CRM PRACTICES IN RETAIL SECTOR: BUSINESS ASPECTS AND CUSTOMER PREFERENCES & BELIEFS

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ABSTRACT

Retailing is the largest private industry in the world, with total sales of $ 6.6 trillion World over the retail sector is not only the oldest but also one of the most advanced users of the technology. Retailing is also India's largest industry accounting for over 10% of the country's GDP and around 8% of the employment(CII-Mckinsey report). Retailing in India is gradually inching its ways towards becoming next booming industry. The Indian retailing industry is highly fragmented with 97% of its business being run by the unorganized retailers such as the traditional family run stores and corner stores.

Organized retailing, however, is at a very nascent stage though its share is expected to rise to 9-10% by the year 2010.The figure is much higher for the U.S. & U.K. and relatively higher too for neighboring Asian countries like China, South Korea, Indonesia, Philippines, Thailand and Malaysia. (Vedamani G. Glbson "Comprehensive policy vital", The Hindu survey of Indian Industry 2007).

Key Words : CRM, Future Of CRM, Business Analysis

INTRODUCTION

According to India Retail Report 2009, even at the going rate, organized retail is expected to touch Rs.2,30,000cr (at constant prices) by 2010, constituting roughly 13 per cent of the total retail market. Global Retail Industry is of size USD 08 Trillion. Over 50 of the Fortune 500 companies are retailers.

Indian retail market is one & the Indian's fastest growing industries is expected to grow from us $ 350 billion to us $ 427 billion 2010, retail is India's largest industry accounting for over 10 percent & the country's GDP and around eight percent & employment. Retail in India is at the crossroads. It has paced industries with several players entering the market. Retailing in India is gradually inching its way to becoming the next boom industry. The whole concept of shopping has altered in terms & format and consumer buying behavior, ushering in a revolution in shopping, modern retail has entered India as seen in sprawling shopping centers, multi-storied malls and huge complexes offer shopping, entertainment and good all under one roof. In recent times, however more and more by retail outlets are coming up in the metros and cities and the country. Many business houses now thinking and opening up a retail chain and their own, Spencer and colimited, Vitan industries limited pantaloon, shoppers stop, Reliance malls, to name a few have already in the business with a big bang.

REVIEW OF LITERATURE

Darshan Desai, SabratSahu and Piyush Kumar Sinha (2007) on the basis of analytical and empirical or case research conducted a random sample study of 334 executives was selected from 29 firms in the following industries: retail (n=60), telecom (n=80) and banking (n=183) in India. They also concluded that. Impact of market orientation on dynamic capability of CRM and competitive CRM performance may be the result and shaping the organizational resources that no longer match the environment. These include processes like analysis customers, developing and delivering tailored offering, providing customer service, orchestrating linkages, assigning accountability and evaluating performance. Dr. N.K. Sehgal (2007) classified customer relationship management as abbreviation about consumers, marketing effectiveness, sales and market trends. He advocated the result of a business is a satisfied customer "in present era of cutthroat competition, it is no longer enough to satisfy the customers. The reason for this is pretty simple". If you would not take care of your customers, your competitors definitely would". So the firm should keep pleasing customers and they will keep coming back. Vandana Ahuja (2008) analyzed CRM build long terms profitable relationships with chosen customers and getting closer to those customers with every point of contact with them. The author noted that a good CRM strategy aims at providing a win-win platform for both the organization and the customer by paying adequate information to the process of adoption by focusing on options available to customers' adequate promotion.

Campaigns and concentration on existing customer.

C. Bhattacharjee (2006) in his book "Services marketing concepts planning & Implementation" Classified customer Relationship Management (CRM) have been undertaken to give all possible information to the current and potential customer. He says to achieve CRM, a company-wide set of tools, technologies, and procedures promote the relationship with the customer to increase sales those CRM is primarily a strategic business and process issue, rather than a technical issue. The author concludes CRM is very hard to be implemented throughout a company. The IT department needs extensive infrastructure and resources to implement customer relationship management (CRM) databases successfully.

Joseph. Nunes and Xavier Dreze (2006) in their article "Your loyalty program is betraying you" highlighted creating a successful loyalty program starts with defining what should be gained from the effort. In some cases, loyalty programs create what marketers call barriers to exit. They say that a benefit of loyalty programs that has gained prominence in the past decade is their ability to provide useful data about customers. SunjayKumarkar and AlokkumarSahoo (2007) in his article define "Shopping mall: Driving Force in organized Retailing". Advocated mall is the latest format in the organized retailing, a significant development has occurred in last couple of year due to change in consumer profile and spending behavior, increasing youth population with more purchasing power and less time is looking for shopping a long with entertainment as one stop option. Roulac (1994) concluded from his study that in shopping malls, consumers can shop without the problems of any traffic congestions or parking problems, or security concerns

LITERATURE REVIEW

Customer Relationship Management Practice in the Organizations: According to Zikmund et al (2003), dimensions of CRM will lead the organization to the continuous relationship with the customers at the cost of their privacy. Now the organizations can deal with the customers by finding out the loop holes and filling the gaps of resources. These factors or measures will lead the organization to the increased satisfaction of the customer. Here the positive feedback could be stored in the CRM database again. These conclusions will tell the future prospects of CRM usage (Zikmund et al, 2003).

In any organization the process of change is also point of concern. Many authors refer this term to the change management (Wikstrom). CRM's main initiative is to manage the risk associated with the customers. And in this environmental activity external factors can also create hazards (Howarth and Fredericks, 2012).

At the organizational level CRM will be the process of integrating the people and the processes to make the customer satisfied by the use of information regarding the needs and likings of the customers. It is the development of relationship marketing at the organizational level. According to Maroofi et al (2013), CRM is not only the relationship of customers. It is much more like developing the system of integration between the environment, customer expectation and the management of knowledge.

CONCEPTUALIZATION OF CRM AS STRATEGY

A clear strategy is the one which emphasis on the implementation of CRM as the main part of the process. It has three levels of planning which includes idea, planning and customer orientation. Idea must be universal and overall accurate for implementation. Planning is done on long term basis which involves cost of time, money and resources. Planning is done according to the allocated budget of the department. While in the customer centric view the firm tries to identify its customers and their future needs also. Then the data will be used to improve the product and services (Darvish et al, 2012).

If the CRM is taken as the strategy it can create a difference in the performance of the organization. To do the strategic level CRM Integration Company has to make a perfect vision which must be related to the CRM process. Company performance objectives and threshold points must be determined, the decisions regarding the segmentation and target customers must be predefined. Furthermore company also has to decide the level of customization it is going to offer to the customers. At the end company also has to make calculations regarding the monetary benefit or the advantages derivation from the implementation of the CRM in the company (Kumar, 2011).

IMPLEMENTATION PLAN

Senior management commitment is most important. Success of CRM is based on the profitability of it which has to be calculated before the implementation. Here at this level companies consider that the customized solutions provided to the customers will increase the satisfaction of customers as well. Apart from the customers planning the CRM will also be regarding the use of information by the managers and their need of data. Customer interaction with the CRM and the decisions of the management are important factors for the planning of CRM implementation criteria. Interactions point of both can be altered then according to the need of particular organization (Bose, 2002).

Reason for the successful implementation of the CRM is the increment in the business profit, gaining customer’s satisfaction, delivering the personalized services to the customers, getting the customer’s insight about their preferences, taste and future demands, creating the differentiation from the competitors of the business, and at the end to get the more selling chances for the product of the business. To get all these purposes business have to create the exact plan which will be based on the perfect integration of business process, technology used, strategies made, human resource integration, communication channels integration and the end the cultural factors or the change management (Kumar, 2011).

STRATEGY FORMULATION

Formation of the strategy to implement the CRM is started at the level where the decisions are taken regarding the customers groups and their characteristics. At this level company will also identify the individual customers and their groups. In the formation of strategy three main factors are discussed, first is deciding the purpose of the CRM implementation second is the selection of the parties which are customers groups and individual customers and third are the schemes and programs for the CRM system. The purpose of CRM is to get the operational and strategic level goals of the firm. To implement the program and strategies parties (customers and employees) are focused (Parvatiyar&Sheth, 2002).

Development of CRM strategy is a tactical process involving many steps at strategic level, likewise first step is the developing the business model. First the firm has to design the process to attain, acquire, retain and increase the customers. Then the model is related to the business its dealing with. CRM is not the only technological change in the firm but also the emergence of the culture to the customer's. Main reason implement the CRM strategy is to give the customers ultimate satisfaction they are wanting from the prospective of communication with them. If the strategy is going good with the customers then it will increase the customer's loyalty as well and in the end the satisfied customer will generate more profits for the company. Strategy of implementation of CRM could be the most useful way to increase the customers by their satisfaction. In the aspect of current market and global business environment it is compulsory for the firms to increase their value by some differentiation of their product or services. And the implementation of CRM strategy will provide the win-win solution for three of them; customer, company and employees (Jakinsen and Jocobs, 2002).

RESEARCH METHODOLOGY

In order to accomplish the objective of the study to collect data for this research study, both primary and secondary sources were used. Secondary data collected through the researcherreviewed articles related to research objective that appeared in the scholarly literature, key journals, reports, magazines and proceeding were systematically scanned for articles related to the research topic..

Customer Relationship Management practices towards in Retailing:

The highly demanding and knowledgeable consumers are compelling retailers to stock a huge product range, offer attractive discounts in an aesthetically set up environment and soon all in the hope of having a loyal customer base so, customer relationship management may be referred to as a philosophy a set of strategies, programmer and system which focuses on identifying and building loyalty with the retail outlet malls most valued customers. This means that CRM will work on the principle that retailers have to chat out programmes which will help them to raise their profitability ones continuous basis though building long-term relationship with their customer's customer Relationship management is a company business strategy designed to reduce cost and increase profitability by solidifying customer loyalty. CRM practices may shift with each form. Nevertheless, organized retail shopping malls will benefit from the resources it commits to developing its CRM practices in greater customer loyalty.

Three Ways Retail BI Makes Your CRM Even More Customer Centric

Your sales connections are responsible for engaging your customers, providing top customer service and understanding how customers shop with you. Right where all your transactions occur, store managers and sales associates have a good idea of who is shopping with them, what customers are shopping for and what they decide to purchase.

For example, if you're a sales relate for a women's apparel store and you notice a handful of your clients purchase a specific silk blouse with a pair of trousers, you're probably going to integrate that knowledge into your selling strategy. The same can be true for retail executives in the merchandising and marketing departments. This type of knowledge could have a real impact on what merchants and marketers emphasize on retail websites, in advertising, and how they style product in a list or look book and messaging for segmented email campaigns.

But, traditionally, the data marketers can access within customer relationship management (CRM) systems is limited. Basic CRM data usually includes who your customers are, what they are spending and how often they shop with you, but it doesn't let you see how customers actually shop by segment and location. Additionally, CRM systems are often isolated within the marketing department, making it tough for personnel in other departments to pinpoint and agree on precisely who your customers are and how they are reacting to products chain-wide and at the local level.

By combining traditional CRM systems with retail business intelligence tools, you can get more analytical data about your customers based on actual shopping. Here are three ways retail BI works with CRMs to create actionable insight for retailers:

i.) Retail BI Helps Merchandisers and Marketers Communicate In many retail organizations, the marketing department relies on data from the CRM system to make decisions, and merchandisers use high-level record and sales data to make collection and allocation decisions. Departments don't have visibility into decision-making processes across the company because the CRM and merchandising systems don't have a way to communicate. CRM data combined with merchant data creates customer-centric analytics you can use to make data-driven decisions across the business. A retail BI solution like Quantisense's enables CRM and merchandising systems to communicate and work together to provide analytics based on both sets of data. This helps marketers and merchandisers see which customers were targeted with a purchase order, view sales data by customer segment and view variety performance by location.

ii.) Retail BI Creates Trust Internally If your CRM is limited to raw customer data, the actionable insights about your customers will be limited, too. And because your marketing department or CRM analysts are the only parties with access to the CRM, other departments may become doubtful about the data's applicability to solving their challenges. Integrating your CRM with retail BI tools gives you and the entire organization better visibility to data you can trust. It creates one description of true business performance and customer insight so you can be convinced in the information you're getting (and sharing) and use it to make analytics-based decisions. iii.) Retail BI Creates a Single Version of the Customer When combined with the Customer Centricity Playbook, the Quanti Sense analytics solution lets you see how your customers shop and how they respond to your assortment by customer segment. Your CRM data is leveraged by the Quanti Sense Customer Centricity Playbook to help you understand your customer segments and how they're performing, giving you one consistent version of your customer that can be broken out by customer segment, location and customer value. The Quintessence Customer Centricity Playbook joint with your CRM system helps you understand your customer segments better and make datadriven business decisions.

6-CRM Solutions in Retail can help to Derive Business Intelligence, Market Basket Analysis and Demand Forecasting The retail sector in India is witnessing exponential development with the rise of modern retail stores which are taking over the traditional neighborhood stores. According to research firm Nielsen, sales at modern stores are increasing at a much higher rate than those of traditional stores; 29.3% versus 6.2% in 2010. The Boston Consulting Group has estimated the size of organized retail market in the country at $28 billion and projected growth of nine times over the next 10 years. With the Indian retail market finally opening to Foreign Direct Investment from global chains such as WalMart and Carrefour, the sector is all set to experience a makeover in which business functions such as CRM will play a major role. Customer Relationship Management is already a core business strategy for such multinational brands, with loyalty programs and data mining playing a crucial role in acquiring and retaining customers.

7. Business Intelligence in Retail CRM CRM strategies can help provide vital business intelligence. CRM provides the necessary customer data which gives businesses the sharpness required to make informed decisions. When a company understands what the customer wants, it can make straight its business goals and strategies to fulfill these wants. This is the function of business intelligence. Businesses across the globe are increasingly using BI software to aid business functions. Business intelligence goes a long way in helping managers gain critical on the way about their business and customer to take efficient and actionable decisions. Managers in the retail sector can use business analytics to get insights about store operations, product demands and trends, customer's purchase behavior, stock and inventory to make strategic decisions about product placements, loyalty programs, promotions, marketing and much more. For a sector where competition is on the rise and customers tend to be highly price-conscious, customer insights help retailers to provide the right mix of product, place and promotions to increase store revenues. It can help improve the overall shopping experience to keep the customers coming back.

i) Understanding Market Basket Analysis As most purchases from retailers tends to take place on desire, the concept of Market Basket Analysis helps retailers understand buying behavior and utilize this to make strategic decisions. Market Basket Analysis seeks to understand customers' buying behavior by linking together types of purchases. Often customers are more likely to buy item A if they have already bought item B. With the use of this technique, companies can guess sales and forecast demand for their products. Software used in market basket analysis are highly complex and are thus able to provide complete information on customer's shopping behavior, covering a variety of permutations and combinations. One of the key advantages here is the ability for retailers to cross-sell their products. Furthermore, they can place products and promotions within the store in such a way as to make possible purchase from customers. Retailers can also compare purchase habits between demographic groups, different stores, at different times of the week or during different seasons to further optimize their sales and marketing strategies.

ii) Demand Forecasting With a combination of business intelligence and market basket analysis, retailers are able to forecast demands across stores, different time periods and demographic profiles. Information from various customer relations and connections is integrated to conduct real-world retail forecasting. Demand forecasting is essential in the retail world to manage stocks, handle large volumes, highlight potential areas of anxiety and take actionable decisions to appoint in falling sales. Furthermore, retailers can avoid wastage, remaining stock and stock-outs caused by incompetent forecasting. Using this technique in retail enables efficient stock replenishment and equips retailers with the ability to respond efficiently to sudden changes in the market or environment that may root a boost or decline in demand. It also prevents inaccuracies in holding stock to make the overall operations more efficient, leading to increased profitability. Daily forecasts of demand help retailers take the right strategic decisions for their business and keep customers satisfied. Retail is all set to witness a drastic surge in the coming decade. The way forward in this regard is to utilize essential business intelligence in understanding customer needs and forecasting demands to improve operations. Retail CRM solutions are designed to enable opportunity recognition, manage sales processes, track business activities and sales. They also provide cross-functionality between different stores and departments. With such capabilities, there is no doubt that CRM solutions for retailers will be a vital link for business strategies in times to come.

8. Business Intelligence Solutions Business Intelligence (BI) refers to the ability to collect and analyze huge amount of data pertaining to the customers, vendors, markets, internal processes, and the business environment. A data warehouse is the comer stone of –wide business intelligence solution; various analytical (OLAP) and data mining tools are used to turn data -stored in the data warehouse - into actionable information. Customer Relationship Management (CRM) forms the focal point from where the vital insights gained about the customers - using BI tools -- are absorbed in the entire organization. BI also plays a critical role in all the other retail functions like supply chain management, storefront operations, and channel management.

CONCLUSION

The retailers also become aware that Business Intelligence can be used properly only when it is applied with care and complete support from the top management. With BI superior tools, now employees can also easily convert their business knowledge via the analytical intelligence to solve many business issues, like increased response rates from direct mail, telephone, e-mail, and Internet delivered marketing campaigns. With the help of Business Intelligence, firms can identify their most profitable customers and the underlying reasons for those Customers' loyalty, as well as identify future customers with equivalent if not greater prospective

Retailers are known for innovation. The most innovative retailers of today are those who are using business intelligence to gain sustained competitive advantage. The wisdom, gathered by analyzing huge amount of data, and should reach every corner of the organization. This paper reviews is based on a literature on a business intelligence approaches.

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