A STUDY ON CUSTOMER RELATIOSHIP MANAGEMENT (CRM) PRACTICES FOR SHOPPING MALL

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***Abstract*- CRM represents an enterprise approach to developing full-knowledge about customer behaviour and preferences and to developing programmes and strategies that encourage customers to continually enhance their business relationship with the company. Customer Relationship Management is the entire process that focuses on the interface between the organization and its customers. The purpose of CRM is to improve marketing productivity by increasing marketing efficiency and enhancing marketing effectiveness. The goals of CRM are use existing relationship to grow revenue, use integrated information for excellent service, introduce more repeatable sales process and procedures, create new value and in still loyalty, implement a more proactive solution strategy. Therefore, this study attempts to review the effective relationship between CRM and customer fulfilment and trust with reference to retail store.**

***Index Terms*- Customer Relationship Management; Relationship building; Customer Loyalty; Customer satisfaction**

I. INTRODCUTION

1.1. CRM

Customer Relationship Management (CRM) refers to the methodologies and tools that help business manage customer relationships in an organized way. Customer wants cost-effective products or services that deliver required benefits to them. Any single product or service can deliver different benefits to different customers. So it is important to look at things from the customers'perspective even at this level. More significantly however, customers want to have their needs satisfied. Customers'needs are distinctly different to and far broader than a product or service. Customers are the usual source of income for the organizations and are also an exceptional source of information which is vital to enable a business to succeed. By taking the above said factors into consideration CRM practise on a retail store is being studied through this paper.

Definition of CRM

CRM (Customer Relationship Management) is a comprehensive strategy and process of acquiring, retaining and partnering with selective customer to create superior value for the company and the customer. (Kotler, 2000) In simple terms, Customer Relationship Management is the utilization of wide range of marketing, sales, promotional techniques and processes to identify create and manage a customer. Berry first used the term ―Customer Relationship Management to establish, maintain and enhance relationship with customers and other partners for a profit so that the objective of the parties involved are met.

II. CRM DRIVES AND KEY FACTORS

The number of factors has contributed to the growing relevance of CRM as a source of competitive advantage. Drives are subdivided into four classes as: -

- Market drivers
- Customer related drivers
- Business drivers
- Technological drivers

In the past, a few companies have begun CRM projects, but the major problem is that they neither identify an appropriate strategy which is able to support the business goals nor focus on change management initiatives.

- Organizational Goals – Profitability etc.
- CRM Strategy – Establish Long-term Relationship

- CRM Plans – Invest in CRM technologies
- CRM Objective – 60% customer retention
- CRM Tactics – Implement 24 x 7 call centers (technology)

The creation of a customer relationship strategy is the very first step in a CRM project which requires knowledge, listening, and evaluation of results. Through new approaches and use of the available technology it is now possible to understand the actual needs of a customer, so as to operate on an ad hoc basis and offer services to each customer segment through the most suitable channel (branch, ATM, Mailing, E-mail, Financial Promoters, Remote banking with customized browser interface, telephone banking, interactive TV. etc.).

2.1. Market Drivers

Competitive environment, standardization of products and services, reduced switching costs, aggressive price competition and saturation/maturity of markets.

Impacts

An effective CRM strategy is now a days a critical factor in achieving objectives such as differentiation and customer loyalty.

2.2. Customer Drivers

End of mass marketing, growing importance of one to one relationships.

Impacts

Today, Customer is the king‖. Customers can better evaluate the purchase convenience as they have wide range of personalized products and services and can demand high level post-sales assistance. The traditional four P‘s of the marketing mix have been replaced by the four C‘s of rational marketing Costs, Convenience, Communication and Customer needs and wants.

2.3. Business Drivers

80/20 rule (80% of profits are produced by 20% of customers); acquiring new customers is much more expensive than maintaining existing ones; ―loyal customers are more profitable than new ones; a longer customer relationship brings higher profits.

Impacts

Production of added value for customers is the real source of a company‘s competitive advantage.

2.4. Technology Drivers

Development of interactive communication tools such as call center, development of front office solutions of data mining etc.

Impacts

IT and Internet allow the use of new channels to enhance the retention rate of profitable customers while reducing the service costs of the less profitable ones.

III. CONSUMER BEHAVIOUR

The changing income demographics, age profile and macro environment are visible in the growth of consumption of products. Customers are changing. Earlier loyalty was given prime consideration. Higher business risk owing to dynamism in customer‘s expectation, innovative strategies by the competitors and other macro level changes demands the contemporary managers to be strategic with regard to maintaining profitable customer relationship through product and process design, pricing, product mix and distribution decisions. It becomes very important for the marketing managers to study the behaviour of the target customers in a systematic way. Generally speaking, behaviour is the response to stimuli. For a consumer, the usual stimulus is a product – anything that possesses want-satisfying capability. In simple words Consumer Behaviour can be defined as the set of activities and actions of consumers in purchasing and using goods and services. However, it involves a study of buying motives in order to examine the selection criteria of the consumers for the products they choose and what motivates them to behave as they do in the market places. Consumer behaviour focuses on how individuals make decision to spend their available resources like time, money and effort on consumption related items.

IV. RETAIL INDUSTRY

Retail consists of the sale of goods or merchandise from a fixed location, such as a departmental store, boutique or kiosk, or by mail, in small or individual lots for direct consumption by the purchaser. Retailing may include subordinated services, like delivery. Purchasers may be individuals or groups. In commerce, a "retailer" buys goods or products in large quantities from manufacturers or importers, either directly or through a wholesaler, and then sells smaller quantities to the end-user. Retail establishments are often called shops or stores. Retailers are at the end of the supply chain. Manufacturing marketers see the process of retailing as a necessary part of their overall distribution strategy. The term "retailer" is also applied to service where service provider services the demands of a large number of individuals, such as a public utility, like electric power. Shops may be on residential streets, shopping streets with few or no houses or in a shopping mall. Shopping streets may be for pedestrians only. Sometimes a shopping street has a partial or full roof to protect customers from precipitation. Online retailing, a type of electronic commerce used for business-to-consumer (B2C) transactions and mail order, are forms of non-shop retailing. Shopping generally refers to the act of buying products. Sometimes this is done to obtain necessities such as food and clothing; sometimes it is done as a recreational activity. Recreational shopping often involves window shopping (just looking, not buying) and browsing and does not always result in a purchase.

4.1. Types of retail outlets

Retailers can opt for a format as each provides different retail mix to its customers based on their customer demographics, lifestyle and purchase behaviour. A good format will lend a hand to display products well and entice the target customers to spawn sales. Following is the classification of retailers by marketing strategy:

- Department stores - very large stores offering a huge assortment of "soft" and "hard goods; often bear a resemblance to a collection of specialty stores. A retailer of such store carries variety of categories and has broad assortment at average price. They offer considerable customer service.
- Discount stores - tend to offer a wide array of products and services, but they compete mainly on price offers extensive assortment of merchandise at affordable and cut-rate prices. Normally retailers sell less fashion-oriented brands.
- Warehouse stores - warehouses that offer low-cost, often high-quantity goods piled on pallets or steel shelves; warehouse clubs charge a membership fee.
- Variety stores or "dollar stores" - these offer extremely low-cost goods, with limited selection.
- Demographic retailers - aim at one particular segment (e.g., high-end retailers focusing on wealthy individuals).
- Specialty store: A typical specialty store gives attention to a particular category and provides high level of service to the customers. A pet store that specializes in selling dog food would be regarded as a specialty store. However, branded stores also come under this format. For example if a customer visits a Reebok or Gap store then they find only Reebok and Gap products in the respective stores.
- General store - a rural store that supplies the main needs for the local community.
- Convenience store: is essentially found in residential areas. They provide limited amount of merchandise at more than average prices with a speedy checkout. This store is ideal for emergency and immediate purchases.
- Hypermarkets: provides variety and huge volumes of exclusive merchandise at low margins. The operating cost is comparatively less than other retail formats.
- Supermarkets: is a self service store consisting mainly of grocery and limited products on non food items. They may adopt a Hi-Lo or an EDLP strategy for pricing. The supermarkets can be anywhere between 20,000 and 40,000 square feet.
- Malls: has a range of retail shops at a single outlet. They endow with products, food and entertainment under a roof.
- Category Specialist: By supplying wide assortment in a single category for lower prices a retailer can "kill" that category for other retailers. For few categories, such as electronics, the products are displayed at the centre of the store and sales person will be available to address customer queries and give suggestions when required. Other retail format stores are forced to reduce the prices if a

category specialist retail store is present in the vicinity.

- E-retailers: The customers can shop and order through internet and the merchandise are dropped at the customer's doorstep. Here, the retailers use drop shipping technique. They accept the payment for the product but the customer receives the product directly from the manufacturer or a wholesaler. This format is ideal for customers who do not want to travel to retail stores and are interested in home shopping. However it is important for the customer to be wary about defective products and non secure credit card transaction.
- Convenience store - a small store often with extended hours, stocking everyday orroadside items
- General store - a store which sells most goods needed, typically in a rural area.

A marketplace is a location where goods and services are exchanged. The traditional market square is a city square where traders set up stalls and buyers browse the merchandise. This kind of market is very old and countless. Such markets are still in operation around the whole world. In some parts of the world, the retail business is still dominated by small family run stores, but this market is increasingly being taken over by large retail chains.

V. CONCLUSION

This paper concentrates to the literature on the impact of customer relationship management on customer fulfilment and customer trust. Base on the above literature review on various CRM models and previous studies, several critical elements that link closely with customer fulfilment and trust are behaviour of employee, quality of customer services, relationship development and interaction management.

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