



---

## GROWING PROSPECTS OF CRM PRACTICES OF RETAIL TRADE IN INDIA

Dr. C. Vethirajan\*

S. Jayakumar\*\*

---

**Abstract:** *Indian retail industry is under its transformation stage as far as growth and investment trends are concerned. Some of the retail formats require consumers to visit the physical outlets while others sell their merchandise to customers without any physical visit. At present, due to cost saving and time saving, non store based retail format is growing at a faster rate. Online retailing is one such recent development where retailers communicate with the customers and offer goods and services for sale through internet. The final aim of retailer is to retain a customer as he is the most important person in any business. For any business to succeed with its consumers, they need to establish a working relationship that understands the customer. One way of doing so is by implementing CRM. It acts as a tool to acquire and retain a customer, meeting the objectives of the company.*

**Key words:** *Retail trade, Customer Relationship Management, Acquire, Consumer, Merchandise.*

---

\*Professor, Department of Corporate Secretaryship, School of Management, Alagappa University, Karaikudi, Tamilnadu, India

\*\*Ph.D., Research Scholar, Department of Corporate Secretaryship, School of Management, Alagappa University, Karaikudi, Tamilnadu, India



## **INTRODUCTION**

Retailing today occupies a key role in the world economy. Retailing includes all the activities involved in selling goods or services directly to final consumers for personal, non-business use. India retailing offer shopping, entertainment and food all under one roof.

In India shopping malls are growing much more Shopping mall offers customers the possibility to be anything or anybody they want to be, it gives them opportunity to be free and independent even if it's just for a passing moment. CRM is potentially a useful concept in the marketing and customer services areas of a retail sector. CRM stands to be the survival mantra. Managing customer relationship effectively and effectively boots customer satisfaction and retention rates.

## **TRADITIONAL RETAIL FORMATS- KIRANA STORE**

In India, around 12 million retail outlets are independent retailers. Under this format, the proprietor is responsible for the success and failure of the store. Over ninety percent retail outlets in india are independent and unorganized. With the globalization and borderless economies, this percentage is coming down but still unorganized stores (kirana stores) are in plenty.

### **CRM in kirana stores :**

- The kirana stores concentrate on a local area to achieve business objectives. Since the locations are very near to customer it saves their time and energy.
- Kirana store serve local demand by increasing the trading hours and merchandise to be sold. Kirana stores offer credit, home delivery for even small orders, unpackaged food grain sold by weight, and maintains personal relationships with customers. The occasional kirana shop even offers home delivery of fresh vegetables.
- Kirana stores provide deep merchandise and it acts as a specialized store serving all consumer segments.

### **OBJECTIVES OF THE STUDY:**

1. To study the conceptual framework of CRM practices of retail trade in India.
2. To identify in terms of theoretical view of traditional and modern shoppers of retail trade in India.

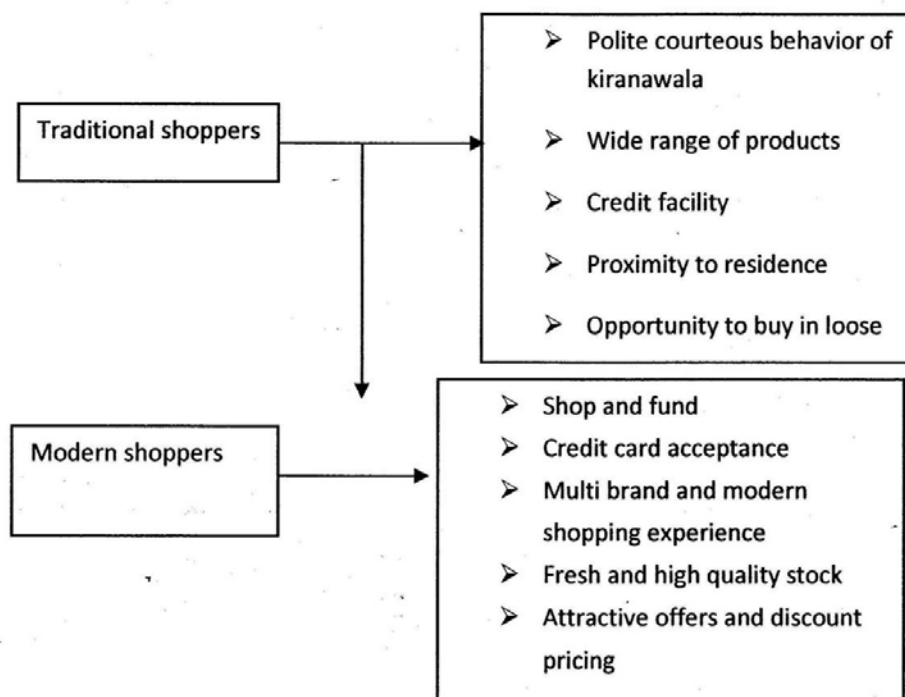


## METHODOLOGY OF THE STUDY:

This study is mainly based on secondary sources, collected data are relating to various journals, daily news, books and web sites etc.

## MODERN KIRANA STORE

- Today the kirana store business is healthy one. Young kirana shop operators have found ways to keep up the personal connection with customers.
- Today Kirana stores looks like a mini supermarket, they let customers browse. Every customer today wants to be served first, no matter when they enter the store, which wasn't possible earlier. The smarter kirana store operators are adopting best practices from modern retail. They carry premium products, and have designed their stores to have aisles, security cameras and closed doors to improve hygiene and to give customer a modern look.



## IMPLEMENTATION OF CRM

For any business to succeed with its consumers, they need to establish a working relationship that understands the customer. One way of doing so is by implementing CRM. The term CRM is used to define the tools and methodologies used by an enterprise to manage the relationships it has with its customers. It forms the foundation by which a company brings sense to the needs of customers and can analyse the future changes that



could develop. Retailers take every effort to differentiate themselves and retain customers, while reducing operational costs.

Another view of looking at CRM is as a process of learning, by which retailers can develop stronger relationships with customers having gained information on their needs and behaviors.

In order to implement CRM, it is essential that the customer is regarded as the most valuable asset, and the relationship considered vital for future progression.

However, the concept of CRM is not simply software. It is also the front-line staff and employees from the lowest level of the organization, who should be trained in the principles of customer relationship in order for the processes to be more effective and efficient.

The requirement of CRM is different for every organization.

Before a CRM programme can be formulated, retailers must ascertain the true value of its customer. While loyalty and satisfaction are the more generic links for implementing CRM programmes, it is necessary for the company to set out a specific objective at the planning phase.

## **BUILDING RELATIONSHIP WITH CUSTOMERS**

### 1 Focus on people:

People within the organization have the basic role in developing and maintaining relationship with customers. Everyone in the organization must realize the fact that their work is towards satisfying customers.

### 2. Focus on Organisation:

In order to build customer relationship, organization should be aware of the technological advancements. Organisation should concentrate on total customer satisfaction and respond to the requirements of the customer faster than its competitors. The responsive and learning nature of the organization will build confidence in the minds of the customers and that it will go a long way in building the customer relationship.

### 3. Concentration on the paying ability of the customer:

Before fixing the price for a product, the paying ability of the potential customer must also be taken into account. If customers were lost due to price factor, then the organization would have to invest heavily in trying to get them back but with no guarantee for the same.



#### 4. Focusing on reducing dissatisfaction:

All dissatisfied customers will not come forward to show their displeasure. They will simply make a brand switch –over, which will badly reflect on the prospective customers attitude. To avoid this, the causes of dissatisfaction must be identified and have to be attended well. If a complaint is well attended, then the dissatisfied customer becomes more loyal to the organization and thereby the relationship would continue to exist.

#### 5. Making communication simple:

Customer must feel free to contact the organization at any point of time to get any sort of their problem solved. Such a system must be simple, open and customer friendly. Each communication received should be recorded, classified and analysed as to their nature and significance.

### **BENEFITS OF CRM TO RETAIL BUSINESS:**

Retailers can gain many benefits from CRM. These include:

#### 1. Lower costs of customer acquisition:

Utilising the existing customers is the primary marketing tool; retailers can save on promotional activities. It can lower the cost of customer acquisition.

#### 2. Profitability from fewer customers:

The number of customers required in maintaining sales and profitability is lower because of the loyalty of the retained customers.

#### 3. Assessing Customer Profitability:

By implementing CRM, businesses are in a position to assess which of its customers are profitable and which are not. This is essential in understanding which group of customers the business should focus on in order to generate more profit.

### **CHANGING FACES OF INDIAN CONSUMERS:**

The high rate of industrialization, growth of service sector and better employment opportunities have increased consumers disposable income, developed new lifestyles and awareness and a drastic change can be seen in their buying behavior. The Indian consumer today wants to live in present and prefers a life full of luxury & comfort and is not much price sensitive. They are highly aware about the product, price, quality and options available with them. Indian consumers believe that branded products are more reliable. The brand which identifies and support family values are more popular and accepted easily by them.



Introduction of credit culture has made the Indian consumers to purchase products on credit and pay tomorrow.

1. They just don't want availability of products, but also better experience, services and ambience. This has led to the growth of shopping malls where all the facility is available under one roof. The Indian market has become a 'buyers' market from 'seller's market'.

Over the years, as a result of the increasing literacy in the country, exposure to west, satellite television, foreign magazines and newspapers the buying and consumption patterns of Indian consumers have changed significantly. The emphasis has changed from price consideration to design, quality and trendiest. The desire to look and feel good is a guiding factor for customers while making their purchase decisions.

2. It is assumed that with the growing disposable income, industrialization and liberalization, the Indian consumer market is expected to grow as 5th largest market in the world by 2025.

Indian consumers witness sea changes in this digital era they are:

**1. Style-Conscious:**

Larger younger Indian population is exposed to global media and is connected through social networking looks for style. From impulse buying products to the high involvement products, the purchases are largely influenced by style.

**2. Brand Conscious:**

Indian consumer today is exposed to a large array of brands offering similar products. The competition among brands brings greater discounts and better sales promotion offers for the customers. As a result, the consumers today are full of choices and this leads to lower brand loyalty. Since the products are often similar, the consumers want the best deal no matter which brand offers it.

**3. Information Conscious:**

Indian consumer no longer depends on whatever information the marketers provide him about the product. Today's consumer explores all possible information sources in order to review, compare and contrast every product alternative available to him before making his purchases.

**4. Time conscious:**

Indian consumers run short of time now due to increased work hours. Dual income families are quite common in India today. The consumers are more conscious about getting value for



their time rather than value for their money. Hence there is a need to offer them speedy delivery with greater convenience. While the deliveries need to be made at home for the busier Indian consumers.

5. Health-Conscious:

Health is a priority for Indian consumers today. The increasing environmental pollution and growing stress levels have resulted into greater incidences of cardiovascular ailments, obesity, and neurological disorders as well. As such, most of the consumers' purchases are guided by health concerns. There arises the need to serve Indian consumers with healthier offerings.

6. Socially Connected:

Indian consumer is no more living in isolation. He has mass presence in social media and is increasingly networked. Facebook alone has crossed 65 million users in India. Social media also leads to effective word-of-mouth publicity.

7. High disposable income:

The reduction in family sizes accompanied by increase in family incomes leaves Indian consumers with better incomes at their disposal. Industries that stand to benefit from this trend are entertainment industry and organised retail industry. Hence there is a need for making consumers' purchases as a complete shopping experience.

8. Environment Awareness:

Indians are now better educated and increasingly aware of their environment. They are also well aware of the dangers of environmental degradation. The lesson for marketers here is to invest in environmental researches and offering an environment-friendly marketing mix to the consumers.

9. Low Brand Loyalty:

Indian consumer today is exposed to a large array of brands offering similar products. The competition among brands brings greater discounts and better sales promotion offers for the customers. As a result, the consumers today are full of choices and this leads to lower brand loyalty. Since the products are often similar, the consumers want the best deal no matter which brand offers it. So, the marketers must keep innovating to differentiate from their competitors.

10. Informed Purchases:



Indian consumer no longer depends on whatever information the marketers provide him about the product. Today's consumer explores all possible information sources in order to review, compare and contrast every product alternative available to him before making his purchases. The marketers therefore need to be transparent in their offerings and explicitly provide as much product details as possible on various platforms.

#### 11. Spending on Leisure:

The reduction in family sizes accompanied by increase in family incomes leaves Indian consumers with better incomes at their disposal. The new generations of Indian consumers do not mind to borrow from future incomes for holidays.

#### 12. Time Poor:

Though Indian consumers have improved incomes at their end, they are short of time now due to increased work hours. Dual income families are quite common in India today. The consumers are more conscious about getting value for their time rather than value for their money. The marketers therefore need to offer them speedy delivery with greater convenience.

### **FUTURE OF RETAIL - BIG DATA FOR RETAILER:**

Big data is any voluminous amount of structured, semi-structured and unstructured data that has the potential to be mined for information. Data mining is the process of extracting and presenting new knowledge, previously undetectable, selected from databases for actionable decisions.

#### 1. Big data promotes cross selling and promotions:

The role of Big Data and Analytics in creating effective cross selling and promotions: Cross selling and promotions is a great way to maximize both the reach and profitability of the store. Big data plays a huge role in developing an effective cross selling and promotion platform. Big data help to have access to key parameters like customer demographics, preferences, shopping history helps to convert clients since retailers already know their customers' background, where they are, what they prefer, what they have already bought.

#### 2. Increases repeat purchase:

Retailer loyalty programs give companies access to lots of data, which the retailers can use for targeted and personalized marketing campaigns. When brands have these invaluable





insights of when, what, why and how frequently a customer makes purchases, they can use it to analyze and predict several key parameters.

### 3. Predicting the future:

Revenue trends throughout the year can help the retail stores predict the way the customer shops at different times of the year. It helps them to create special offers and packages to attract existing and potential clients. Customer Spending Analytics sheds light on the way a customer spends his/her money, helping retail to customize shopping packages to induce greater traffic and sales of a particular commodity.

Analytics can further help customizing the entire shopping experience for a customer. The objective of the exercise is primarily Customer Loyalty Identification and Reward that simply means acknowledging customers' value to the brand and making them feel privileged. This of course translates in greater profitability and in the long run, more importantly creates good relationship with the customer.

### 4. Improved customer interaction:

Consumers are today interacting with the brand/ company through various touch points like interaction at the stores, mobile, internet, emails, customer care, etc. Omni channel presence is invaluable for consistent data capture. Consumers today want to feel comfortable with the personalized stuff, whatever channels they are using to engage with the brand. Effective Customer loyalty programs also help foster lasting relationships with the customer and that is why they are so invaluable to the retail business. There's an old adage, "knowledge is power", it is truer in retail. Big data and analytics are the most potent weapons in the arsenal of the modern retailer and smart use of these powerful tools will definitely make a huge impact on the fortunes of the retail industry.

## **MODERN RETAILING : E-TAILING**

Shopping, once considered a major stress buster, is no longer an experience. Navigating through chaotic traffic, the constant quest for parking slots, overcrowded malls and high streets are reasons enough for the average citizen to resist venturing out to shop Online shopping has become popular among people across age profiles today the bulk of Indian consumer, over 243 million internet users in the country fall under the age profile of 15-34 years, people across all ages from twines to retired folks seem to be bitten by the online shopping bug. Online shopping has just taken off and people are beginning to experiment



with online shopping through handheld devices such as, tablets and smart phones as well as from their homes and offices on their desktops and laptops. E-commerce is the new commerce where the traditional form of doing business will get redefined.

### **MOBILE COMMERCE IN E-TAILING**

“India is a mobile first market where 50-60 per cent of media consumption happens on smart phones compared to 30 per cent of media consumption by people globally on mobile devices including smart phones, laptops and tablets Online transactions from desktops and laptops are expected to decline over the next few years with mobile dominating in almost everything from web traffic to transactions.

### **CONCLUSION:**

Retailing in India is an evergreen sector. It is one of the largest growing sectors of the economy providing employment opportunities manifold. India’s unemployment problem is getting reduced by the growing retail sector. Large chunk of India’s population are middle age and teenager. India’s demographic dividend spurs the growth of on-line and off –line stores. The spending habits and raising per capita income motivates Indian consumer to buy more and at leisure. From age old civilisation, Indian retailers are well versed with the act of attracting and retaining the customers. Retention strategies, customer loyalties are the manures for the retail tree to flourish in Indian soil. Undoubtedly Indian retail trade is going to be good competitor for other developing nations.

### **REFERENCES:**

#### **BOOKS:**

1. Peeru Mohamed & Sagadevan (2013), `` Customer Relationship Management``, Vikas Publishing house.
2. Swapna prahan (2009), ``Retail Management-text and cases`` 3<sup>rd</sup> edition, Tata Mc Graw Hill.

#### **JOURNALS:**

1. Dheeraj verma & Devendra Singh Verma (2013), Customer Relationship Management Practices in selected organized retail outlets : a case study of Indore city, IJSR, Volume 2 Issue 4, April 2013.
2. India today.
3. U. Dhinesh kumar & P.Vikkraman (2012), Customers Satisfaction towards organized retail outlets in Erode city, IOSR journal, volume 3, Issue 4 (sep-oct 2012).pp34-40
4. Business today

#### **WEBSITES:**

1. [www.mapsofindia.com](http://www.mapsofindia.com)
2. [www.Indianmba.com](http://www.Indianmba.com)