

## **A Study on Customer Relationship Management Practices in Selected Organised Retail Stores in Udaipur City**

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### ***Abstract***

*Retailing is the largest private industry in the world. It is also India's largest industry accounting for over 10% of the country's GDP and around 8% of the employment. Customer relationship management is an emerging tool that enables marketers to maintain their presence in the dynamic marketing environment. In the city like Udaipur these organized retail store and firms are 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 Udaipur city. CRM is highly exercised in the industry like hospitality, services industry etc. but it is having equal importance in the retail industry also. The results of this 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 it the CRM of the organization which will compel the customers to visit the retail outlet again and again.*

**Key Words :** Retail Stores, Customer Relationship Management, Customer Loyalty.

### **Introduction**

The most challenging and exciting time to live in is on the cusp of change. And that is where India is today. This huge, multicultural country India is transforming from a socialist economy to a consumption led creative economy. The scope and depth of change that is taking place across the India defies description. This Change provides both a humongous challenge and a gigantic opportunity for marketers and retailers.

Retailing is not only an important aspect of the economic structure but very much a part of our lives. Though trading of goods has been in existence since the older days, it 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.

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

Retailing is the largest private industry in the world, with total sales of \$ 6.6 trillion World over the retail sector is not only the oldest but also one of the most advanced users of the technology. Retailing is also India's largest industry accounting for over 10% of the country's GDP and around 8% of the employment(CII-Mckinsey report). Retailing in India is gradually inching its ways towards becoming next booming industry.The Indian retailing industry is highly fragmented with 97% of its business being run by the unorganized retailers such as the traditional family run stores and corner stores.

Organized retailing, however, is at a very nascent stage though its share is expected to rise to 9-10% by the year 2010.The figure is much higher for the U.S. & U.K. and relatively higher too for neighboring Asian countries like China, South Korea, Indonesia, Philippines, Thailand and Malaysia. (Vedamani G. Gbison "Comprehensive policy vital", The Hindu survey of Indian Industry 2007).

According to India Retail Report 2009, even at the going rate, organised retail is expected to touch Rs.2,30,000 cr (at constant prices) by 2010, constituting roughly 13 per cent of the total retail market. Global Retail Industry is of size USD 08 Trillion. Over 50 of the Fortune 500 companies are retailers.

In this modern era Indian retailing industry is eyeing the global retail players. Indian retail industry is one

of the fastest developing industries which have inculcated modern techniques, exclusive retail outlets, emergence of retail chains etc.

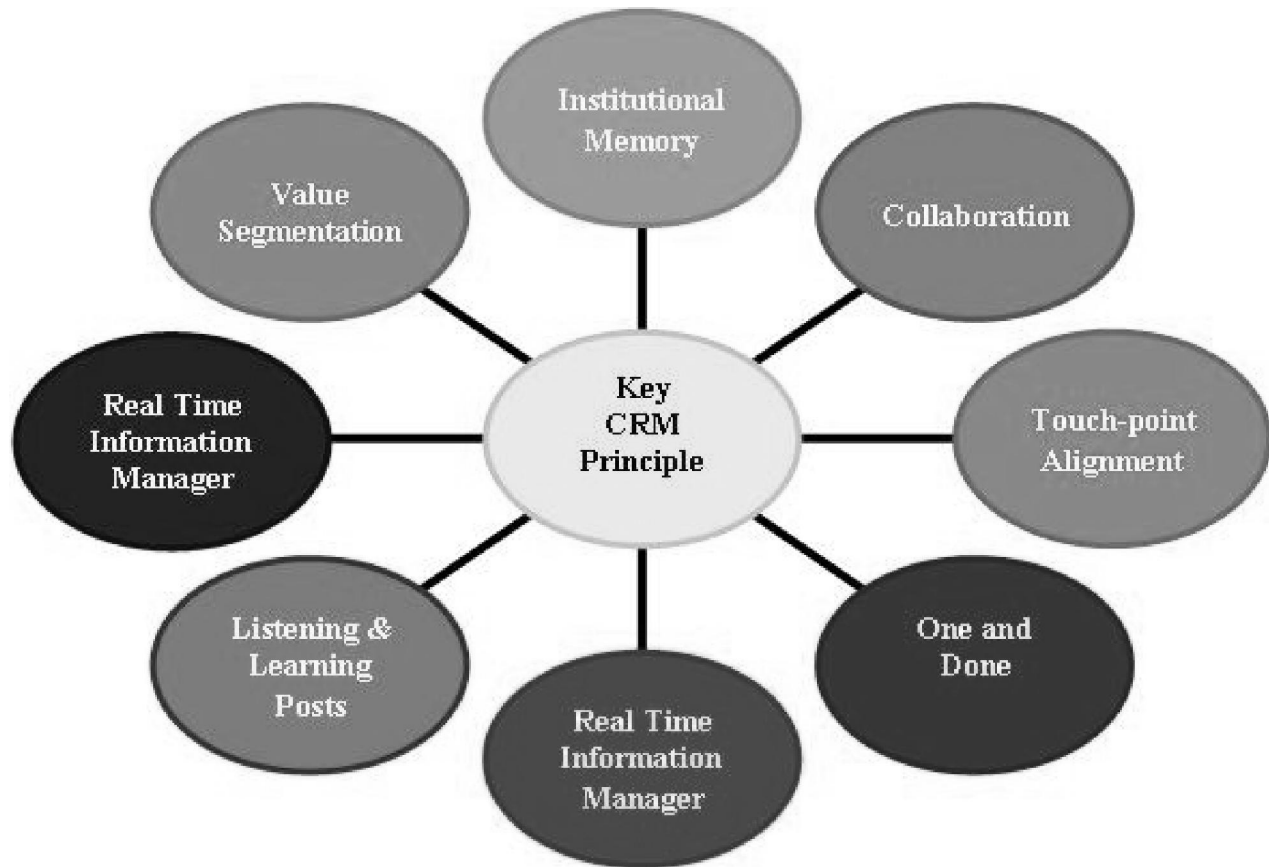
Large Indian players like Reliance, K Rahejas, Bharti, and ITC are making significant investment in this sector, leading to the emergence of big retailer who can bargain with suppliers to reap the benefits of economies of scale.

### **Customer Relationship Management**

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 & behaviour through a well organized & maintained customer database & innovative customer strategies. The goal of CRM is to ensure customer satisfaction & delight at every level of interface with the company (Pahuja & Verma, 2008).

**Key Principle of Customer Relationship Management**

**Source:** Sunder K Shyama & Dr. Ramji (2000), "Coming Closer to the Customer", Indian Management, December.

**CRM and Organized Retail Sector**

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.

**Retail Outlets in Udaipur**

Udaipur is a tier III city in organized retail sector though it is growing at a fast pace. There is a striking number of branded and organized retail outlets and store in different segments like food & grocery, clothing and textile, watch & jewellery and footwear etc.

In the city like Udaipur these organized retail store and firms are concentrating and targeting the consumer

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from the different segments like rural, urban, low, middle and high income segments etc.

The detail of organized retail store in Udaipur city is as follows:

<b>Retail Segments</b>	<b>Retail Stores</b>
<b>Footwear</b>	Adidas, Bata, Woodland, Reebok
<b>Clothing and Apparels</b>	Peter England, Bombay Dying, V - Mart, Prinkit, Vishal Mega Mart, Raymond, Killer Jeans, Richlook, Cantabile Retail India Pvt. Ltd., Allen Cooper, Signature, Levi's, Flying Machine, Koutons Family Store, Ginni & Jony, The Loot, Barcelona, Van Heusen, Provogue Studio, Charle Outlaw, Wrangler, Numerouno Store,
<b>Food &amp; Grocery</b>	V- Mart, Vishal Mega Mart, Reliance Fresh, Udaipur Co-operative Store Big Bazar-Largest retailer in India
<b>Watch &amp; Jewellery</b>	World of Titan, Tanishq
<b>Durables</b>	Next Retail, Sony World, LG etc.

Though the above list of the organised retail players could have been more exhaustive, we have included only the major players of the retail market of Udaipur.

### **Review of Literature**

Ramanakumar, KPV(2008) writes about the Customer Relationship Management or Relationship Marketing. He refers to all marketing activities directed towards establishing, developing and maintaining relational exchanges successfully.

According to V. Ramanathan (2008), Customer Relationship Management is an emerging tool that enables retail marketers to maintain their presence in the dynamic market environment. In early days CRM was the tool preferred by the manufacturers in order to motivate and retain retailers. Now retailers are applying this very same tool in order to retain customers.

Both KPV Ramanakumar and V. Ramanathan bring certain CRM strategies into lime light being followed in the retail sector. They mention certain CRM strategies like personalization strategies, communication strategies like "Stay in Touch", "Inform Customers About the New Arrival", "Reward Strategies like offer tangible reward, discounts offers etc.

Pahuja, Anurag opines that customer relationship management encompasses certain characteristics aspects. He says that business necessity regardless of whether one sells to end - consumer or to enterprise customers.

According to Pradeep K Deb (2009), customer loyalty programs are the in - thing in today's retail world and Foodlands in Mumbai is one of the pioneers in this field in western India. He further gives the reaction of the a typical consumer that "privilege cards

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or special offers are nothing but retail trade gimmicks and the consumer ends up spending more by availing themselves of the offer".

According to Sreekumar P (2009), for implementing any CRM initiative or special loyalty offers, Lifetime Customer Value is the most important criteria.

### Objectives of the Study

- To understand and identify the Customer Relationship Management Practices followed by the retail stores.
- To study the various CRM techniques adopted by organized retail firms and stores.
- To study the benefits of CRM to the retailers and customers.
- To provide the effectiveness of loyalty program adopted by retail stores.

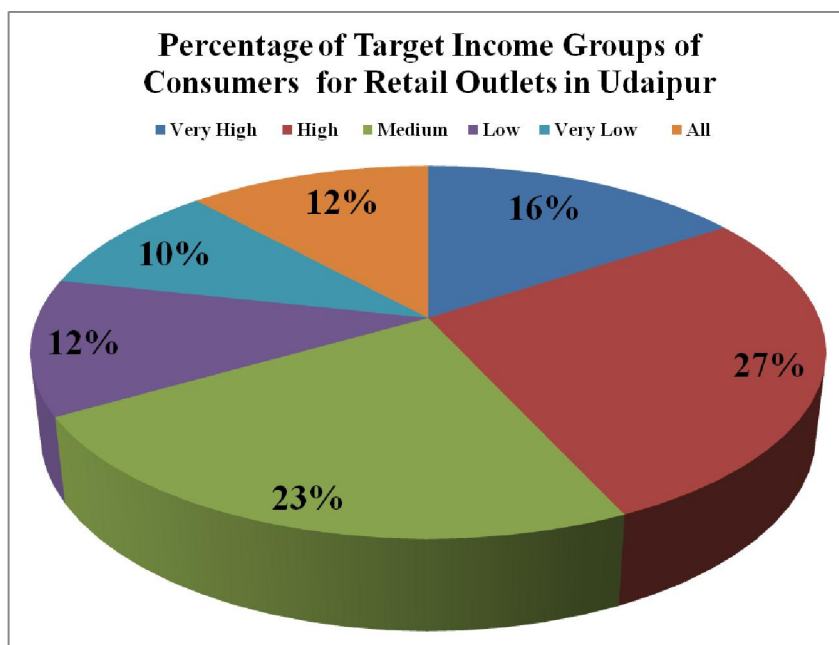
### Research Methodology

The research methodology adopted in CRM in retail is a descriptive research technique taking 30 organized retail stores as the sample population and sample size. The sampling technique used in the survey is non-probabilistic judgmental sampling using a structured questionnaire, interviews and observation methods to collect data from the customers.

### Results and Discussion

#### 1. Percentage of income group of consumer for retail outlet in Udaipur

There are 27% of the organised retail outlets in Udaipur which are targeting the high income consumer segment, and then it is followed by the medium income consumer segment (23%) being targeted by the retail stores in Udaipur. Only 10% of the retail stores are targeting very high income consumer segment. Some of the stores which are targeting very high income consumer segment are: Flying Machine, Provogue etc.

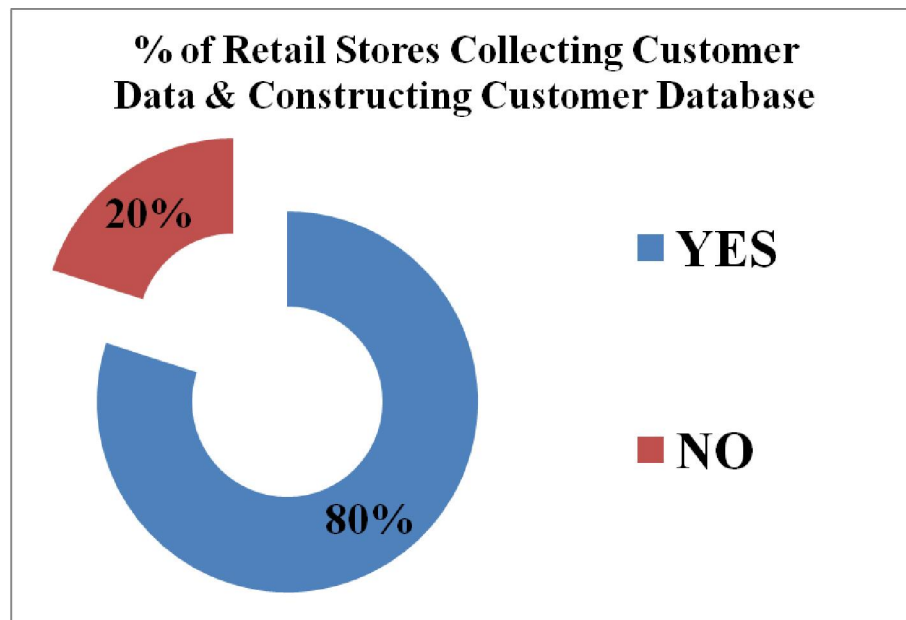


**2. Percentage of retail stores collecting customer data:** From the responses given by the 30 retail stores it is found that 80% of the organized retail stores are heavily relying on the constructing customers' database to let their CRM system work effectively.

On the other hand only 20% of the organized retail

stores say that they are not collecting data and constructing the customers' database.

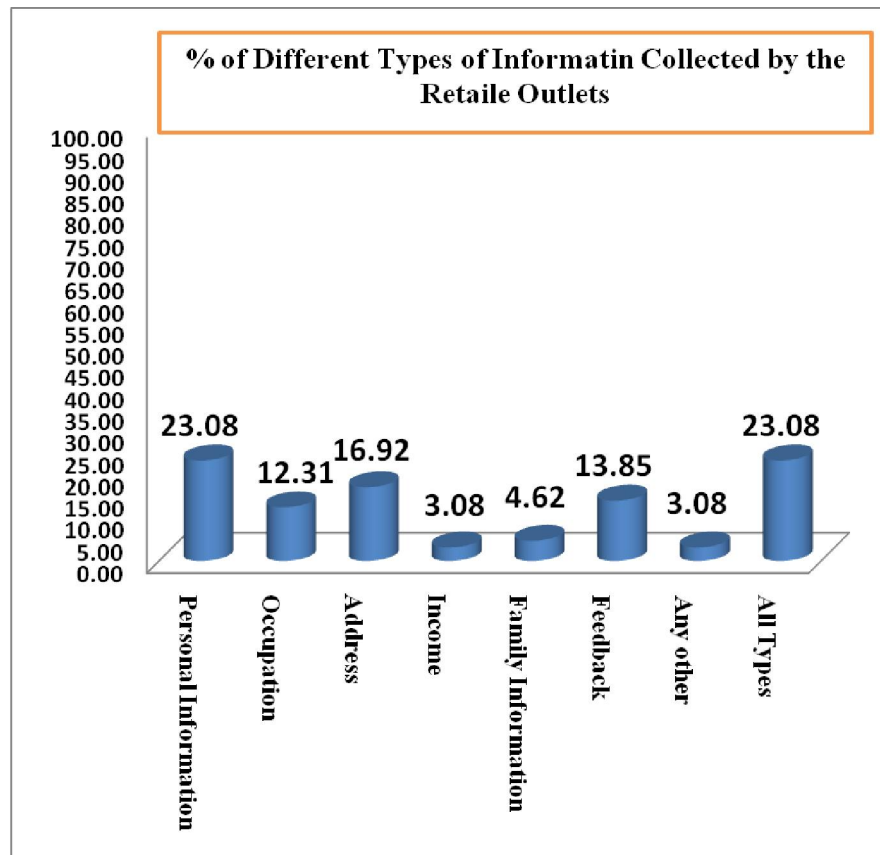
These facts indicate that there exists a trend of maintaining customers' database to maintain further relationship with the customers. These retail stores are having an added advantage over the other players in the retail industry which are not maintaining customers' database.



**3. Percentage of type of information collection by retail stores:** About 23% of the total retailers require the personal information of the customers and the same number of the retailer also collect the all types of the mentioned data relating to the customer. The above % data are based on the total number of frequencies for each of the factor of the information

relating to the customers.

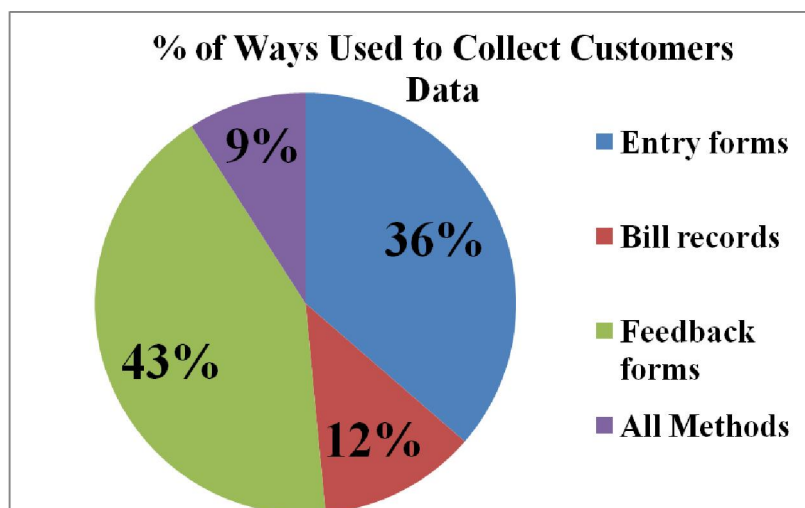
The total number of 12.31% of the retailers who collect only the occupation relating information also collect the personal information of the customers. These % figures are not supposed to be in exclusive manner.



#### 4. Different ways used to collect customer data:

43% retailers prefer to use feedback forms to collect the customers' information. The simple reason is that it not only provides the customers' personal

information but also provide the customers' views in the form of feedbacks regarding their service and product quality etc.



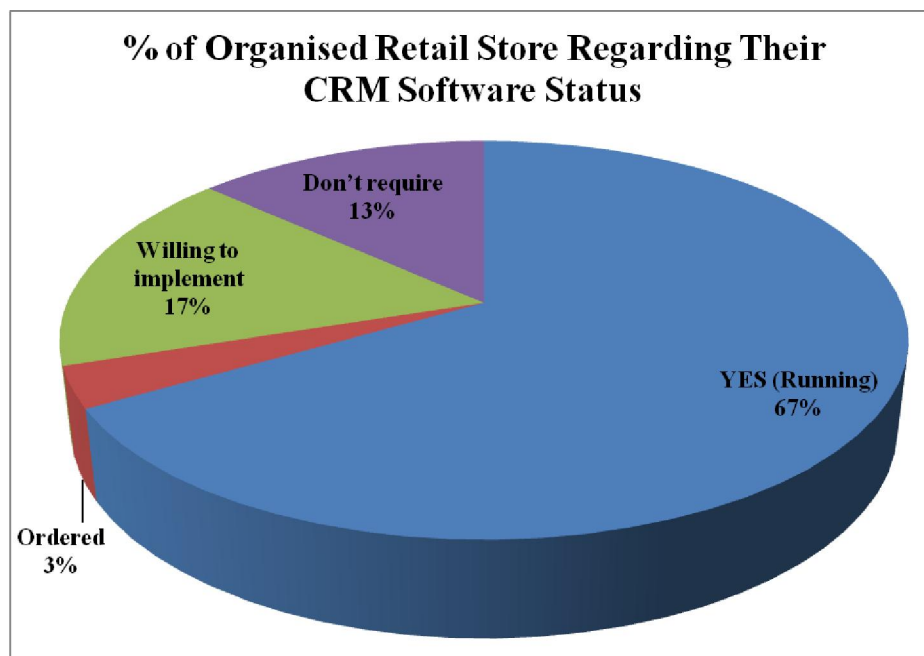
36% of the retail outlets prefer to collect customers regarding information through the entry form. 12% retailer use bill records to collect the customers' information. These are desired by those retailers who want to have to records of only those customers who make purchase at their retail stores. Only 9% of the organised retail stores exercise all the methods of collecting customers' information.

**5. CRM software status of organized retail stores:** 67% per cent of the organised retail outlets are using computerized CRM system to have a smooth CRM process and an added advantage over the other players in the industry.

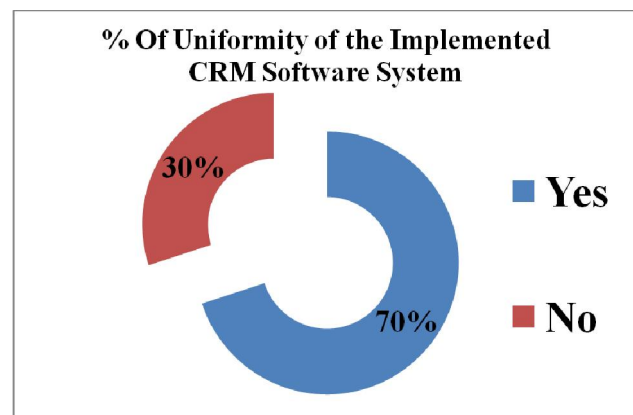
But there also exists contrasting figure of 13% retailers who say that they don't require any kind of the computerized CRM system. They believe manually

process the data.

The retail stores in Udaipur who don't have CRM system at present but are willing to implement it in their organization amounts to a handsome number of 17%. Only 03% of the total surveyed retail outlets in Udaipur assert to have ordered the CRM system to the organization for the effective implementation of the CRM principles and the strategies.



**6. Percentage of the uniformity of the implemented CRM software system:** The 70% of total retail stores who have implemented the CRM system in their organization say that CRM software system is uniformly implemented nationwide. All the features and customers' data collection methods are same for all the outlets of their retail firm are same. Whereas only 30% of 67% retail stores have their own exclusive CRM software systems.



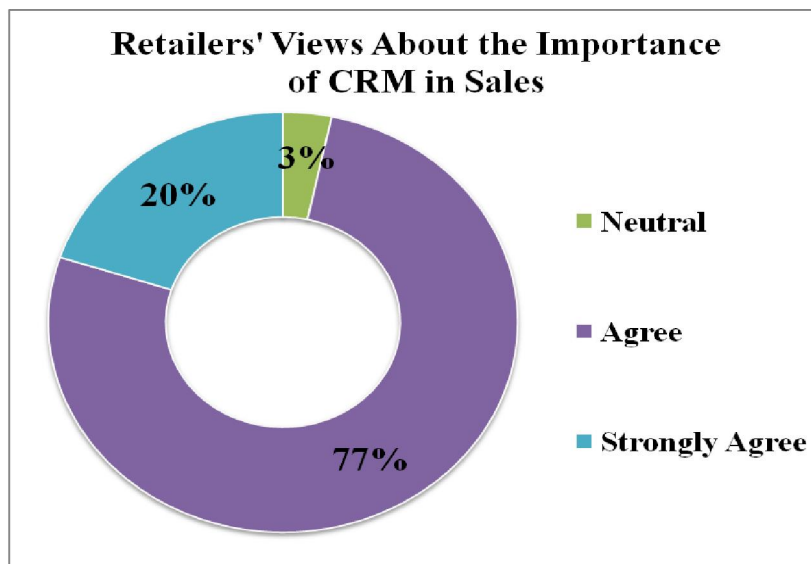


*Dr. Meera Mathur, Sumbul Samma***7. Retailers views about the importance of CRM**

**in sales:** Total 77% of the organised retailers strongly agreed that CRM is very important in maximization of sales. This point of view of retailers about CRM's role in sales generation reflects that without effective CRM implementation in the retail store the retailers would not be able to achieve their target goals and

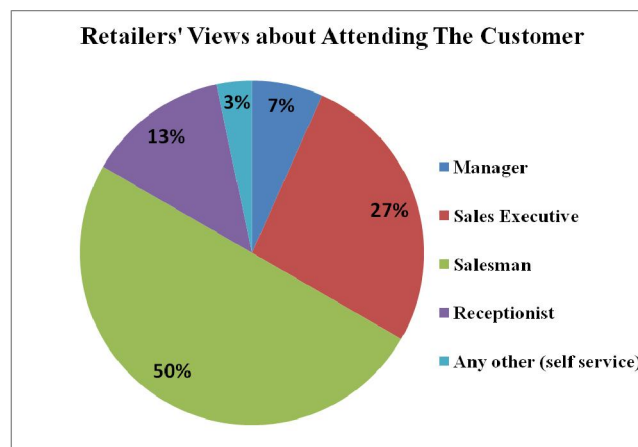
they will remain illusive.

On the other part only 3% of the retailers were neutral on the importance of CRM in sales. These facts say that CRM is anonymously considered as the key aspect of the sales generation tools but the level of the impact if CRM may very strong or average on sales of the retail stores.

**8. Retailers view about attending the customer:**

Managers of the retail stores of Udaipur are giving less personal touch to the consumers as only 7% of the retailers believe in personally communicating with

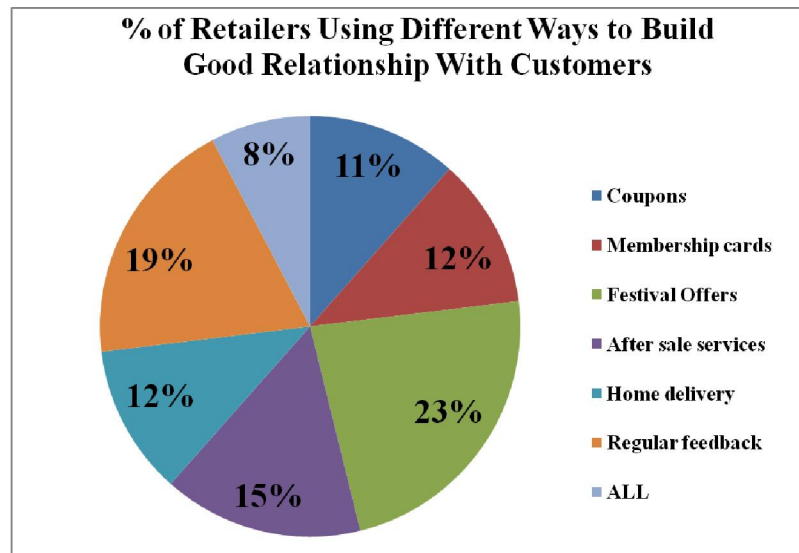
the customers. Only 3% of the retailers say that they do not attend the customers personally as they provide self service to the customers and when customers face any problem then they help them.



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**9. Different ways to build good relationship with customer;** Almost all of the retailers of Udaipur are using various mean 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.



**10. Retailers view about customer complaints regarding their product and services:** Only 23% retailers said that the customers never complain. But this per cent is very low which reflect that in Udaipur 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.



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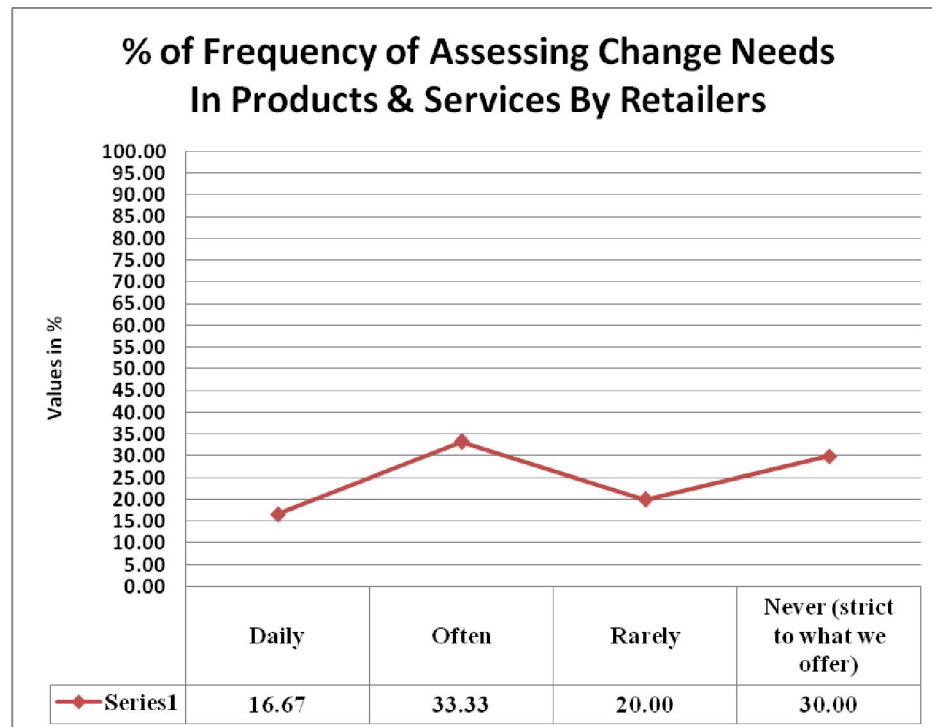
The total number of 40% retailers admit that there are rare chances that the customers complain about their products because these try to satisfy the customers up to their best level.

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.

**11. Percentage of assessing change needs in product :** 16.67% retailers thinks that they always

try to provide what the customers desire and for this they daily assess any change from the customers, who visit their retail store, regarding the product enhancement. 33.33% and 20% retailers take the view of customers, often and rarely respectively, regarding any change in the product and services they provide.

There is a handsome number (30%) of the retailers who say that they are bound to offer what the parent company supplies. The exclusiveness of the store restricts them to offer what they produce.

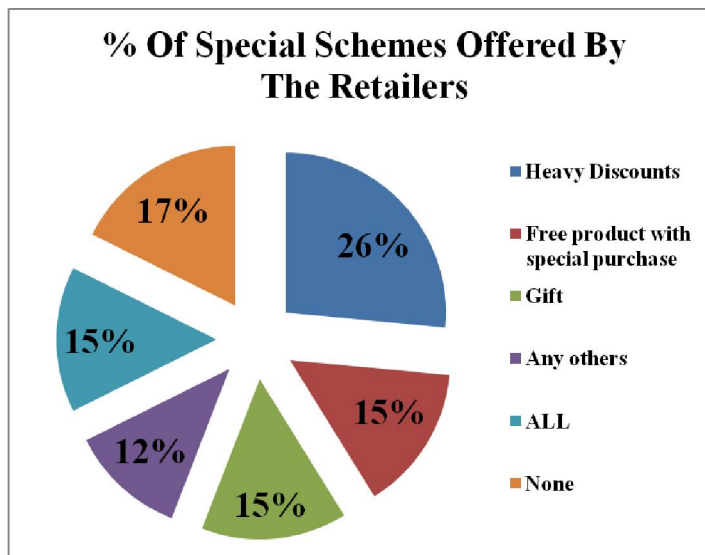


**12. Percentage of special schemes offered by the retailers:** 15% of the total retailers are very aggressive in offering the special schemes to the customers and they offers all schemes like heavy discounts, free product with special purchase, gifts

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 Udaipur which not offering any of the special schemes to the customers. The reasons vary from the

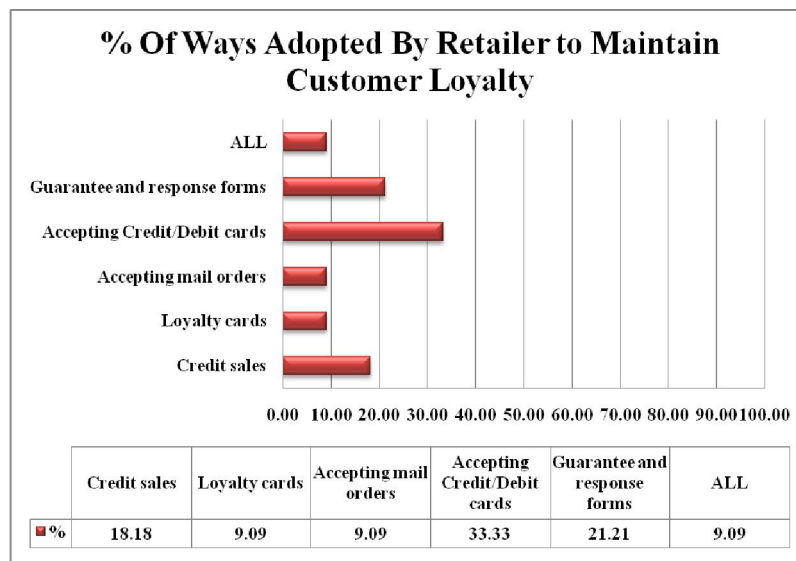
retailer to retailers. Some of the retailers say that they incur high production cost and their products' quality

is much higher than the products offered by the competitors, so why to use these cheap gimmicks.



**13. 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

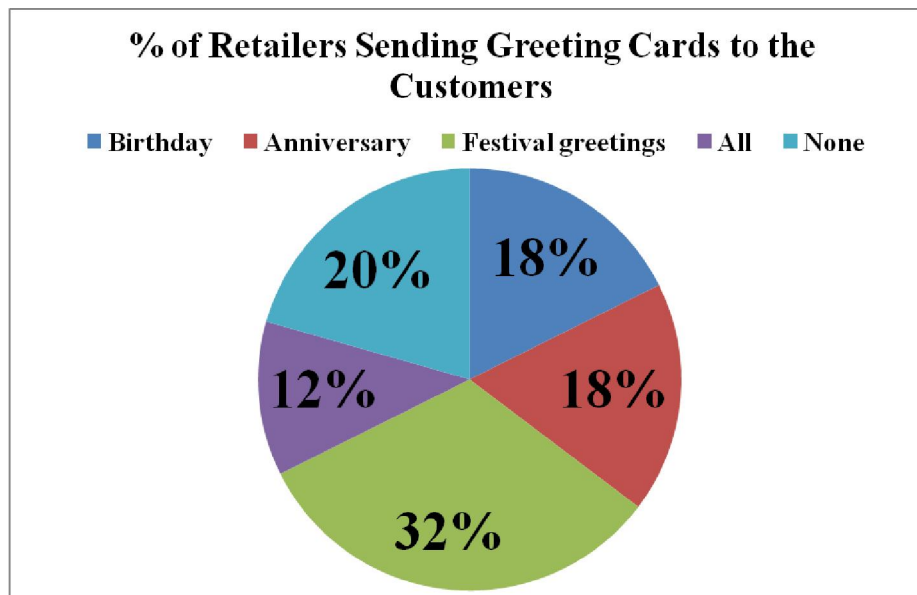
and the foreign customers prefer to use the debit/credit cards to make purchase. Guarantee and response forms and credit sales are also given high weightage (about 21% and 18% respectively). Loyalty cards and acceptance of mail orders are least in trend in the tier II city like Udaipur.



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**14. 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.



### 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 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 Sector, 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 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 the innumerable opportunities that our city offers, we have devised 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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