customer satisfaction.

5. Seamless Omnichannel Presence helps in unified CRM systems help D2C brands maintain consistent messaging across multiple customer interaction points. Integrated service systems have also led to seamless CRM operations.

Challenges and Drawbacks

Despite its benefits, CRM implementation is not without limitations, especially for smaller D2C brands:

1. High Installation Cost is the major challenge in the premium CRM tools, which often involve significant financial investment, which may not be feasible for early-stage ventures.

2. Complex Integrations of the CRM system combining data from various sources can lead to inconsistencies or data silos if not executed properly.

3. Legal Compliance with the introduction of the Digital Personal Data Protection (DPDP) Act in India, improper handling of user data can lead to compliance issues.

4. Dependence on Automation is yet another challenge where automation streamlines processes; it may diminish human empathy in customer interactions, thereby impacting customer satisfaction. Customers seek a human touch in post-purchase services.

5. Information Overload has become a challenge since, without the right filters and analytics, excessive data can overwhelm teams and slow down decision-making, and the absence of valid data and insufficient customer information is vain.

6. Overcoming these challenges requires a balanced approach, where technology serves as an enabler without compromising personal touch or data ethics.

Scope and Objective of the Study

This paper aims to explore, through a structured review approach, the landscape of CRM strategies being adopted by Indian D2C brands. It focuses on understanding how CRM tools are utilized to enhance customer engagement, the practical implications of these strategies using relevant illustrations, the opportunities and constraints faced in the execution of strategies. As this is a **review-based** study, the paper draws on secondary sources including research articles, white papers, industry reports, and brand case studies to provide a consolidated view of CRM trends in India's evolving D2C sector.

Literature Review

A comprehensive review on the study has been done to explore the avenues of D2C in business context. The following are the overview of the review of literature.

Gupta and Mishra (2022), studied the influence of CRM adoption on Indian e-commerce and D2C. They stressed the importance of personalization, which CRM analytics provide, in improving customer satisfaction and retention. D2C companies may generate segmented marketing campaigns and bespoke experiences by evaluating behavioral data search history, frequently purchases, cart activities etc. Their findings revealed that customers are more attracted towards personalised offerings and suggestions from the sellers especially when it comes to D2C brands, the businesses have more access to the preferences of the customers. Furthermore, the study discovered that firms who use CRM solutions were better able to measure client lifetime value and reduce churn. The authors concluded that CRM is not just a marketing tool, it's a growth engine for the D2C brands to stay competitive in the retail landscape.

Chatterjee et al. (2020), and associates investigated CRM techniques in Indian SMEs that were switching to direct-to-consumer business strategies. They discovered a substantial structural and cultural change from conventional relationship-based selling to CRM tactics that are based on data. As key components of an effective CRM, the study highlighted the integration of technology,

communication, and customer feedback. It stated that while many Indian businesses find it difficult to embrace CRM systems because of a lack of knowledge or training, those who do reap the rewards of increased engagement and repeat business. Additionally, the presentation covered how CRM facilitates consistent service delivery and branding across several platforms. According to their analysis, a CRM approach serves as an internal alignment mechanism for the sales, marketing, and customer support teams in addition to being a customer management tool for D2C firms.

Deloitte India (2021), examined how CRM solutions are changing the operational frameworks of direct-to-consumer (D2C) firms in India in its industry-focused research. The study described how direct-to-consumer (D2C) models allow marketers to directly gather, possess, and evaluate consumer data by doing away with middlemen. CRM platforms like Freshworks, Salesforce, and Zoho CRM have been recognized as essential facilitators of effective service delivery, loyalty development, and customisation. In order to increase client lifetime value, the report also noted the growing usage of automation, AI-powered product suggestions, and loyalty incentive programs. According to Deloitte, CRM enables direct-to-consumer businesses to address client demands instantly, resulting in the development of enduring brand relationships. The study did, however, provide a warning regarding the difficulties smaller firms encounter when implementing CRM, such as exorbitant expenses and a deficiency of digital infrastructure.

Economic Times (2022) – Tata CLiQ Case Study, highlighted by The Economic Times as a prime example of omnichannel CRM integration in the Indian retail sector. With capabilities like click-and-collect, real-time inventory changes, and tailored suggestions, Tata CLiQ effectively used CRM to integrate its online and offline customer experiences. Unified customer profiles were made possible by the brand's CRM system, which consolidated data from in-store visits, mobile app usage, and website interactions. Regardless of the buying channel, Tata CLiQ was able to offer flawless service because of this connectivity. To improve engagement, consumer interactions were also monitored in order to customize offers and promotions. The case study demonstrated how smart CRM deployment increased brand loyalty, decreased return rates, and enhanced operational efficiency. The success of Tata CLiQ demonstrates how CRM can be used to provide exceptional customer experiences in an omnichannel D2C framework.

Raghavan and Ponnam (2019), emphasised on direct-to-consumer (D2C) companies, Raghavan and Ponnam examined the CRM environment in Indian consumer-facing brands. According to their research, CRM has a significant role in determining brand loyalty and customer retention, particularly in markets with low switching costs and intense competition. They pointed out that when

it comes to establishing enduring relationships, startups that put a high priority on CRM from the outset typically perform better than their contemporaries. Constraints like the price of CRM software, inability to integrate with legacy systems, and insufficient staff training were also examined in the study. But according to the authors, mobile-first solutions and cloud-based CRM tools are making it easier for new firms to enter the market. To guarantee a constant brand experience and an emotional bond with clients, they suggested a hybrid strategy that strikes a balance between automation and tailored human contact, particularly in post-purchase services.

Methodology

This piece of writing has undertaken the methodology of literature review. The sources studied include literature books and journal articles and content that analyze CRM models in several industries, including manufacturing and services. In this article, we will look at many CRM approaches that have been published since 2001 and are still in use till 2021 as a model for enhancing efficiency, profitability, and organizational/company value, which encompasses qualities such as service quality and satisfied clients.

Discussion

The reviews prominently indicate that researchers highlighted the following points:

"The effects of customer relationship management (CRM) on e-commerce evolution: A systematic review"

The study emphasized that CRM is more than just a marketing tool. It plays a crucial role in overall business management, influencing sales, fostering new business opportunities, and driving the evolution of e-commerce. The research was conducted using a systematic literature review, analyzing international articles from the Scopus database published between 2015 and 2018. This indicates a focus on recent trends and established research in the field up to that period. The primary objective was to identify and explore the effects and potential of CRM in the context of e-commerce evolution. This suggests that the paper would delve into various ways CRM contributes to the growth and changes within the e-commerce landscape.

"The effect of AI-based CRM on organization performance and competitive advantage: An empirical analysis in the B2B context"

The study examines how AI-CRM impacts firm performance with varied firm size, age, and industry type in a B2B context, combining institutional theory and resource-based view (RBV). The

paper tried to identify the moderating factors (like firm size, age, or industry type) that influence the relationship between AI-CRM and organizational outcomes.

"Deloitte India (2021) CRM."

The study highlights Deloitte's strong capabilities in providing CRM and Customer Experience (CX) implementation services globally. It also implies understanding of the CRM market and client needs. This signifies a broader understanding of customer relationships beyond just transactions to holistic customer experiences.

Tata CLiQ Delivers EpiQ Customer Service Experiences with Salesforce (Published by ET CIO, The Economic Times, July 23, 2022)

Tata CLiQ's service advisors struggled with disconnected systems, leading to a fragmented view of customer data. Agents spent significant time navigating multiple systems and screens to gather customer information (purchase history, order status, etc.) before initiating interactions. Advisors often lacked sufficient context about the customer's journey, compromising the ability to provide personalized and proactive support. Absence of recommended workflows hindered advisors' ability to resolve issues effectively and efficiently, impacting first-time resolution rates.

"Influence of customer relationship management on customer behaviour, a moderating role of social media in bank and financial institutions"

This research investigates the antecedents of a bank's performance in the context of its digital platform presence in emerging economies like India. It uses a survey of over 500 respondents in Delhi-NCR and a multivariate modelling technique (SEM) to establish relationships between factors. The outcomes highlight the role of social media in identifying three major constructs: relationship banking, brand image, and consumer engagement, all of which influence a bank's performance. The study emphasizes the importance of digitization and new technological tools for banks to enhance efficiency, output, monitoring, viability, and growth.

Conclusion

CRM strategies are evolving as a paradigm of India's D2C business, for customer retention, enhancing customer experiences by providing personalised services, and customer-centric marketing approaches for sustaining a competitive advantage. Effective CRM implementation—characterized by personalization, omnichannel integration, data-driven decision-making, and responsive customer support—enables brands to build lasting relationships and deliver consistent value across customer

touchpoints. Large D2C brands have seamless adoption of CRM strategies, unlike the emerging D2C businesses, which face the challenge of adapting to technology and are widely affected by resource constraints. Cloud-based CRM tools offer significant opportunities for small and medium-scale D2C businesses to adopt to bridge this gap.

This paper reaffirms that strategic CRM adoption is crucial for D2C brands navigating India's dynamic retail landscape. Future research should focus on developing integrated models that assess the collective impact of CRM elements and explore region-specific customer behaviors, enabling D2C businesses to evolve in line with India's diverse segments of consumers and rapidly changing digital ecosystem.

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