

Customer Relationship Management in Retail Stores and its Impact on Shoppers' Brand Preference - A Comparative Study of SPAR and Nilgiris

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Abstract: *Traditional marketing focused only on one or few products which are marketed to as many customers as possible, where as in recent times Customer Relationship Management (CRM) focus on the customer and how a market tries to satisfy more of their needs and create lifetime values, trust and establish long lasting relationship with them. In the emerging market the use of highly advanced CRM strategies can only save the business for long term sustainability and retaining of the customer but unfortunately most of the business have failed in understanding and developing need - based strategies. The aim of the paper is to analyze the customer perception about the impact of the CRM on shoppers, brand preference of retail store at Spar and Nilgiris and also to understand factors influencing on customer perception and CRM strategies followed by these retailers. The factors considered were - store layout, types of offer and CRM strategies that were adopted during 2018 - 19. A structured questionnaire was administered to 250 respondent shoppers and data was analyzed using SPSS. Findings revealed that the CRM strategies will significantly influence on selection of Retail outlets by Shoppers. Hence it is suggested that the managers of retail stores should consider dynamic and effective strategies like virtual shopping, applications and also their after sale services so that the consumer prefer their retail outlets for shopping.*

Keywords: Customer Relationship Management (CRM), Retail Stores, Consumer, Brand Preference, Consumer Behavior, Virtual shopping

1. Introduction

The purpose of a business dynamic strategy is to create and keep a customer for long and define its sustainability. According to Peter Drucker the one of the key purpose of the business is to create customers and find different ways to retain the customers which is essential for any business to sustain in the competitive market. Traditional marketing focused only on one or few products which are marketed to as many customers as possible, where as in recent times customer relationship management focus on the customer and how a market tries to satisfy more of their needs and create lifetime values, trust and establish long lasting relationship with them. It can be said that CRM is a path or series of processes and strategies that create mutual value for individual customers and builds preferences for their outlets and improve sale over a long period of time. Some of them to mention can be loyalty programmes, membership cards, refer and earn etc. CRM strategies adopted by each retail outlet may have different effects on the consumers' behavior. Therefore the study seeks to understand different strategies used by the retail outlets that affect consumers' perception and brand preference in the sustainability of retail outlets.

Statement of the Problem and Scope:

In modern retail outlets like supermarkets and hypermarkets use different CRM strategies in order to attract and retain their customer base. With different lifestyles, the customers are choosing retail store which meet their preferences. Hence this study seeks to analyze the different CRM strategies which divide the customers into two categories,

one where the CRM plays utmost importance and the other where only the product availability matters these categories will affect the perception of the customers towards a retail outlet and brand preferences. The scope of the study is to identify customers buying behavior towards retail outlets CRM practices. The study is conducted by approaching the customers of Nilgiris and Spar retail stores in Bangalore.

2. Literature Review

The Literature studies supported the identification of scope and gap of the above study are presented hereunder:

Satya Ranjan Dhal in his study 'Demographic profile and customer loyalty: a study on organized retail sector' (2015), threw light on how customer loyalty is affected by demographic profile of customer in organized retail sector. He found that a retailer should concentrate on factors like 'Quality', 'Trust' and 'Emotions' to develop and increase customer loyalty with them. *M Rupesh Kumar and AGV Narayanan* in the study 'Store Choice: Understanding the Shoppers' Preference in Selecting an Apparel Multi - Brand Outlet' (2016), the findings of the study reveal that as new organized retail categories are increasing the selection of stress by the shoppers are also based on various factors. The Multi - Brand Outlet (MBO) involves attractive prices, parking, store image, offers and a promotion along with many brands under one roof attracts the customers. According to the study the store image is the most preferred factor and parking facility is the least preferred factor to select a Multi - Brand Outlet. Offers and promotions are given highest priority by the shoppers which attract them

Volume 10 Issue 8, August 2021

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towards MBO. But customers who prefer a particular brand and specification shift to Exclusive Brand Outlet (EBO). Ramulu Bhukya and Sapna Singh (2016) in the paper on "Factors Affecting Shoppers' Brand Preference Towards Choosing a Retail Stores" highlighted that the customers prefer retail stores which has good ambience, well designed store layout, ample parking space, salespersons' service quality and is located nearby. These factors are all aiding to the CRM of the retail outlet and show certain percentage of it reflected in the behavior and perception of the customer when they consider to shop in a particular retail outlet. A study conducted by Dr. Meera Mathur and Sumbul Sammaon the topic "A Study on Customer Relationship Management Practices in Selected Organized Retail Stores in Udaipur City" (2010) highlighted that the customer don't think twice to change preference break the loyalty towards an organization, in such a situation it is the CRM of the organization will compel the customers continue their relationship with the organization. The observation of this study states that in order to achieve the above the Management of the Retail Store should give personal touch to the customer to encourage frequent visits and regular customer feedback should be taken.

Objectives:

The study aims at:

- 1) Understanding the concept of CRM and its importance and Identifying respondent shoppers' reaction to various CRM strategies.
- 2) To analyze the factors influencing the consumers for staying with the same retail outlet.
- 3) To examine the reason for shift from one retail outlet to another and to offer valuable suggestions with respect to findings.

3. Materials and Methods

The data required for the study is mined from a structured questionnaire during the year 2018 - 19 with various questions pertaining to factors determining shopper's behavior and perception towards strategies used by the sample firms was administered to a total of 250 respondent customers equally.125 each responses from Spar and Nilgiris were collected and analyzed with the help of factorial analysis and Chi - Square test.

Hypothesis:

H_0 = CRM strategies used does not significantly impact on the choice of retail outlets by Shoppers.

H_1 = CRM strategies used does significantly impact on the choice of retail outlets by Shoppers.

Operational Definitions:

- **Customer/ Shopper:** An individual who buys goods or services from a shop is known as a Customer or a Shopper.
- **Perception:** it refers to how someone interprets or understands something.
- **Customer Relationship Management:** CRM is the combination of business strategy and processes that help build long lasting relationships between the organization and their customers.

- **Retail Stores:** A place of Business operated by a Retailer in which goods are sold primarily to ultimate consumers.
- **Consumer:** An individual who purchases goods and services for personal use.
- **Brand Preference:** it is when you choose a specific company's products over other equally priced available options.
- **Consumer Behavior:** it is the study of how people make decisions about what they want to buy and where they want to buy it

4. Results and Findings

Table 1: Demographic Profile of Respondent Customers (N=250)

Demographics	Category/Scale	Percentage of respondents SPAR	Percentage of respondents Nilgiris
Gender	Female	80	76
	Male	20	24
	Others	-	-
Age group	18 - 23	52	48
	24 - 29	24	24
	30 - 35	-	16
	36 - 40	8	4
	Above 40	16	8
Employment status	Full time employed	28	20
	Part time	4	4
	Retired	-	-
	Home Maker	20	8
	Unemployed	-	-
	Student	48	68

Source: Primary Data

Table 1 depicts the classification of respondents based on age, gender and employment status. Among 250 respondents of Spar and Nilgiris, female respondents' participation is more than male and the percentage is 80 and 76 respectively. This is an evidence for who visit more to retail outlets for shopping. Regarding age of the respondents it is observed that 18 - 23 age category respondents are more than other age group specified.52 percent of respondent customers in Spar and 48 percent in Niligaries are belongs to this age group. It is clear that very that more young population is participated in the study and their perception is strongly helps in strategy development. On the other hand student group participation is significantly high in the survey compare to other employment status like full employed and Home maker. This signifies that the respondents are little aware of marketing concepts and can understand the importance of research.

Table 2: Factors Determining Shopper’s Behavior (N=250)

S. No	Factors	Response Scale	Percentage SPAR	Percentage Nilgiris
1	Frequency of shopping	Weekly	20	20
		Bi - weekly	4	12
		Monthly	52	52
		Bi - monthly	8	12
		Annually	16	4
2	Marketing	Advertisements	24	-
		Word of Mouth/ Reference	76	92
		Others	-	8
3	Shop Assistants Attitude	Very helpful	-	-
		Helpful	48	32
		Average	48	64
		Not Helpful	4	4
		Rude and Indifferent	-	-
4	Meeting Expectation	Always	4	12
		Sometimes	92	84
		Never	4	4
5	Convenient Layout	Yes	84	60
		No	4	8
		Cannot say	12	32
6	Best Aspect	Product variety	28	24
		Service	24	4
		Quality	28	28
		Price	20	12
		Availability of Products	-	32
7	Provision of Offers	Yes	92	20
		No	8	80
8	Types of Offers	Combo offers	24	8
		Buy 1 get 1 free	40	-
		Discounts to regular customers	16	8
		Free delivery	8	4
		Others	4	-
		No response	8	80
9	Shift if No Offers	Yes	36	20
		May be	52	56
		No	4	4
		No response	8	20
10	Frequent Reminders	Yes	68	12
		No	32	88
11	Service while Shopping	Very good	12	8
		Good	36	52
		Average	52	40
		Bad	-	-
		Very bad	-	-
12	Post Purchase Services	Very good	8	4
		Good	44	12
		Average	44	80
		Bad	4	4
		Very bad	-	-

Source: Primary Data

Table 2 explains the responses of sample customers with regard to various factors determining the perception towards Spar and Nilgiris retail business services. Majority of customers shopping frequency in both of these retail outlets is monthly once and word of mouth or through others references more than ¾ of the participated respondents have come to know about these outlets business. Shop assistants attitude is satisfied the customers to an extent of average and these two outlets have failed to meet customer expectation

always. It is clearly indicates that customers are not highly satisfied and there is a gap in meeting their expectation by these outlets. Respondent customers have accepted that the layout part of outlet of both companies is convenient to do shopping and availability, product quality and price is other remarkable aspects where customers grade these two outlets on average basis. When it comes to offers the Spar provides highest offers when compared to Nilgiris and the later provides very limited offers. Study shows the importance of offers to attract and retain the customers in a business; otherwise customers may shift to other business. The Spar takes lead in reminding customers very frequently about new arrivals and other information whereas, Nilgiris failed in those aspects. With regard to after sales services both companies have ranked equally by the respondent shoppers and it is found a good after sales service by the companies.

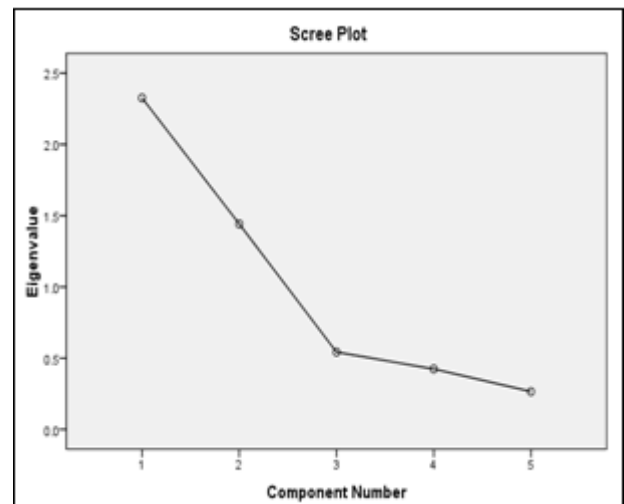
Factorial Analysis

One aspect in factor analysis is KMO and Bartlett’s test. It is a measure of sampling which varies between 0 to 1; the accepted index is over 0.6 KMO measure is well suited for the factorial analysis of this sample. It is the ratio of the sum of the squared correlations for all variables.

Table 3: KMO and Bartlett's Test – SPAR

Kaiser - Meyer - Olkin Measure of Sampling Adequacy.		0.939
Bartlett's Test of Sphericity	Approx. Chi - Square	34.092
	Df	10
		Sig.
		0
Normally, $0 < KMO < 1$, If $KMO > 0.5$. The sample is adequate. Here, $KMO = 0.939$ which indicates that the sample is adequate and appropriate to proceed with the factors analysis procedure.		

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The Scree plotgraph represents the Eigen value against each factor. It can be seen from the graph that at factor 3 there is a sharp change in the curvature of the scree plot.

Identification of Core Factors

The rotated factor matrix represents the correlation between the variables and the components. The components column represents the rotated factors that have been extracted out of the total factor. These are the final components after data reduction. According to grouping of the components, each group of components is named and represent the components.

Table 4: Rotated Component Matrix^a

Factors	Component	
	1	2
F1: Rating on the basis of service	0.905	-0.101
F2: Rating on the basis of product quality	0.793	0.283
F3: Rating on the basis of pricing	0.135	0.867
F4: Rating on the basis of variety	0.793	0.121
F5: Rating on the basis of offers	0.046	0.903

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

Table 5: Component Transformation Matrix

Component	1	2
1	0.861	0.509
2	-0.509	0.861

Extraction Method: Principal Component Analysis

Rotation Method: Varimax with Kaiser Normalization.

Table 6: Total Variance Explained – SPAR

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.326	46.523	46.523	2.326	46.523	46.523	2.097	41.941	41.941
2	1.442	28.834	75.357	1.442	28.834	75.357	1.671	33.415	75.357
3	0.543	10.854	86.211						
4	0.424	8.482	94.693						
5	0.265	5.307	100						

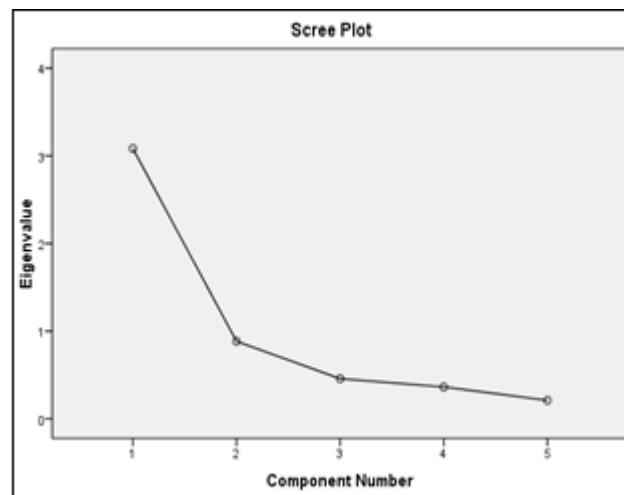
Extraction Method: Principal Component Analysis.

Eigen values (select those components with those values > = 1). Five variables of factor analysis will be retained. The Eigen values are the variance of the factors. In this study the first two factors explain 75.357% of variance. The rotation sums of the squared loadings represents the distribution of the variance after the varimax rotation with Kaiser Normalization. Each factor is constituted of all those variables that has factor loadings greater than 0.5

Table 7: KMO and Bartlett's Test - Nilgiris

Kaiser - Meyer - Olkin Measure of Sampling Adequacy.		0.755
Bartlett's Test of Sphericity	Approx. Chi - Square	50.486
	Df	10
	Sig.	0

Normally, $0 < KMO < 1$, If $KMO > 0.5$. The sample is adequate. Here, $KMO = 0.755$ which indicates that the sample is adequate and appropriate to proceed with the factors analysis procedure.



The Scree plotgraph represents the Eigen value against each factor. It can be seen from the graph that after factor 2 there is a sharp change in the curvature of the scree plot.

Table 8: Component Matrix^a

Factors	Component
F1: Rating on the basis of service	0.879
F2: Rating on the basis of product quality	0.745
F3: Rating on the basis of pricing	0.865
F4: Rating on the basis of variety	0.831
F5: Rating on the basis of offers	0.562

The component matrix shows that the highest component is the rating on the basis of service and the lowest component is the rating on the basis of offers.

Table 9: Total Variance Explained - Nilgiris

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.084	61.677	61.677	3.084	61.677	61.677
2	0.884	17.688	79.365			
3	0.458	9.152	88.517			
4	0.364	7.272	95.789			
5	0.211	4.211	100			

Eigen values (select those components with those values > = 1). Five variables of factor analysis will be retained. The Eigen values are the variance of the factors. In this study the first factor explains 61.677% of variance. The rotation sums of the squared loadings represent the distribution of the variance after the varimax rotation with Kaiser Normalization. Each factor is constituted of all those variables that has factor loadings greater than 0.5

CHI - SQUARE ANALYSIS

Chi - square test enables the researcher to find out whether the divergence between expected and actual frequencies is significant or not. The CRM strategies and its effect on the purchase behavior of consumers and their choice of retail outlets.

Table 10: Preference on basis of membership and CRM strategy * CRM strategies affecting the purchase behavior - Cross tabulation SPAR

CRM strategies affecting the purchase behavior		Strongly Agree	Agree	Neutral	Total
Preference on basis of membership and CRM strategy	Yes	16	40	28	84
	No	0	0	18	18
	Can't say	9	14	0	23
Total		25	54	46	125

Table 12: Preference on basis of membership and CRM strategy * CRM strategies affecting the purchase behavior - Cross tabulation NILGIRIS

CRM strategies affecting the purchase behavior		Strongly agree	Agree	Neutral	Disagree	Total
Preference on basis of membership and CRM strategy	Yes	15	56	15	0	86
	No	11	0	0	6	17
	Can't say	0	9	13	0	22
Total		26	65	28	6	125

H₀= CRM strategies used does not significantly impact on the choice of retail outlets by Shoppers.
H₁= CRM strategies used does significantly impact on the choice of retail outlets by Shoppers.

Table 13: Chi - Square Tests

	Value	df	Asymp. Sig. (2 - sided)
Pearson Chi - Square	16.728 ^a	6	.010
Likelihood Ratio	11.568	6	.072
Linear - by - Linear Association	.624	1	.429
N of Valid Cases	125		
a. 10 cells (83.3%) have expected count less than 5. The minimum expected count is .08.			

The table significant being 0.05, the above table shows the calculated significant value 0.010 is less than 0.05 and hence the null hypothesis is rejected and the alternative is accepted. Thus according to the customers of Nilgiris CRM strategies

H₀= CRM strategies used does not significantly impact on the choice of retail outlets by Shoppers.

H₁= CRM strategies used does significantly impact on the choice of retail outlets by Shoppers.

Table 11: Chi - Square Tests

	Value	df	Asymp. Sig. (2 - sided)
Pearson Chi - Square	5.305 ^a	4	0.257
Likelihood Ratio	6.288	4	0.179
Linear - by - Linear Association	0.193	1	0.66
N of Valid Cases	125		
a. 7 cells (77.8%) have expected count less than 5. The minimum expected count is .40.			

The table significant being 0.05, the table shows that the calculated significant value 0.257 is greater than 0.05 and hence the null hypothesis is accepted. Thus according to the customers of Spar CRM strategies used does not significantly impact on the choice of retail outlets by Shoppers.

used significantly impact on the choice of retail outlets by Shoppers.

5. Recommendations and Implications

The study shows that Spar indulges in minimum advertisements and Nilgiris does not indulge in advertisements at all. The most influential factors of Spar are their service and product quality whereas; service is the most influential factors at Nilgiris. Spar provides maximum customers with offers whereas Nilgiris does not. Customers of Spar believe that the choice of retail outlet is not influenced by their CRM strategies. Since they are provided with CRM, they failed to comprehend its significance. Customers of Nilgiris believe that the choice of retail outlet is significantly influenced by CRM strategies. They

understand the significance of what they are not provided with. With all these major finding it is essential for both the retail stores to improve their marketing through advertising and other promotion tools. Especially Nilgiris should start providing more attractive offers to their customers and maintain better relationship with them to improve their goodwill. An effort has to be made in connection with educating the customers about the available strategy. After sales services can be improved (direct/indirect) through proper strategies which is more convenient to target. They should consider implementing some CRM techniques like virtual shopping, credit facility and Apps which are practiced in foreign countries in order to increase sales. A similar kind of research can be conducted in other retail outlets and even retail giants by taking into various other variables.

This study it shows that some of customers do not understand importance and significance of the CRM facilities they are provided with hence feel that it does not influence the purchase behavior whereas the some who are not provided with such facilities comprehend its importance and think that it plays a role in influencing their purchase behavior. It is also found that the customers shop in retail stores with products under a roof when varieties of product have to be purchased by them available in one place. But the customer's go to nearby retail outlets for immediate consumption according to their requirements and other factors like nearness of the retail outlet.

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