AN EMPIRICAL STUDY ON CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES AND ITS IMPACT ON STRENGTHENING CUSTOMER LOYALTY AND SATISFACTION WITH SPECIAL REFERENCE TO RETAIL INDUSTRY

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Abstract: -
Customer Relationship Management plays a pertinent role to better understand the needs and behavior of the customers. Customers have different preferences and purchase behavior, which helps the organization to understand and manage the relationship between company and the customers. In this dynamic and uncertain economic environment, customers are demanding and their choices are unpredictable. Since plethora of products are available in the market, customers can easily switch over to other brands. Only the robust and effective customer relationship management practices will attract the customers to visit the retail outlets frequently. The present research paper tries to elucidate the customer relationship management practices and its impact on customer loyalty and satisfaction with special reference to Retail industry.

Keywords: - Customer relationship Management, Customer loyalty, Satisfaction, Retail Industry

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Introduction
Customer Relationship Management refers to the practice of maintaining consistent and high quality relationship with its customers. A good customer relationship management will help the company to communicate effectively with its customers, develop future business opportunities and improve customer satisfaction. There are numerous advantages which company has, if it is following CRM practices, like better customer service and support, better response to complaints and issues from the customers, improved profitability, enhanced customer retention rate and market share.

A good CRM program will help in establishing a strong brand identity among the consumers in the targeted market. By targeting specific group of customers, organization can reach wider audience without increasing advertising cost or decreasing the sales figure.

Retail industry in India is at crossroads. Every company wants to convert its casual customers to loyal customers. Organizations should try to focus on building sustainable relationship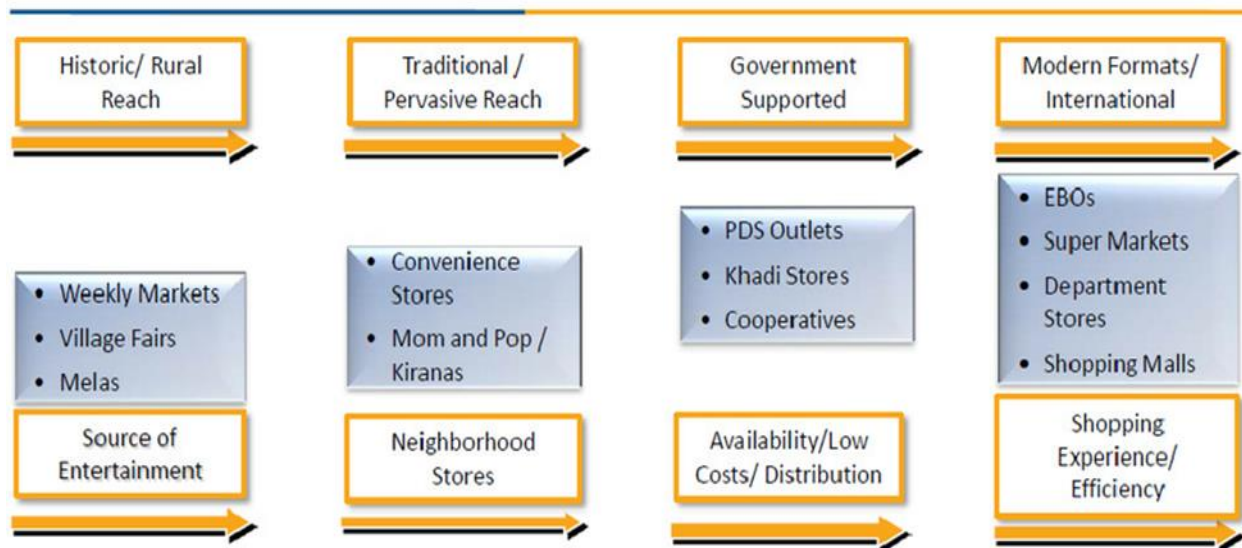 with its customers, building customer loyalty and also trying to build a competitive advantage. India's retail industry is the fifth largest retail destination in the world. In retail industry profitability is moving from commodities to customers. Retailers have the challenge of generating and retaining footfalls to sustain their business.

Evolution of Retail Industry
Retail sector has undergone a paradigm shift, with the revolutionary changes taking place in the Indian economy. With the advent of internet, the growth in the retail industry has been impressive, due to the benefits of economy of scale and also the expansion of business across the geographical boundaries, whether it is business to business or business to customer transaction.

Indian retail industry is expected to have a bright future and numerous opportunities are there for progress and growth. Some favorable factors which support the growth of retail business includes rise in fashion loving and brand conscious young population, extensive urbanization, and expansion of opportunities for new investment in retail sector.

Source:-The evolution of India's retail sector Note : Reproduced from a 2011 resurgent India research report entitled "Indian Retail Sector" available for download from downloaded on March 27, 2013

The retail sector evolution has witnessed improvements in distribution setup, supply chain management, technological innovations, back & operational support, excellence and increase in business alliances, in the form of collaborative ventures, mergers and acquisitions. Major players in retail industry like Tata Group, Future Group, Bharathi and Reliance etc., have stepped forward with aggressive investment plans in the retail sector as a part of business expansion strategy, across various verticals. With the govt. decision which allows 51% FDI in multiband stores, organized retail sector is expected to capture major market share.

Transition from old economy to new economy

Old Economy	New Economy
Goods	Services
Transactions	relationships
Attracting Customers	Retaining customers
Product Focus	Customer focus
Brand Equity	Customer Equity

Source: - Long Term Trends (Rust, Zeithmal and Lemon, 2000)

Process of Customer Relationship Management in Retail Industry

Source:- Michael Levy, Barton A. Weitz , Retailing Management, McGraw-Hill Irwin, 2009

Procedure of customer relationship management in retail industry consist of following steps.

➕ **Collecting customer data**
Customer database can be collected by history of purchases, customer contact and customer preferences. Different approaches for collecting information includes asking information from customers, using frequent shopper card and credit card information.

➕ **Analyzing customer data and identifying target customers:-**
By analyzing customer database and using the information retailers develop programs for building customer loyalty. Different techniques to

analyze customer includes data mining, market basket analysis, identifying market segments and identifying best customers.

➕ **Developing customer relationship management programs**
Companies should try to retain the customers by providing incentives, discounts, special customer services, personalization and informal communication. It should also make effort to convert good customers to loyal customers by cross selling and add on selling. The companies should also know how to deal with unprofitable customers.

✦ Implementing Customer relationship management programs

Implementing customer relationship management program consist of many stages. It includes collecting information, storing information, accessing information, analyzing consumer behavior, marketing more effectively and enhancing the customer experience.

Examples of the company implementing Customer Relationship Management practices Amazon

- ❖ Amazon was founded by Jeff Bezos in 1994. If somebody tries to buy something from Amazon for the first time, Amazon asks them to set up an account. The company's customer relationship management practices includes tailored offers and promotions. Personal data of the customers are protected by the company to avoid fraud of any kind.
- ❖ Amazon will recommend products to its customers that might interest them based on their past purchases. If customer has any problem, they can contact customer care. Here also customer relationship management practices plays a vital role, as it will provide all information related to the customer. This will help the customer care staff to resolve quickly and efficiently, the problems of consumer. This leads to a more happy and satisfied customer.
- ❖ Amazon's CRM has been influential in its growth of services. With the invention of Kindle, which offers tailored experiences with unique book suggestions to the customers, the company has catered to the need of the consumers. Amazon Prime Video is one of the best streaming services, which allows the customers to have handpicked films and tv show choices for individual customers.

Myntra

- ❖ Myntra has introduced Push Notifications, which are nothing but messages that pop up on user's device. Its function is to deliver relevant information and improve customer engagement.
- ❖ The company has launched "Myntra fashion superstar", the world's first digital fashion influencer hunt, which went live on Myntra app and customers have enjoyed it.
- ❖ Myntra has come out with reality show, aimed at identifying and rewarding India's next big fashion influencer, in association with Zoom Studios.
- ❖ One of Myntra's ad campaigns titled "UnSkippable" was launched in Tamil, Telugu, Kannada, and Hindi. A brand running campaign in India has to make sure that its advertisements are accessible to all the kinds of audiences and language should not be a barrier in communicating the brand message.

Big bazaar

- ❖ Big Bazaar is a huge hypermarket in which every day almost thousand people visit it. The company has introduced reward programs. In this the customers have to subscribe for the future credit cards. It is kind of loyalty cum credit card of future holdings and customer can get the full benefit if they use this card in any of the Future Group outlets like Big Bazaar.
- ❖ The Company has offered to exchange old goods for coupons, which they can reimburse with new products. Sabse sasta din was declared on 26th January and 15th August, republic day and Independence Day, so that customers can do shopping as per their convenience.
- ❖ Wednesday offer has been introduced as "Hafte ka sabse sasta din". The objective behind it is to give homemaker the power to save most and even the stores have a new look.
- ❖ The company has introduced "Monthly Bacchhat Bazaar", which is valid from first of every month to eighth of that month. This is the time when most of the working people will be getting the salaries. This offer is on foods and beverages.
- ❖ Special offer before college or school starts provides the discount on stationery items for college and school going students. Discount is provided on footwear, bags, t shirts etc.

Flipkart

- ❖ The company in its customer relationship management practices utilizes, social media platforms like Google Ads, and other digital marketing channels to display personalized ads to potential customers. This increases the chance of converting potential customers into actual buyers.
- ❖ The company's blog, social media pages, and you tube channel features a range of content including product review, tutorial etc. In this way, the company trust and loyalty is enhanced among its customers.
- ❖ It's Flipkart plus program, provide members with a range of benefits, including free shipping, early access to sales, and other exclusive offers. By providing these perks and benefits, the company encourages the customers to continue shipping on its platform.

❖ Flipkart usually partners with popular social media influencers such as bloggers and you tubers, who have a large following in the target audience. These influencer marketers create content for featuring Flip kart's products and share it with its followers. This strengthens the company's brand awareness among the customers leading to convert them into loyal consumers.

Benefits of Customer relationship Management Practices
✓ Better service and support to the organization
✓ Prompt response to complaints and issues from existing customers
✓ Increased profitability
✓ Improved customer retention rate
✓ Increased market share

Review of literature
Chen and Popvich (2003) opined that objective of Customer relationship Management is to improve the long term profitability of customers, by moving away from product centric marketing to customer centric marketing.

Goldenberg (2008) has defined Customer relationship Management as a business approach that integrates people, processes and technology to maximize relationship with customers.

Richards and Jones (2008) in their work "customer relationship management: - Finding value Drivers" have proposed a conceptual model in which they provide customer relationship management's value drivers followed by generating equity for value, brand and relationship which will ultimately lead to customer equity. Using their proposed model, they want to ascertain whether the management of customer relationship activities will positively impact on business performance.

Bhatia(2008), in his work " Retail Management" offers in-depth discussion related to the use of loyalty cards by retailers and other promotional activities to sustain a good relationship with the customers.

Sinkovics and Ghauri(2009) relate the necessity for engaging in customer relationship management practices for increasing direct sales, intensifying the   competition at global level, need for information about various aspects of business in general and customer behavior in particular, which can be used to retain and sustain the customers.

Mueller (2010) characterizes customer relationship management as highly dynamic. He further elaborates that businesses have to adopt a proactive approach in order to be relevant and competitive in the industry.

Mathur, UC(2010) in his book " Retail Management" has elaborated on a wide range of specific customer relationship management techniques and principles used by multinational corporations. His findings can be compared to the primary data findings in the proposed study, broadening the scope of the study.

Peppers and Roggers, (2011) have explained that in customer relationship management, there is a need to shift from transactional model to the relationship model. This ensures the long-term and sustainable growth of the business.

Cox (2011) in "Retail Analytics:- The secret weapon" has provided highly practical recommendations to retailers of various sizes in terms of increasing the levels of revenue, through adopting the range of customer relationship management principles.

D. Prabha and R. S. Subramanian (2017) have elaborated that Customer Relationship Management, is a mechanism that creates and keeps productive customers with a company and its aim is to improve business relations with customers. Through customer data analysis in the CRM database, a new approach to business strategies can be developed.

S. Kumar Deb et al. (2018) have opined that customer relationship management is one area where better customer experience can be harnessed most. It further explained about multiple artificial intelligence tools that allowed users to study customer responsiveness, efficiency, and loyalty. The research methodology based on the survey was used and primary data was collected through google forms.

Al-Omoush etal., (2021) in his work, 'The Determinants of social CRM entrepreneurship" has explained that customer relationship management is one of the leading business strategies and business management tools. It is also helpful in developing the powerful marketing strategies through the management of the relationships with its customers. At the same time it consistently and efficiently manages information

and action aimed at the clients which is especially important in the field of entrepreneurship.

Objectives

1) To study the customer relationship management practices and its impact on strengthening the customer loyalty and satisfaction.
2) To explore how customer relationship management practices are being implemented in Retail Industry.

Research Methodology

The Research paper is empirical and descriptive in nature. Researcher has collected the data from Primary source as well as Secondary sources. The sample size taken for the study is 220. Questionnaire was framed using five point Likert Scale. Data was collected from the respondents through Google form. Sampling method used is purposive sampling. The study is limited to Bangalore city only. SPSS was used to analyse the data. Statistical technique used is Regression Analysis.

Hypothesis

H_{01}= There is no significant relationship between customer relationship management practices and its impact on strengthening the customer loyalty.
Ha_1= There is a significant relationship between customer relationship management practices and its impact on strengthening the customer loyalty.
H_{02}= There is no significant relationship between customer relationship management practices and its impact on strengthening the customer satisfaction.
Ha_2= There is a significant relationship between customer relationship management practices and its impact on strengthening the customer satisfaction.

Analysis and Interpretation

Descriptive statistics is used to break down the information collected.

❖ **Significant relationship between customer relationship management practices and its impact on strengthening the customer loyalty**

Model Summary

Model	R	R square	Adjusted R square	Std. error of estimate	R square change	F change	df1	df2	Sig. F change
1	.952[a]	.907	.906	0.2172	.907	2119.49	1	218	<.001
Predictors:(constant) customer relationship management practices									

This table provides R and R^2 values. The R value represents the simple co-relation and is 0.952, which indicates a high degree of correlation. The R^2 value indicates how much of total variation in the dependent variable i.e. strengthening customer loyalty is explained by independent variable customer relationship management practices. In this case 90.6% is explained.

ANOVA

Model		Sum of square	df	Mean square	F	Sig.
1	Regression	99.968	1	99.968	2119.499	<.001[b]
	Residual	10.282	218	.047		
	Total	110.250	219			
Dependent Variable: strengthening customer loyalty						
Predictors: (Constant), customer relationship management practices						

The above table is ANOVA, which reports how well the regression equation fits the data (i.e. predicts the dependent variable). This table indicates that the regression model predicts the dependent variable significantly well. The F ratio tests whether the overall regression model is a good fit for the data. The table shows that the independent variable statistically and significantly predicts the dependent variable = 2119.499, p<.0005(i.e., the regression model is a good fit of the data.

Coefficient

Model		Unstandardized Coefficient		Std. Coefficient	t	Sig.	95% confidence interval of B	
		B	Std. Error	Beta			Lower bound	Upper bound
1	(Constant)	1.430	.050		28.866	<.001	1.333	1.528
	Customer relationship	.605	.013	.952	46.038	<.001	.579	.631

managemen t practices								
Dependent Variable: strengthening customer loyalty								

The Coefficient table provides us with the necessary information to predict dependent variable (strengthening customer loyalty) from independent variable (customer relationship management practices). It also determines that independent variable contributes significantly to the model. Unstandardized Coefficients indicate how much the dependent variable varies with an independent variable.

Thus, null hypothesis is rejected and alternate hypothesis is accepted.

❖ **Significant relationship between customer relationship management practices and its impact on strengthening the customer satisfaction**

Model Summary

Model	R	R square	Adjusted R square	Std. error of estimate	R square change	F change	df1	df2	Sig. F change
1	.944[a]	.891	.890	.2695	.891	1780.847	1	218	<.001
Predictors:(constant) customer relationship management practices									

This table provides R and R^2 values. The R value represents the simple co-relation and is 0.944, which indicates a high degree of correlation. The R^2 value indicates how much of total variation in the dependent variable i.e. strengthening customer

satisfaction is explained by independent variable customer relationship management practices. In this case 89% is explained.

ANOVA

Model		Sum of square	df	Mean square	F	Sig.
1	Regression	129.364	1	129.364	1780.847	<.001[b]
	Residual	15.836	218	.073		
	Total	145.200	219			
Dependent Variable: strengthening customer satisfaction						
Predictors: (Constant), customer relationship management practices						

The above table is ANOVA, which reports how well the regression equation fits the data (i.e. predicts the dependent variable). This table indicates that the regression model predicts the dependent variable significantly well. The F ratio tests whether the overall regression model is a

/good fit for the data. The table shows that the independent variable statistically and significantly predicts the dependent variable = 1780.847, p<.0005(i.e., the regression model is a good fit of the data.

Coefficient

Model		Unstandardized Coefficient		Std. Coefficient	t	Sig.	95% confidence interval of B	
		B	Std. Error	Beta			Lower bound	Upper bound
1	(Constant)	1.434	.064		22.531	<.001	1.308	1.559
	Customer relationship management practices	.722	.017	.944	42.200	<.001	.688	.756
Dependent Variable: strengthening customer satisfaction								

The Coefficient table provides us with the necessary information to predict dependent variable (strengthening customer satisfaction) from independent variable (customer relationship management practices). It also determines that independent variable contributes significantly to

the model. Unstandardized Coefficients indicate how much the dependent variable varies with an independent variable.
Thus, null hypothesis is rejected and alternate hypothesis is accepted.

Findings of the study

- ✓ 70% of the respondents agree that organization corporate strategy gives importance to customer needs.
- ✓ 78% of the respondents agree that customers are given great value in the organization
- ✓ 73% of the respondents agree that information about customers is stored in the organization database.
- ✓ 69% of the respondents agree that organization handles the customer complaints effectively.
- ✓ 80% of the respondents agree that organization make all efforts to maintain good relationship with its customers.
- ✓ 72% of the respondents agree that organization provides all information related to special schemes through email or bulk smses.
- ✓ 81% of the respondents agree that organization provides coupons, membership cards, festival offers, after sales services, home delivery, heavy discounts, free product with special purchase and gifts in order to sustain good relationship with its existing customers.

Recommendations

- Organization should train their employees to go beyond the call of duty, in order to enhance customer satisfaction. Employees should be given regular training, feedback and incentives to encourage the excellent performance.
- Companies should make efforts to enhance the shopping experience of the customers, by providing them high quality merchandise and customized services.
- Efforts should be made by the organization so that price of the product matches the product quality. Customers are ready to pay more, if they perceive the quality of the product to be excellent.
- Organization should encourage the marketing and communication effort which will enhance their brand awareness among customers. Loyal customers will consider the purchase from a particular brand as an extension of their personality and lifestyle. Companies should harness it for their advantage, by building customer relationship through marketing campaigns.
- Loyalty programs in the form of discounts, coupons and promotions, will motivate the customers to frequently visit the retail outlet. The data collected by these loyalty programs can be used by the organization to learn more about purchasing habits of the customers and strengthening relationship with them.

Conclusion

With proper implementation of customer relationship management practices, the organization creates a social bond between itself and its customers. This informal relationship with customers is friendly one. This connection also encourages interpersonal interaction with customers and thereby strengthen the linkage with them. It also makes effort to decrease the likelihood of customers switching over to other service providers and focusing on enhancing customer loyalty and satisfaction. The comprehensive customer relationship management practices inclusive of technology, software, value added incentives, bonus schemes, consistent and customized communication with customers through emails, smses etc, will be fruitful in not only retaining existing customers, but also attracting potential customers in future.

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