

**AUTHOR**  
Sumith C.

# *Customer Relationship Management in Retail Sector*

*The Mula Mantra for Success.*

## **ABSTRACT**

*Increasing number of retail business customer relationship management is a basis for achieving efficiency and leverage competitive advantage. The era changes the approach of the producer to the customer oriented approach. Today the customer drives the organization because the freedom of choice and availability of information that the customer can access at every time. Customer Relationship Management plays vital role in the organization to identify the needs and wants of the customer. Customer Relationship Management aims is to retain the prospective customer in the brand and make them loyal to the product. Customer Relationship Management tools helps the organization to identify and implementing the strategies to retain the customer.*

### **1. INTRODUCTION**

As more and more brands are launched and introduced in Indian retail sector, their primary focus is to define their position sharply. Their primary focus is to acquire customer. A marketer knows that the customer acquisition is not a easy task because of high degree of competition and accessibility of information of product and services. Here the role of Customer Relation Management (CRM) arises.

Retail industry is one of the growing industries in India moreover the retail industry is based on the customer services. For the past few years brands are not spending as much to their current customer than a prospective customer. But the time has changed the organisation product centric approach to customer centric approach . For customer centric approach the organization wants more data about the customer, their needs, preference and taste, fashion and trend. So most of the organization opting customer relationship management as a

• weapon to know more about the  
• customer. Customer relation management  
• is a process that aims at maximizing  
• customer satisfaction by building mutually  
• beneficial long term relationship with  
• customers. (Jagathish N Sheth, Ault  
• Parvatiyar and G Shainesh,2001)

### **2. ROLE OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM)**

• In retail sector, marketers are  
• focused on customer life time value.  
• Customer Relationship Management has a  
• vital role in retail business. The customers  
• are mostly looking through the services  
• which the company is providing. The  
• customer can easily change their decision  
• or switching the preference to other. The  
• marketers' vital role is to predict the  
• customer needs before it arises in the  
• mind of the customer. Customer  
• Relationship Management (CRM) will  
• help the customer to predict the customer  
• preference through the customer data or  
• customer profile which is available in  
• company.

Customer relationship management helps the marketer to make different offer of different services and facilities to different segments of market customer relationship management has the information about whole market trend and customer buying behaviour and their response to there product. Acquiring a new customer cost about ten times more than retaining an old customer, thus in retail stores people use to implement their technology, strategy and process, dealing with market information and changing business models, understanding customer value are the key values of the CRM.(V Venkata Ramana and G Somayajulu, 2004)

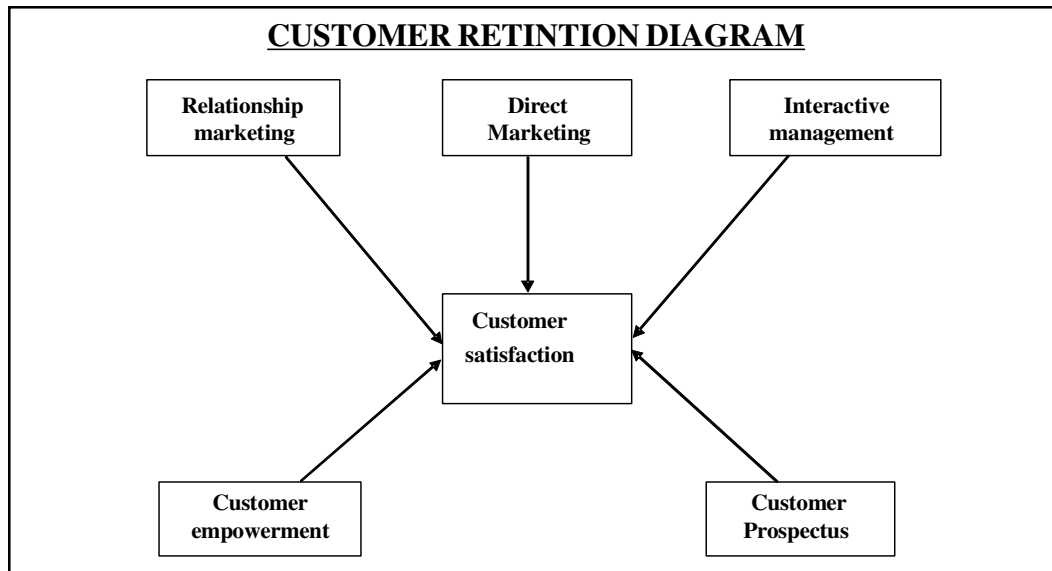
C.R.M Customer relationship management help the organization to measure the service quality that which they are providing. It is very difficult to

- measure the service because the services
- are intangible in nature C.R.M tools helps
- to enhance the quality of the service they
- are providing.

- Customer relationship management opted organization provides
- some offers like, sales ordering
- processing – allows the customer to
- manage virtually all order types, including
- quotes, proposals, future orders.
- Inventory management –classifies tracks
- and controls all types of inventory,
- including stocked and non stocked
- products and services ,spare parts,
- tooling and suppliers , warranties, repair
- and return.

- Channel partner management
- enabling distribution partners, field
- representatives, regional offices and
- corporate head quarters to share retail
- information to identify customer
- preferences and buying behaviour.

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**Relationship Marketing**

The term relationship marketing is a very familiar term among the market. It is a popular concept during the past few years and become an important. In today’s consumer market. The marketing mix approach is too limited to provide a usable framework for accessing and

- developing in industry and should be
- replaced by alternative models where
- focus is on customers and relationship
- rather than market and product.

- For developing and
- implementing the relationship marketing
- programs the marketer should know abut
- the nature, strength and preference of the

Customer prospectus contain the complete information about the sensitive, time of purchase etc. customer prospectus contain complete information about the consumer.

market as well as customer. Adrian Payne identifies six markets which he claims to relation market –internal marketing, supplier marketing, recruitment market, referral market, customer market.

**Direct Marketing**

Direct marketing means direct communication of face to face i.e., person to person. Direct marketing provides complete information about the brands and the product and disclosing how the product will care the customers need and wands. The role of the direct marketing is to make the customer loyal to the product and brand. If the company deals with the sales of the FMCG products, the mass communication is needed to service the information of the product to he customer.

**Interactive Management**

Interactive management is a process to help the people having complexity of problem to take a decision from the alternatives. the roles of interactive management is to work as well informed people who take good decision after the evaluation of the alternative and guide the customer for wise decision.

**Customer Empowerment**

Customer empowerment where the customer decides his/her choice by the mode of communication and also the price of the product and desire service that the organization providing. Now the customers are deciding the product by two factors one is the lost and other is quality of service.

Now the customer is driving the organization because of the availability of information. The customer can access the complete information on his fingertips through the different tools of CRM or CRM technologies. Information technology drastically changed the market

into customer friendly market by providing right information to right person at right time. The accessibility of information forms the consumer more aware and it tends to shift the power of the organization to the consumer.

**Customer Prospects**

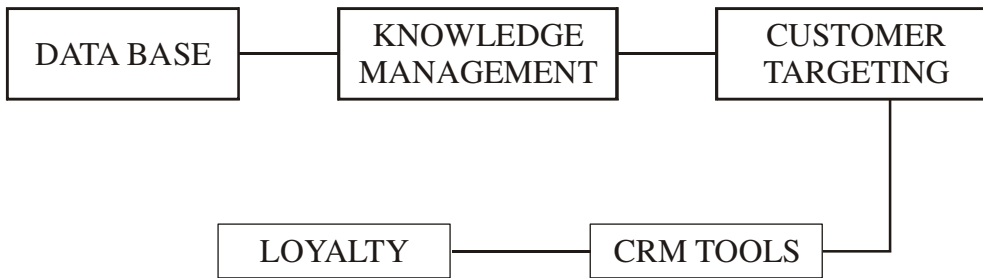
Customer prospectus enables to locate areas with ideal demographic characteristics for targeting new costumer. Costumer prospectus contain the complete information about the sensitive, time of purchase etc. customer prospectus contain complete information about the consumer. It helps the maker to identify prospects having similar characteristics and to form market segment on the basis of demography and geography.

Customer prospectus helps the organization in test marketing to a new target market. Geography information system is to allow the client to get a better visual understanding of their customer and to take market decision, customer analysis, competitor’s location and many other factors. Customer prospectus helps the organization to target the marketing campaigns to the right customer through right way. The customer can also enjoy with these tools because they are getting the product which they will make them satisfied.

**3. DATA BASE**

The system of storing complete data of the customer or making the customer profile by the organizational itself. The aspects of CRM help to collect the information by various ways. C.R.M provides support to front office including sales, marketing and services. Each interaction with the customer is generally added to a customer history and staff of the company can retrieve the data which

**CRM WORKING DIAGRAM**



*The information collected by sales executive is critical and understand the changes taking place in the sales life cycle, since they are the one in touch with the customer, they are one who know immediately the customer needs or desire of the customer.*

are in data warehouse. All information us stored in data warehouse is updated dynamically when new data is entered and facilitate business analysis. Adoption of the Customer Relation Management requires some data about the market, the firm, current customer segment, demographic distribution, customer personal details, customer past and present buying behaviour. Likes and dislikes of the customer, etc. (Jagathish N Sheth, Ault Parvatiyar and G Shainesh, 2004)

The advantage is that every one can access the information in a consistent way. The information collected by sales executive is critical and understand the changes taking place in the sales life cycle, since they are the one in touch with the customer, they are one who know immediately the customer needs or desire of the customer.

The roles of the information are analysis of customer behaviour, risk management, design of customer campaign, design and execution of targeted market campaign. Collecting of information become more tailored in the business and more accurate for the customer prediction, the tools to capturing the customer information are Government reports, Private Reports, trade reports, point of sale, employees, focus group. (Kristin Anderson, 2002)

**4. KNOWLEDGE MANAGEMENT**  
 Knowledge management helps the organization to gain and understand from its own experience. Knowledge management implementation also protects intellectual asset from decay and provides flexibility. Customer relation starts from the depth knowledge of the customer, their habits and the ir needs by analyzing their effective behaviour and attribute. CRM applies this knowledge and customer interactions are the two pillars of successful implementation of CRM. Industry analysis estimate and proven that the fact that 80% of an organization revenues come from 20% of its customer, it become imperative to design CRM solution keeping in mind these most valuable customer and to leverage 80% non structured data of about 20%of these most valuable customer. (J. N Sheth, Ault Parvatiyar and G Shainesh,2001)

**5. CUSTOMER TARGETING**  
 Customer targeting means the identification of the customer in the segments of marketing. CRM gives the right way for identification target market by the help of the data of the customer which are available in the organization. Customer profile which is used by the company helps the marketer to design, develop and implement the market strategy. Mass marketing approach such



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Operational CRM, where customer directly contact the company. This is also known as Front- office services.

as television, radio or print media are useful for generating awareness and achieving other communication objectives. With the help of the customer profile the marketer is able to identify and find out the mode of the communication which is most effectively in market. CRM helps initiatives in Indian retailing are designed to help retailers meet the improved targeted marketing effectiveness of seasonal programs and promotion, forecasting where the average has the difference to the inventory and understanding which or how much to put in a particular store.( V Venkata Ramana and G Somayajulu ,2004)

6. CRM TOOLS

CRM is the process of maximizing the customer satisfaction by building mutually beneficial long term relationship with the customer. CRM process framework having three primary components management technologies;- analytical or performance management technology, collaborative technologies and operational management technologies. These three types of CRM helps the organization to retain existing customer, attract, acquire, recognize new opportunities, product meet customer requirement, improved customer satisfaction, improved revenue and reduced cost.(Mukesh Chaturvedi and Abhinav Chaturvedi, 2004)

Analytical CRM is also known as back office or strategic CRM pattern from various customer touch points and provides analysis of the data to help the customer service. Collaborative CRM covers the direct interaction with the customers. This type of CRM includes variety of different types of channels such as internet, e-mail, automated phone like voice response. The objective is to reduce

the cost and improving the service and ensure the loyalty. Operational CRM, where customer directly contact the company. This is also known as Front-office services. The tool means the point where, the point where the right Omer is identified, the right offers has been created, the right time... (V Venkata Ramana and G Somayajulu, 2004)

Present customer Relationship Management solution varies from one solution to another. After analyzing of the present situation by the staff they do make some offering such as - Service center, Tele marketing, Internet marketing, Service interaction centre, Customer development, Product and brand management.

7. LOYALTY

The development of the loyalty involves building and sustaining relationship with customer, which leads to repeat purchase of products or services over a period of time. A loyal customer base allows companies to devote their energies to the business matters. Customer can choose to stay with a firm, whether this continue is defined as a relationship or not, or they increase the number of purchase, or they can do both. Effective customer relationship management will leads a customer to be loyal to that brand. There are two reaction of satisfaction i.e. satisfied but disloyal, the reasons are entrepreneur customer, pressure from competitors and outdated supplies, the second is un satisfied but loyal because lack of options, improved suppliers, customer inertia.(R K Sugandhi,2004)

8. SIGNIFICANCE OF CRM

Early decades almost all the companies followed product-centric

approach to the business. Product-centric approach is mainly concentrate in market campaigns rather than customers' knowledge. In product – centric approach to business if a customer wants something, it is customer to have to make effort to find out and get it. Soon the companies realized that it took more advertising and reducing the cost to retain customer. Customers drive the company from product-centric approach to customer-centric approach for getting maximum satisfaction by fulfilling the needs of the customers that the customers early demanded.

By the help of Customer Relationship Management tools the company retains the customers and assures their loyalty. To maintain the loyalty is the biggest challenge in the organization. On an average a company has only 5% to 20% profitability in a successful sale to a new prospect but 60% to 70% profitability of selling again to active customers. An effective CRM results in maximizing business and profits throughout the customer life cycle. (R K Sugandhi, 2004)

CRM helps the organization to find out the potential buyers and their needs and wants and maintain relationships. The customer can change preference at any time because of high growth of competition in the market. CRM helps the company to anticipate the needs and wants of the customers before it arises.

Customer Relationship Management improves interaction and lasting relationship with each and every customer. Through the different aspects of customer relationship Management the organization can easily get the data of different types of customers, viz., most

valued customer, most growable customer and below zero customer. Implementation of CRM – the marketer can know more about the nature and strength of their relation with the customers and they can improve the relationships. The success of the company will depend upon how well they can predict the customer needs. CRM is the concept of customers' life time value by making a good relation with the potential buyers and the company can able to communicate the right message to attract and retain the right customers at right time. CRM is the understanding of segment relationship and ability to generate action plan to help the staff working in different segments of device to plan maximize benefits to the customer. (R K Sugandhi, 2004) Customer Relationship Management helps to assess all information to customers touch point.

CRM gives all the customers to access the information about the product and services. Information Technology comes into picture to manage the relations in a mannered way. Impact of technology in globalization is helping to reduce the distance between producers and end users. Application of technology changes whole scenario of getting information about the products and services.

Technology induces all the equipments, software and communication links the organization follows for improving the process. The most widely used tools are-

- a) Electronic Point of Sale (EPOS)
  - b) Sale Force Automation
  - c) Customer Service Help Desk
  - d) Call centers
  - e) System Integration
- Customer Relationship Management keeps the customer data in a manageable manner.

*CRM helps the organization to find out the potential buyers and their needs and wants and maintain relationships. The customer can change preference at any time because of high growth of competition in the market.*

*The customer data which available in the organization makes the marketer right way at right time. Customer satisfaction is the backbone of the loyalty of the customer.*

CRM is the bridge from customer to the company and from company to the customers. It provides equal importance to every department in the organization. It is very needed for implementation of CRM to get reliable knowledge of customers and their needs from various surveys and data warehouses. CRM applies this knowledge for developing the marketing strategy and creating and maintaining relationships with the customers. Customer relations and customer knowledge are the two pillars of CRM implementation.

## **9. CONCLUSION**

Customer Relationship Management is the device which the

organization used to retain the customer loyalty. For an organization customer retention is the big and difficult task. The company gets more profitability in sales to the existing customer than the new customer. Customer Relationship Management helps the company to predict the customers' needs before it arises in the customer. The customer data which available in the organization makes the company the marketer right way at right time. Customer satisfaction is the backbone of the loyalty of the customer. The company is trying to make the customer to satisfy. Customer Relationship Management tools enhances the company to interact with the customer in effective way.

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