



## Customer Relationship Management (CRM) practices in Organized Retail Sector- Literature Review

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### Abstract

Retailing is the largest industry in the world. It is also India is largest industry accounting for over 10% of the country's GDP and around 8% of the employment. Customer relationship management is a Growing up tool that enables marketers to maintain their presence in the dynamic marketing environment .in this city like trichy those organized retail store and firms concentrating and targeting the consumer from the different segments like rural, urban, low, middle and high income segments etc. The research paper attempts to evaluate the CRM practices of the retail stores in trichy city. CRM is highly exercised in the industry like service industry etc. But CRM is having equal importance in the retail industry. Then the result of the research paper shows that 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 in the CRM of the organization which will compel the customers to visit the retail outlet again and more times.

**Keywords:** Retail stores, Customer Relationship Management (CRM), Loyalty,

### Introduction

Once upon a time the businesses are world was war. Then next focus has been shifted from product oriented strategy to customer strategy. Now company economics are competing for customers. Now retail marketing rising in world. Retailing is not only an important aspect of the economic structure but it is a part of our lives. Though trading of commodity has been in existence since the older days. Retailing is only in the recent past that the buying and

selling of goods have become more dominated activity. In fact today retailing is evolving into a global high tech business in world.

### **Retail Industry Scenario in India**

Now India retailing industry is one of the fasted growing in the world. Retailing industry reached to Rs 66.39 lakh crores in 2019 and expected to reachable Rs 76.87 lakh crores by 2020. India is fifth large retailer in the world. India is among the high in the world in terms of per capita retailing availability. India is retail sector is higher experiencing growth. Retailing development is place not just in higher cities and metros. Also in layer II and layer III cities. India ranked by 77 placed in the world in retailing. Now Indian people are go to online retailing in a big way.

India is expected to third place in retailing consumer economy by 2025. Then increasing participation from foreign and private investors has given a boost to Indian retail industry. India price strategy and competitiveness attracts large investors to use as sourcing based in retailing.

### **Customer Relationship Management**

#### **Definition**

According to Gartner CRM is a business strategy designed to optimise profitability revenue and customer satisfaction.

According to Parvatiyar and sheth, CRM is a competitive strategy and process of acquiring, reacting, and partnering with selective customer to create superior value for the company and the customer.

CRM is a combination of policy, Process, and strategy implemented by an organization to individual customer interactions and provide a means to track customer information. It is involve the use of technology in attract the new profitable customer. While form tighter bond with existing one customer relationship management is an growing up tool that activating marketers to maintain their presence in the change environment. Customer relationship management is high on the corporate events. The recent research carried out by business intelligence reveals that six out of ten companies have already started out on the CRM journey. CRM need a deep understanding of the customer expectations attitude and behaviour through a good organized and maintained customer database and curious customer

strategies. The goal of CRM is to confident customer satisfaction and pleasure at every level of interface with the company.

### **CRM in Organized Retail Sector**

Products are easy way of copy and services are hard way of copy but the relationship that a customer has with or his supplier is nearly impossible to re produce. It is increase profitability of the retail business in five ways.

- Customer loyalty translate the reduced price competition
- Customer information allows the company to target profitable customers.
- Predict buying patterns lower inventory holding costs, collapse and distribution costs.
- Customer loyalty reduces advertising & marketing costs
- Customer loyalty extend the product life cycle

### **Role of CRM in Retail Business**

CRM is pivotal to today's retail business; it helps retailers in retaining old customers, attracting new customers and increasing the visit of their customers. There are many benefits, both for retailers and customers, that can be achieve by implementing the CRM program.

Organizational benefits can more be sub classified as under:

#### **Customers**

CRM helps organization to understand their customers. Through CRM organization, maintain the basic information of the customers including their demographic and socio economic profile. Their Purchase history, buying pattern, buying behaviour, buying cycle and product or service preferences are captured. This information help the organizations to segment them and accordingly products or services are customized leading to customer satisfaction and improves the customer loyalty towards the retailer, brand, product or services. These loyal customers upon getting excellent services continue their patronage on organization by visiting more and buying more. CRM also helps in attracting new customers with potential to buy. This way organization earns more happy and repeat customers – the end objective of any business.

#### **Human Resource and Employees**

People, Product and services are three important components for any successful retailer. It is important for any organization to train its frontend sales team on how to handle,

understand and manage customers. Based on the customer data collected through various channels, Training and development team – part of HR function, creates the training modules for all the functions. These modules provide guideline to all departments at all levels for handling customer under the framework of company's Vision. Training modules includes Product knowledge, FAQ's along with solutions and alternatives and guidelines for effective customer handling and presentation.

Many retailers conduct periodic courses through "Train the Trainer Program" or Computer Based Teaching (CBT). This helps organization with better-trained and efficient sales team. It empowers the employees with limited decision making thereby improving the response time, quality of response and resolving grievances, if any. The other advantage is better communication, allowing employees to spend quality time with existing and new customers. Time spend with customer is directly proportional to "Strike rate". Effective customer handling by trained sales team saves line manager's time on handling customer and enhances their productivity. These learning and Development or training program brings astonishing changes in service standards and makes the store team more customer friendly leading to increased customer entry and shopping time.

### **Marketing, Advertising and Loyalty Function**

Revenue maximization and cost control are the two main mantra for any successful business. Customers are the source of revenue and getting them in store is a cost, thus retailer focuses on getting the right customer who can help them in achieving the objective of revenue maximization. CRM supports Marketing and loyalty functions in identifying, attracting and retaining high potential and high lifetime value customers whose association bring value to business. Through CRM, marketing and loyalty function achieve the objective of their existence ie. Retaining existing customers, attracting new customers, increasing customer footfalls and number of visit to stores. Incentivizing potential customers to improve visit and buy more becomes the integral part of CRM program.

CRM, by providing appropriate customer data, purchase history and buying preferences of customers to Marketing function, enable it to plan and execute effective promotions and campaigns for target audience to boost sales. CRM also highlights the most appropriate, Impactful and accepted mode of communication with loyal customers, that may include all or any one like SMS, e-mail, personal call, Newspaper, leaflet, hoarding or social media. Through CRM, marketing and loyalty function measures the performance of any event, promotion or communication by monitoring number of repeat customers, increase

sales, movement of average selling price, and number of promotional units sold, over all units per bill per customer etc. Data captured in each event helps retailer in getting more and better customer insights. Clarity on customer expectation helps business rationalize product assortment, and correct pricing apart from streamlining all the functions and improving service standard that enhance customer experience. Many retailers use CRM data to Customize and Personalize products that best suits to their loyal customers, a step towards further strengthen the bond with them.

### **Improving Profitability**

Availability of the right product at right price and right time to the right customer determines the success of any retail business. Through purchase tracking part of CRM solution, retailer gets clear visibility of what products, at what price, are acceptable to customers of different region, giving clear actionable to retailer.

Pruning the assortment based on CRM analytics, helps retailers to optimize quality and quantity of inventory that improves rate of sale and in turn improves the inventory turns – one of the key performance indicator for business. The other outcome of this action is more free space for introducing new range of merchandise or more profitable assortment. Loyal customers who are part of CRM or loyalty program and are associated with business for long, are usually more open for trying the new assortment and are less susceptible to price competition and further support business by continuous buying and helps in improving bottom-line. Customer's lifetime value can also be ascertained through CRM and so is the product life cycle that helps organization to focus on more profitable potential customers, cross sale and up sale them. Organizational profit is resultant of all these factors. Proper implementation and monitoring of CRM program helps in improving the overall revenue of the organization and business performance.

### **Over All Organization Processes**

CRM is a thought process that flows form the top management to the last level of the organization. Successful implementation of CRM requires acceptance from and alignment between all functions. CRM improves the communication between various departments like Sales, Marketing, Store operations, Human resources, production, supply chain and distribution and IT. It brings harmony among all functions by providing uniform data to whole organization. It encourages brainstorming process in organization to understand what

customer likes and how to improve the process, eradicating the weak links from any process, product or services.

Customer services at all levels shows dramatic improvement with focused approach and faster reaction and response time. CRM synchronizes all the channels of sales and helps organization to arrive at common Omni channel strategy leveraging what big data offers. CRM encourages organization to change the focus from only top line or bottom line to bring improvement in internal systems and processes, keeping eye on external changes, facilitates organizational change management, and improves the overall business performance.

### **Benefit to Customers**

CRM is a mutually beneficial process for both customer and organization. Like organization customer too gets benefit from CRM process. Customers through CRM share their expectation with organization for product or services and it is fulfilled too in terms of getting right product at right price. Many retailers introduce new products range basis feedback received from customers. CRM helps customers getting the personalized and customized products, services and after sales services as well. Improved response time is what customer look forward and CRM fulfil this too.

Retailers plan promotions, discounts, best deals for their loyal customers based on the information received through CRM or loyalty program data. Most of the fashion retailers plan Special events for their loyal customers or exclusive preview during end of season sale. Loyal Customers gets extra points on every purchase, tier offers, parking reimbursement, free home delivery, special billing counters and most importantly personal attention from store team. One of the new fast catching concept is Personal Shopper and this service is available only for loyal customers, so they can book an appointment and one of the senior sales team member is available to assist them during shopping. Improved customer services, faster response time, special personalized services on regular basis, integrated multichannel purchase offer and access to right information at right time are some of the other benefit to the customer.

### **Strategies that Retailers can Build to Leverage CRM**

Data abundance sometime works as bane to organization if not utilized properly. CRM offers huge data of customers including personal characteristics, income, spending habit, lifestyle, preferences and social media activity etc. Proper analysis and interpretation of data

enables an organization to use it effectively for tangible gains. If utilized properly, data provides complete information of customers, set benchmark for sales team, measure performance of various marketing and promotional campaign, predict trends and provide a platform for customer services. Some of the strategies that retailer can use to leverage CRM are highlighted as under:

### **Improved Marketing ROI by Customer Segmentation**

Stemming reports from the information available through CRM can help in instituting a correlation between specific criteria, buying behaviour, products, and receptiveness to certain marketing activities. When recognized accurately, companies channelize proper marketing resources towards it and ascertain customer's need, which for obvious reason will improve the ROI.

### **Up Sell Most Profitable Customers**

with help of CRM organization can work out cost per customer that is calculated basis marketing expenses and customer services cost weighed against how much customer spend in store. Pareto Principle of 80:20 holds true for retail as well, where 80 percent sales comes from top 20 percent customers. Combined data i.e. cost per Customer and top 20 percent customers helps organization to define how much resources to be employed per customers to optimize resources and maximize sales.

### **Improve In-Store Customer Experience**

CRM solution provides the information about customer demographics, number of visit, spending pattern, buying pattern, and most purchased merchandise both in value and in quantity. All these benefit organization to plan merchandise, promotion, layout and placement that makes more interactive with customers and reduces check out time thereby improving overall shopping experience. It definitely encourages customers for increased visit and spreading positive about store and remain loyal to business.

### **Unify Customer across all Channels**

With adequate and complete information about customer and their purchases, timely resolution of any issue becomes more likely. Customer even when redirected to next level for escalation, faces less issues as all the information is already available. This improves the overall service index.

### Identify Weak Links

Merchandise return from customers always identifies weakness of the product in terms of quality, usability / functionality or poor performance. This help the organization to remove such merchandise from shelf and also using the same data can highlight the feature benefit analysis (FAB) and inform customers to get the best outcome and highlight conditions when product performance sub optimally. This can reduce a lot of unhappy customers and their feedback.

### Retrieve Lost Deals with New Engagement

It is easy to hold any old customer then to acquire new one. At times customer do not visit stores or sometimes deal does not materialize and organization have the details of such potential customer. With help of CRM a reminder message or mail having customized Personalized offer for customers, can be send. This may bring back such customers to store.

### Review of Literature

**Pawan Gupta** (2020) say the most important drivers of retailing business are consumer. So organization is very clear to retain loyal customer.

**Rouse Margaret** (2019) defines CRM as Customer Relationship Management is the combination of various strategies, Practices and technology that are being used by an organization to analyse the customer data collected through various interactions and effectively used to manage the customers throughout the life cycle of customer with an objective of increasing the customer services at various levels, improving relationship with customers. This also aims at retaining the existing customers and win new customers through them, which will add to the sales and profit for the organization.

**Fifty Joseph** (2016) the entry of multiple corporate groups in the Indian retail sector over years, the retailing business has become fiercely competitive and dynamic. It is thrown a serious challenge to the managers of organized retail sector to retain their existing customers and develop loyalty. So CRM is most useful aspect of organization.

**Milovic Boris** (2012) opined that CRM works best when the organization consider key points of how to deal with customers by understanding them better. CRM is a strategy aimed at maximizing the lifetime value of the customers instead of product or services. Increased revenue, increased customer satisfaction, minimize customer service and sales cost are few goals that organization try to achieve through CRM.



**J.M.Badiyani** (2009) study reveals that a customer is the uncrowned king of the retail business and consumer satisfaction has thus become the utmost important for any business. Every firm has a goal of wealth maximization. Where Customer Loyalty plays an important part. A satisfied customer loyal and dissatisfied customer moves to another vendor. It is also observed that there is a direct connection between customer satisfaction and loyalty, he further states that there is a significant difference in the observed satisfaction among the respondents of different age groups.

**Bob Thomson** (2007) founder of CRM guru to say that Customer relationship management (CRM) is a business strategy to select and manage the most valuable customer relationships. CRM requires a customer-centred business philosophy and culture to support effective marketing, sale, and service process. CRM request can enable effective customer relationship management, provided that an organization has the right leadership, strategy, and culture.

**Smith** (2006) states that analysis of customer data is a key part of CRM. A solid analysis will provide companies with a clear picture of who their customers are and what their need are. This information comprises patterns and trends in customer behaviour. Customer priority, migratory trends, life styles, and individual habits that will be used to predict and develop future business opportunities.

**Alvarez et al.** (2006) stated customer-centric approaches such as CRM have become an essential part of twenty-first century business. In fact, over the past several years CRM software has been one of the hottest segments in the business solutions marketplace. The potential opportunity for CRM is huge, as illustrated by Siebel Systems bold prediction that worldwide spending on customer-facing technology solutions over that next 10 years will be nearly five times larger than the total

**Xu and Walton** (2005) propose that analytical CRM provides real-time information about customer's buying formats, pre and post sales behaviour and factors for customers retention. Then we are further argue that analytical CRM should provide customer profiling and customer segmentation functions with the capability to identify strategically significant customers. Customer behaviour modelling is a process that includes segmenting target customer groups, establishing criteria for measuring behaviour, monitoring and tracking behaviour changes, generating behaviour patterns and predicting possible future behaviour.

**Greenberg** (2004), analytical CRM is the capture, storage, extraction, processing, interpretation, and reporting of customer data to a user.

**Romano** (2003) intimate customer relationships offer several advantage and benefits. The committed customer has an emotional attachment to the seller Further brings out that more over, in recent years. CRM potential to contain and reduce cost has been explained. The good customer management can result in lower sales and service costs. Higher buyer retention, and lower customer expenditures.

**Jiang** (2003) CRM is the overcome handles, minimize risk and also guarantee results. He further indicated that, rather than seeking all the answers before undertaking an initiative, the organization, must define a clear ways of their objectives.

**Bose** (2002) CRM involves acquisition, analysis and use of knowledge about customers in order to sell more goods or services and to do it more efficiency.

**Dyche** (2001), CRM measured on long-term relationship with customers. It is generate long term benefits through increased customer satisfaction and retentive.

**Gray and Byun** (2001) the main benefits of CRM. they say that, for an organization to get all these benefits , sales, marketing and service.

- To improve the company's skills and retain, acquire customers.
- To maximize the lifetime value of each customer.
- To improve service without cost of service.

**Clemons** (2000) says that a small proportion of company customers will generate the bulk of its profits. Identifying, collecting and keeping those clients are the very importance of customer relationship management.

## Conclusion

Customer relationship management is highly exercised in the industry like hospitality, and service industry. Hut it's having equal importance in the retail industry. Then 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 situational it the customer relationship management of the organization which will compel the customers to visit the retail outlet again and more then times.

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