Impact of Customer Relationship Management on Customer Satisfaction and Customer Loyalty in Retail Sector

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Abstract - Customer Relationship Management (CRM) has the potential for achieving success and growth for organizations. CRM enables retail sector to know their customers better and to build sustainable relationships with them. Nowadays, as the economic environment continuously fluctuates, many retail sectors are looking for strategies to be followed to satisfy their wide range of customers and even wider range of needs. Thus, a combination of customer delight & loyalty is essential. If you want your company to remain a market leader, focus on customer loyalty. This can be achieved by employing the mantras of appraisal, reward, and campaign. In this paper an attempt has been made to study the impact of CRM on customer satisfaction and customer loyalty in retail sector.

Keywords – CRM, Customer Satisfaction, Retail Sectior.

I. INTRODUCTION

Customer Relationship Management is a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer. It involves the integration of marketing, sales, customer service, and the supply-chain functions of the retail sector to achieve greater efficiencies and effectiveness in delivering customer value. A satisfied customer doubles as a free advertiser for every organization. Nevertheless, customer satisfaction alone will not suffice to be successful in today's competitive market. Marketing for retaining the existing customer is less expensive than marketing for a new one. Customer satisfaction is positively related with customer loyalty.

II. LITERATURE REVIEW

Kamrul Islam Shaon S. M. and Rahman H (2015) in their study focused on the impact of customer relationship management on customer satisfaction and customer loyalty by empirical means and reviewing past studies. The quality-of-service rendered positively affects customer satisfaction; hence implementing good CRM will achieve this. When customers become satisfied they are likely to remain loyal. Training employees for CRM is crucial, especially salespeople who deal with customers. Training program of a CRM orients salespeople so that they acquire the requisite relationship development skills and sensitivity to changing customer needs. Therefore, management needs precise and timely information to build a strong customer relationship management program.

Boris Milovic (2012) has elucidated the application of CRM strategies in several business industries. Large and small organizations were selected for the study for the quality of customer services, customer loyalty, identification of customers who are insensitive to price changes and recognize that attracting new customers is more expensive than retaining the existing ones. His main focus was on customer relationship management, business strategy, hotel industry, agriculture, banks, insurance, education, healthcare. Details of strategy in these sectors and the challenges faced in implementing them also formed part of the study.

Choi Sang Long* and Raha Khalafinezhad (2012) in their article described that the Customer Relationship Management (CRM) is the complete gamut of the interface between the organization and its customers. The aims of CRM are to increase profitability, income, and customer satisfaction. Customer satisfaction and customer loyalty are two yardsticks for every organization to measure success. Therefore, customer loyalty is the prime issue and has to be increased by positive impact of CRM strategy and customer satisfaction. The study attempted to review the effective relationship between CRM, customer satisfaction and customer loyalty of the selected organization by investigating the main elements or factors of CRM.

Dash CK et al., (2013) in their study on CRM observe that it has become part of retail business's strategy today. The challenge of CRM is not to build customer loyalty, in fact it is the reverse: to build the organization's loyalty to the customer. If a company wants to remain a market leader and focus on customer loyalty, attention to be paid to

appraisal, reward, and campaign. In this paper an attempt has been made to study the significance CRM in organized retail sector.

U. Dineshkumar. et.al (2012) investigated the retail outlets of Erode city and customer satisfaction levels. Analyzing from customer point of view they also described the nature and behavior of the customers who purchase in organized retail outlets. Focal analysis was on Attitude, Behavior, Customer Satisfaction, Retail Outlets, and Word of Mouth Advertising. There seems to be a popularity of organized retailing over unorganized retail outlets see this as a threat.

C. Thirumal Azhagan et.al (2011) studied customer expectations and consumer behavior in the retail industry of Trichy. To measure service quality, they investigated the imbalance between customers' expectations and perceptions towards the quality of service of organized retail sector. A better understanding of the consumer's expectations can be good enough for improving retail service quality.

III. OBJECTIVES

1. To know the retail scenario in a nut-shell.

2. To identify areas for improved customer retention to attract new customers by offering a perfect environment to retail store.

3. To offer suggestions to the policy makers.

IV. SCOPE OF THE STUDY

The research was restricted to the perception of the customers those who live in Chennai. It also focuses on the attitude of the customers and their demographical profile. Therefore, this study will definitely give useful inputs to the policy makers as well as the researcher to understand the real status of the CRM on customer satisfaction and customer loyalty in the sustainable development.

V. LIMITATIONS

The study is based on the perception of 100 customers who reside in Chennai. Since the study was carried with small number of respondents there is a problem in the generalization of findings of the study.

VI. METHODOLOGY

For this study a structured questionnaire has been developed and administered among the customers who visit the retail shops of Pantaloon, Mega Mart, Subhiksha, big bazar, Reliance, Spencer in Chennai district. Total number of samples taken is 100 customers. Sampling procedure applied for the study are conveniences sampling particularly the customers who visited the store during the time of survey and randomly from the different formats of organized retail available the scope of the study.

1. Survey method was adopted to collect primary data with the help of semi structured interview schedules.
2. Published data from authentic sources also used for the study.

VII. ANALYSIS AND INTERPRETATION

In order to know the Socio-economic Profile along with the demographical profile of the retail shop customers in Chennai, the researcher has used frequency analysis and the results are given below;

Table 1 Demographic and Socio-economic Profile of retail shop customers in Chennai

S.No	Socio-Economic-Demographic Factors	Responses	Frequency	Percentage
1	Gender	Male	68	68.0
		Female	32	32.0
2	Age	20 - 25	5	5.0
		26 - 30	20	20.0
		31 - 35	16	16.0
		36 - 40	22	22.0
		Above 40	37	37.0
3	Education	Educated	78	78
		Uneducated	22	22
4	Marital Status	Single	45	45.0
		Married	55	55.0
5	Type of Family	Nuclear Family	84	84.0
		Joint Family	16	16.0
6	No. of. Family Members	Below 4	36	36.0
		4 - 6	60	60.0
		Above 6	4	4.0
7	Monthly Income (in Thousands)	Below 10,000	21	21.0
		10,001 – 30,000	43	43.0
		Above 30,001	36	36.0

8	Religion	Hindu	79	79.0
		Christian	21	21.0
9	Category	BC	44	44.0
		MBC	27	27.0
		SC / ST	29	29.0

Source: Primary Data

Table 1 explains that most of the retail shop customers (68%) are male, falls in the age group of 36-40 years who are well educated, lives as a nuclear family consists of 4-6 family members with the monthly income of 10,001-30,000 Almost half of the retail customers are belonging to the category of BC, Hindu people are mostly preferring retail shops.

Age, education and other demographic factors are likely to positively or negatively influence the perception of customers on the use of customer related technology, services and other innovative initiatives by the store to make shopping a pleasure. Listed below in Table 6.6 are the demographic factors' influence on relationship initiatives by the store..

TABLE 2 **Relationship factors and demographics of customer**

Relationship Factor	Social factor										Total
	Father	Mother	Spouse	Son	Daughter	Brother	Sister	Friends	Colleague	Neighbor	
Name of the brand	37 (37)	11 (11)	21 (21)	4 (4)	3 (3)	3 (3)	4 (4)	14 (14)	1 (1)	1 (1)	100
Attractive seasonal decoration	7 (7)	30 (30)	21 (21)	12 (12)	2 (2)	4 (4)	5 (5)	16 (16)	1 (1)	2 (2)	100
Annual clearance sales	8 (8)	20 (20)	26 (26)	7 (7)	3 (3)	4 (4)	9 (9)	14 (14)	1 (1)	4 (4)	100
Festival sales offer	7 (7)	21 (21)	24 (24)	12 (12)	3 (3)	5 (5)	5 (5)	16 (16)	1 (1)	3 (3)	100
Special offer sales	11 (11)	19 (19)	26 (26)	4 (4)	6 (6)	4 (4)	7 (7)	17 (17)	1 (1)	2 (2)	100
Buy one get one free sales	7 (7)	20 (20)	18 (18)	4 (4)	6 (5)	10 (10)	9 (9)	19 (19)	1 (1)	3 (3)	100
Spacious parking area	13 (13)	12 (12)	24 (24)	4 (4)	3 (3)	4 (4)	5 (5)	25 (25)	2 (2)	4 (4)	100
All products are available in shop	10 (10)	14 (14)	26 (26)	8 (7)	5 (5)	7 (7)	8 (8)	18 (18)	2 (2)	1 (1)	100
Customers are treated with care and respect	14 (14)	16 (16)	17 (17)	6 (6)	7 (7)	10 (10)	8 (8)	15 (15)	2 (2)	3 (3)	100
Children enjoy the shop	7 (7)	11 (10)	24 (24)	12 (12)	10 (10)	3 (3)	11 (11)	14 (14)	2 (2)	3 (3)	100

Note: The Values within brackets refer to Percentage

It is found from Table 2 that majority of the respondents are influenced by Father in choosing retail outlet in order to avail services such 'name of the brand'. It is also noted that services such as 'attractive seasonal arrangement', Buy one get one free sale is regarded by the mother who influences the respondent most at the time of choosing. It is interesting to note that the spouse influence the respondents to select those organized retail outlets in which the sales',' festival sales offer', 'special offer sales', 'customers are treated with care and respect',' children enjoy the shop',

VIII.   FINDINGS AND CONCLUSIONS

Organizations face considerable challenges in implementing large-scale integrated systems like CRM, to

satisfy the customers and to create loyalty. Retailers should develop relationship improving services such as, inform customers about promotions, discounts and other facilities of the organizations, encourage customers to purchase more by showing appreciation, to convince customers that their feedback are taken seriously, The management of the retail store should provide special training on communicative skill to the sales staff of the organization to maintain good rapport with customers. CRM is the most efficient approach in maintaining and creating relationships with customers. CRM is not only pure business but also ideate strong personal bonding within people. Development of this type of bonding drives the organisations to new levels of success. Once this personal linkage is built, it is very easy for organization to identify the actual needs of customers and to serve them in a better way. It is a belief that the more sophisticated strategies involved in implementing CRM, the more fruitful is the business. Retailers must consider seriously in investing on tools for implementing CRM systems in their workplace.

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