

# A Study on CRM Practices in Apparel Retail Sector in Bangalore

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**Abstract:** Customer relationship management (CRM) refers to building one-to-one relationships with customers that can drive value for the firm. This manuscript discusses proven CRM strategies that companies can use as means of effective customer management (CM). The continuing evolution of CM is made possible by understanding the interactive relationships that develop between firms and customers and among customers themselves. Firms will increasingly be able to customize marketing messages to larger target audiences on the basis of the customer's expected response and the customer's value to the firm. By following the CRM strategies firms can reduce overall marketing costs, increase overall customer response rates and most importantly increase overall customer and firm profitability. While the phrase customer relationship management is most commonly used to describe a business-customer relationship, CRM systems are used in the same way to manage business contacts, clients, and sales leads. Customer relationship management helps the firm to provide better customer service, retain current customers and understand the value of customer.

**Keywords:** Customer Relationship Management, Loyalty, Retail, Strategy, Retention

## 1. Introduction

The fact that people choose to use a particular shop or buy one particular product, rather than use other shops or buy products made by other companies. Customers exhibit customer loyalty when they consistently purchase a certain product or brand over an extended period of time. As an example, many customers stick to a certain travel operator due to the positive experiences they have had with their products and services. Customer loyalty is the key objective of customer relationship management and describes the loyalty which is established between a customer and companies, persons, products or brands. The individual market segments should be targeted in terms of developing customer loyalty.

## 2. The Effects of CRM in Retail Market

Customer relationship management in retail can increase customer satisfaction, reduce your costs and improve your company's performance in the marketplace. CRM software manages your relationships with individual customers to create advantages for both parties. To select the appropriate software and ensure it includes the features you need, you have to know how CRM works and what effects it has on your retail operations

**Segmentation:** CRM helps you gather information about each of your customers, including preferences and demographic data. You can use such information to segment your market and customize your approach to each group of customers. For example, if you find you have a large number of young families in a segment, you can create a family-friendly retail environment. If your data shows you have many seniors, you can install ramps for wheelchairs and make your store more easily accessible. The effect of segmentation based on CRM data is to adjust your retail strategies to better suit the customers you have.

**Promotions:** The data you gather within a CRM system lets you not only target a market segment with promotions that appeal to its members, but also to target individual customers. For example, when you know that a customer is reaching retirement age, you can promote appropriate hobby products to him. If you see that a customer has visited your website and looked at particular products, you can include promotions of those products in his mailings. In this way CRM reduces promotions that are of no interest to the recipient and increases the relevance of material you send out.

**Purchases:** A CRM system keeps records of customer purchases and customer service calls. You can keep track of the products each customer has purchased and whether there have been any warranty or dissatisfaction issues with the purchase. This information allows you to send out special offers to customers when the products they have purchased reach the end of their lives. Such a strategy keeps your products in front of the customer just when he might need them and gives him the benefit of lower pricing if he buys from you again. On your side, the costs of such a targeted promotion are lower than marketing to a large group and receiving only a few responses.

**Retention:** The overall effect of CRM is to increase the retention of customers by serving them in a more focused and convenient way. You can further increase this effect by using the CRM software to implement customer loyalty programs. Since the applications already track purchases, you can issue reward points and bonuses to keep valuable customers. Such programs let you further reduce costs because sales to long term customers are less expensive than sales to new customers.

## 3. Objective of the Study

1. To analyze the effectiveness of Customer relationship management and its impact on customer loyalty.

2. To evaluate the effectiveness of company policy and its influence on customer care and relationship.

#### 4. Research Methodology

The study is confined only to apparel retail stores in top 10 retail malls of Bangalore and the store managers of these stores. The sample size used for this study is 174 store managers. A detail survey was conducted. The research instrument used for the study is questionnaire which was designed for the store managers. These store managers were personally contacted by the researcher and the response was collected.

##### 4.1 Tools Used For Data Analysis

Various tools used for the data analysis are Frequency tables, coefficient, Anova, Chi square Test, Mean and standard deviation, multiple regressions.

##### 4.2 Model Used for the Study

Mc Kinsey's 7 S model was used for the study. The seven variables studied were strategy, structure, system, staffs, skills and shared values. The study analyses the impact of these seven variables on customer care and relationship.

#### 5. Findings

- 1) 60% of the store managers have above 5 years of experience in retail business.
- 2) 51% of the store managers look into store operations and the remaining 48% in to customer care division.
- 3) 84% of the store managers feel that the retail stores provide them adequate training sessions to deal with customers.
- 4) 81% of the store managers are male whereas 19% are female.

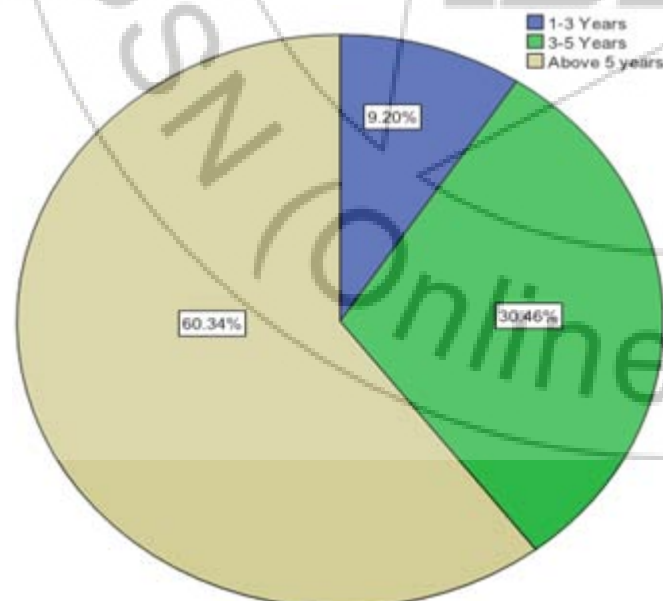


Figure 1: Graph Showing The Number Of Years Of Association Of Store Managers

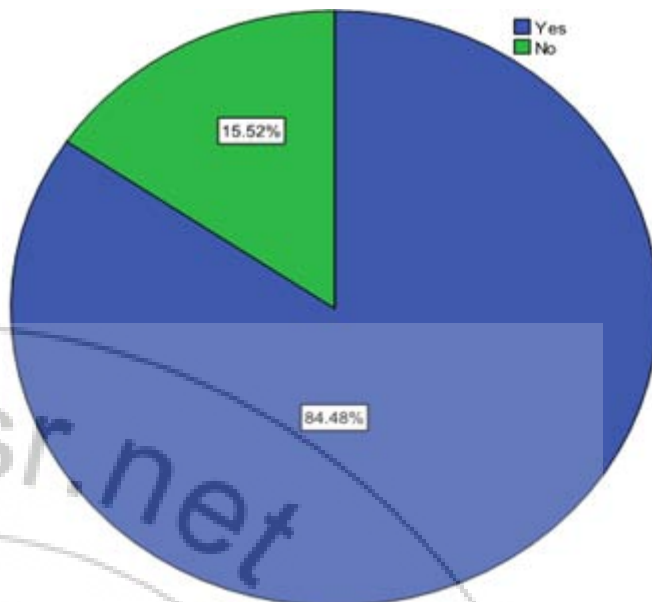


Figure 2: Graph Showing The Trainings Undergone By The Store Manager

- 5) Impact of seven's' (strategy, structure, system, staffs, skills and shared values) on customer care and relationship:

The first five items in the questionnaire for store managers, under the heading vision and values are combined and treated as customer care and relationship. The effect of the 7S model on customer care and relationship was studied using multiple regression method. The results are given below:

Table 1: Model Summary of customer care and relationship

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.885 <sup>a</sup>	.783	.773	.11372

The Higher R value shows that there exist a significant correlation between the dependent variable Customer Care and relationship and the independent variables 7S's. The result of ANOVA shows that the multiple regression models can be constructed to find the significant contributors for the dependent variable Customer care and relationship.

Table 2: ANOVA for the dependent variable customer care and relationship

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	7.727	7	1.104	85.354	.000 <sup>a</sup>
Residual	2.147	166	.013		
Total	9.874	173			

Table 3: Multiple Regression Analysis Results of 7 S Model

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.922	.154		6.006	.000
Strategy	.151	.018	.315	8.364	.000
Structure	.088	.017	.205	5.175	.000
System	.217	.023	.357	9.312	.000
Staffs	.155	.018	.374	8.844	.000

Skills.	.147	.016	.348	9.303	.000
Shared Values	-.023	.016	-.055	-1.436	.153
Stvle	.052	.016	.130	3.233	.001

Of the seven S's except for shared values all others are significant contributors to the dependent variable Customer care and relationship. Since the regression coefficients for these six S's are positive we can conclude that there exist a positive relationship between the Customer care and relationship and the 6 S's.

## 6. Suggestions

1. Frequent training programmes for the store managers may result in better CRM.
2. Shared values among employees will be acquired when there is a greater degree of sense of belongingness; this can be gained by treating the employees better so that they in turn treat the customers better.
3. E-retail has been a boom in the recent years. Customers save time and get the same product at a better price. Hence retailers should attract the customers by providing better service and great shopping experience.
4. Follow an effective Complain management process so as to retain the customers and there by gain loyalty.
5. Use customer feedback and service audit experiences to identify the failure.
6. Continues measure and monitoring of customer satisfaction eases the process of setting standards thereby helps to handle competition at a better state.

## 7. Conclusion

Customer relationship management helps businesses to gain an insight into the behaviour of their customers and modify their business operations to ensure that customers are served in the best possible way. In essence, CRM helps a business to recognise the value of its customers and to capitalise on improved customer relations. The better you understand your customers, the more responsive you can be to their needs. 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 is the customer relationship management of the organization which will compel the customers to visit the retail outlet again and again.

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