

A Study on Electronic Customer Relationship Management Practices in Selected Organized Retail Stores in Jalandhar City

Harleen Kaur¹, Shaveta Miglani², Dr.KNS Kang³

^{1,2}Research, IKG PTU, Kapurthala

³Director General, PCTE Group of Institution

Email - ¹harleenmahajan@yahoo.com ²miglanishweta81@gmail.com

Abstract: Retail business has encountered a new wave in terms of opportunities and challenges these days. It is that sector in which there are maximum people involved and business is generated. In the era of globalisation and privatisation it is very difficult for a business concern to survive in the market without any unique selling proposition. Electronic customer relationship these days is a platform which provides niche in terms of something extra which is done by the companies to keep the customers happy. Retail on the other hand is a sector wherein a lot of customer base is required to survive. Acquisition of the new customer and generating the business from the existing customer is a huge challenge. Keeping all this in mind this study has been done in the city of Jalandhar wherein the retail store are studied to know the ECRM practices being adopted by them and to know the application and benefits out of it.

Key Words: ERP system, ECRM, Point of sale, Integration, Dissemination of information.

1. INTRODUCTION:

1.1 RETAIL:

The retail word simply means not dealing in bulk quantities. Dealing in bulk has been in practice for a very long time, but this leads to inconvenience to those who don't need things in larger quantities. So retail is entertaining the final consumers with minimum quantities. Retail is very much common these days in all fields.

If we talk about retail industry according to CIA Facebook its scope is huge as our more than 10% of GDP is being contributed by retail and more than 8% of people are directly or indirectly involved in it. Now a days all retail outlets are concentrating on the implementation of the various customer relationship activities as this is the only viable tool which helps the companies to create niche in the market. Through this paper an attempt is made to evaluate the same in the Jalandhar city. CRM is a major tool and is excersie in various fields of hospitality, commodities, etc. But its trend is very much there in retail as well. Customers are not at all loyal when it comes to retail. It is very difficult for the companies to maintain the relation with the customers so that the loyalty is generated, so in this case the techniques of CRM or ECRM are very much beneficial. Through these techniques the retail stores can concentrate individually on the various strata of the society may it be on the basis of income, location or interests. Moreover these techniques provide one more reasons to the new and the existing customers to visit the store and to make a purchase.

1.2 GLOBAL SCENARIO

The scope of retail is worldwide recognised if we talk about the developed and developing economies this is the fast growing sector. Its example is that twenty percent of the gross domestic product of USA comes from retail. Not only this if talk about employment this sector is third largest to engage manpower.

Another very good example is China, This is the only economy attracting a large number of new as well as established retailers from all over the world . More than seven per cent of the population in china is earning through retail. Major retail stores like Wal-Mart and Carrefour had entered china a decade back. These are the stores which are contributing a lot in increasing the GDP of China.

Now a days in retail industry is huge in numbers, may it be sales figure or demand figure. As published in the article 'Retail Market and Recession' and written by Mr Chadha it was projected that the total sales of the retail stores is valued at \$ 7 x 10⁵ Crore. More than thirty per cent of the demand all over the world is catered by top two hundred retailers. It means that some of the major retail joints have already created there niche on the global platform. If we talk about the European Union the total sales figure is 2, 00,000 crores. All the economies which are existing in Asia are expected to grow @ 6 %.

If we talk about the last decade a lot has been changed in the retail sector. Now a days retail stores are huge, attractive with a lot of space. The services provided by these stores are enormous. The similarity is that top joints in this sector like Wal-Mart & Carrefour are ranked at the top now also and they were at the top a decade back also. Technology had played a major role in the transformation of this sector because from the point of analysing the demand till the point the satisfaction of the customer is ascertained technology plays a important role.

1.3 RETAIL INDUSTRY SCENARIO IN INDIA

Retailing is the sector which is the oldest and also has seen a transformation in the last decade owing to the advanced technology with the sale of \$ 6.6 trillion in the whole world in this sector is gaining a lot attention and employment. The fastest growing economy like India is dependent on retail sector for more than 10 % of its GDP.

According to Mckinsy India is growing at a very fast speed for its retail sector and the next industry which is growing to flourish is retail only. But the major problem is that the retail business is very much unorganised. 97 % of the business in retail in India comes from the unorganised small family run or by small shops. But if we talk about the unorganised sector and small shops, these are sooner going to be converted into organised ones. The growth rate which is expected for these is more than 10 %, but this figure is much higher in the developed economies like USA and UK (Vedamani G. Gibson "Comprehensive policy vital", The Hindu survey of Indian Industry 2007).

This doesn't mean that the neighbouring Asian countries like China, South Korea, Indonesia, Philippines, Thailand and Malaysia will not grow at a faster speed. India on the other hand is looking towards major retail joints to enter in the country through partnership or individual basis. In India there is vast scope in capturing the rural markets so all the big retail joints are eyeing over India for the expansion and for their increase in the sales.

The big retail giants like Reliance, Birla, ITC and Bharti are doing major investments and are doing many strategic decisions to make an impact in the market.

1.4 Increasing competition in the retail market:

The established retail stores even find it hard to maintain the customers these days as the customers are very much aware and try to evaluate various options before buying. Online stores also provide major discounts and the customers shuffle from offline to online purchase. In this scenario if the companies are not exercise any valid tool to make the customer believe that other options available in the market are not good enough, the se can lose a significant amount of business.

1.5 Technology in Retail:

Now a days if the retail stores are not upto the mark as far as technology is there, the store faces some problems initially which may lead to losses. The technology which is required to operate the retail store can be divided into the following hardware and software:

1.6 Customer Interfacing Systems:

1.6.1 Bar Coding and Scanners

This again can be done in various ways. First one is wherein all the items which are being purchased by the customer are scanned individually and the bar code is read. By doing so the bill is generated automatically and the customer pays its price. In the other option all the things which are to be bought are pushed to the final gate virtually and through a beam scanner the things are scanned and what customer has to do is just to pay the bill.

1.6.2 Payment

Now a days all the outlets have deployed ATM or debit card reader, which has enabled the customers to make easy payment digitally and they need not to know have cash. One more recent development in this field is the electronic cheque conversion in which when the customer shows the cheque it is scanned and information is sent to the retailer's as well as customer's bank. The cheque later on returned to the customer. All these techniques have made the process of purchase quick and easy.

1.6.3 Internet

Internet has created a new heaven for the customers wherein the customers need not to go to the actual point of sale, instead he/she can sit anywhere and make the purchase. The goods are delivered later on at their door steps

1.6.4 Operation Support Systems:

ERP System

ERP systems have again proved very helpful. From the point where the companies have to ascertain the demand various soft wares under ERP are being used. Then the warehouse and the retail outlets are connected to know the smooth transfer of the inventory as per the sales. At last the point of sale counters are being connected to the manufacturers systems to automatically place the orders depending upon the sale being done.

CRM Systems

Increased use of real time customer data has made it possible for the outlets to divide the customers on the basis of their loyalty, purchase pattern and liking. These customers are sent the messages depending upon their need on the various occasions. Emails and continuous feedback online also helps the companies to be in sync with their customers.

1.7 CRM

Customer Relationship management helps to combine various tools and means by which the companies are able to disseminate and collect the appropriate customer information. According to a latest research study out of 10 companies every 6 have started working on the CRM as the benefits of CRM and ECRM are clearly seen. The companies which are outshining are the only ones which are doing business as per the expectations of the customers and to know about these expectations companies have to do market research through customer relationship

management tools. CRM can't be implemented by sitting in an isolated room. For happy customers the overall synchronisation is very much required and for this the various departments of the organisation should be connected.

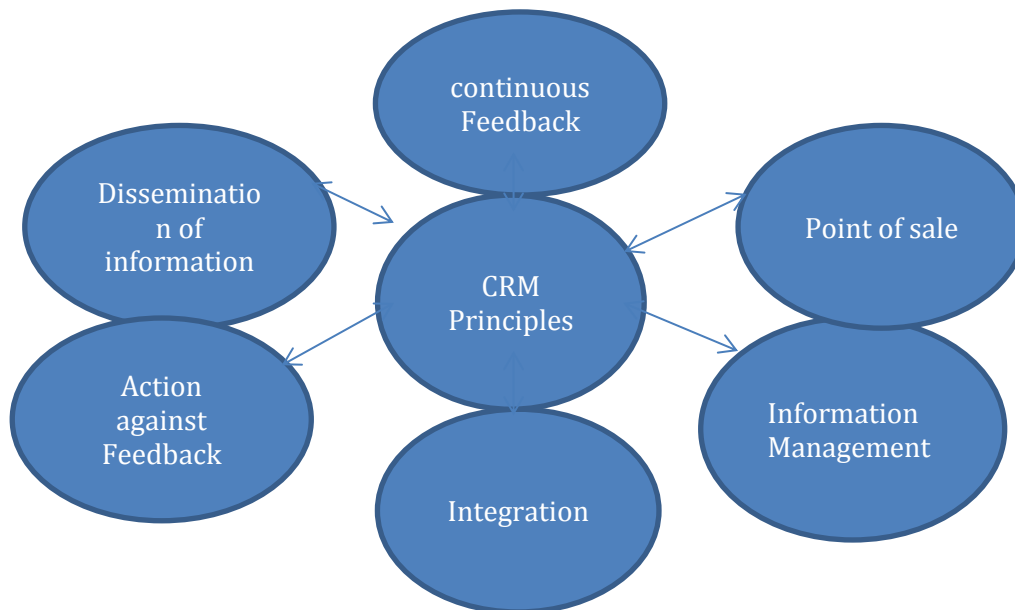
1.8 Goal / Objective of CRM:

The main objective of Customer Relation Management is to make the customer happy so that a customer becomes a repeat customer as its very well said that one repeat customer is better than many new customers as he/she doesn't need advertisement and the cost of the organisation is saved .

1.9 CRM and Organized Retail Sector

Products are easy to copy, services are harder to copy but the learned relationship that a customer has with or his supplier is nearly impossible to reproduce. It increases profitability of the retail business in the following ways:

- No price competition between the rivals as the customers become loyal
- Companies can concentrate more on the important customers
- Complete study of the buying behaviour helps the companies to maintain the inventory cost down.



1.10 Retail Outlets in Jalandhar

Jalandhar city organized retail sector is growing at a fast pace. There is a striking number of branded and organized retail outlets and store in different segments like food & grocery, clothing and textile, watch & jewellery and footwear etc. In the city like Jalandhar these organized retail store and firms are concentrating and targeting the consumer from the different segments like rural, urban, low, middle and high income segments etc.

Various retail stores in Jalandhar city are Adidas, Bata, Reebok, Nike in the footwear. In apparels the main leading stores are Biba, Pantaloons, Raymond, Van Heusen, Code, Lifestyle, Flying Machine etc. In food segment Big Bazar , Hyper city are the few names.

2. NEED FOR THE STUDY:

It is said that a good company is the one which can do anything to make the experience of the customers good as far as the service / goods are concerned. So to make the complete records of the customer, buying pattern etc can help the company to yield maximum profits. The company can establish a good brand name by doing all this. The proper information generated through the CRM tools when shared at the right time and of the right amount can lead to the best of the results.

3. OBJECTIVES of the study:

- To understand ECRM practices followed by the retail stores.
- To study the effectiveness of ECRM techniques adopted by organized retail stores.
- To study the problems faced by selected organized retail stores in maintaining their relation with customers through ECRM

4. REVIEW OF LITERATURE:

Alfred (2012); in his research paper "The Impact of Customer Relationship Management in the Telecommunication Industry in Ghana", remarked that Customer relationship management should be pursued by telecommunication companies especially Airtel. Relationship management could be achieved through the use of unique features and

competencies of network providers. It was also found out from Airtel that relationship management depends on the quality and range of services provided to the numerous customers

Bucholtz (2012); in his article "Why Extending CRM is Critical to Meeting Customer Needs" remarked that the result of expanding CRM's footprint will be employees who seem better informed and who are better poised to capitalize on sales opportunities - even if they aren't in sales.

Bucholtz (2012); in his article "Insurance and CRM: Big Barriers, Bigger Benefits" remarked that in insurance sector when CRM tools are used it may lead to the best of the results. As insurance represents the different set of challenges in terms of services being offered and competitors, this is the only way by which the companies can differentiate their services.

Robinson (2012); in his article "How to behave and think like your customer" remarked that customers now a days expect a lot in terms of high quality experience through a multi channel environment. If the company fails to meet all this , then very important customers may get lost. Moreover one lost customer might take others along with him/her. If the CRM is not being executed properly it may be possible that company strats new execution of the product/ service which may lead to huge losses.

Saravanakumar (2009); in his article "CRM in Banking" remarked that customer relationship management deals with establishing and maintain very good relations with the customers. Through this marketer starts planning and executing the orders so that the customer gets the goods or services before he/ she starts thinking that what is being desired.

Carlson (2006); in his article "CRM practices in online retail industry" remarked that the activities of CRM are very much common among the e-commerce players. To get information about the customer's liking in case of e-commerce is easier than other industries. So this can make companies to change even a dogmatic person into a regular user of online shopping sites.

Lendigham & Rigby (2004); in their research paper "CRM done Right" remarked that Use of CRM systems has increased from last some years as executives from wide variety of industry has tout CRM's value. Companies are now trying t implement it in more focused and disciplined way and getting more from it.

Chrsitensen (2002); in his article "CRM Gives Retail A Boost" remarked that Retail today is highly competitive. In order to get an edge over them companies need to establish a very good network with the customers. The new and the existing customers need to be properly ascertained so that the important ones are being concentrated.

5. RESEARCH METHODOLOGY:

Research methodology is the building foundation for any research. A good research depends upon the quality of research methodology being laid down. It includes data collection, analysis and reporting so that the proper conclusion is being framed and study gets its desired implication.

5.1 Research design:

The research methodology adopted in ECRM in retail is a descriptive research technique.

5.2 Data collection:

Primary Data :-

Primary data is the data which original and collected by the researcher . It is not from the existing resources.

- Questionnaire and observation.

Secondary Data :-

Secondary data is the data which has been collected from the existing resources. It may be possible that the data has been used previously.

- Important published source :- important published source is different types like: Journals, magazine, news , internet, articles etc.

5.3 Sampling plan:

- **Population:** all organized retail stores in Jalandhar city.
- **Sampling unit:** every single organized retail store in Jalandhar city.
- **Sampling technique:** The sampling technique used in the survey is non - probabilistic judgmental sampling.
- **Sample size:** Keeping in mind all the constraints the size of the sample of the study was selected as 50.

6. ANALYSIS:

The analysis of the questionnaires is as follows:

6.1 Analysis of mode of E CRM practices being used by retail stores.

Options	No of Respondent	% age
Outsourced	2	4
Separate customer dept.	40	80
Any other	8	16

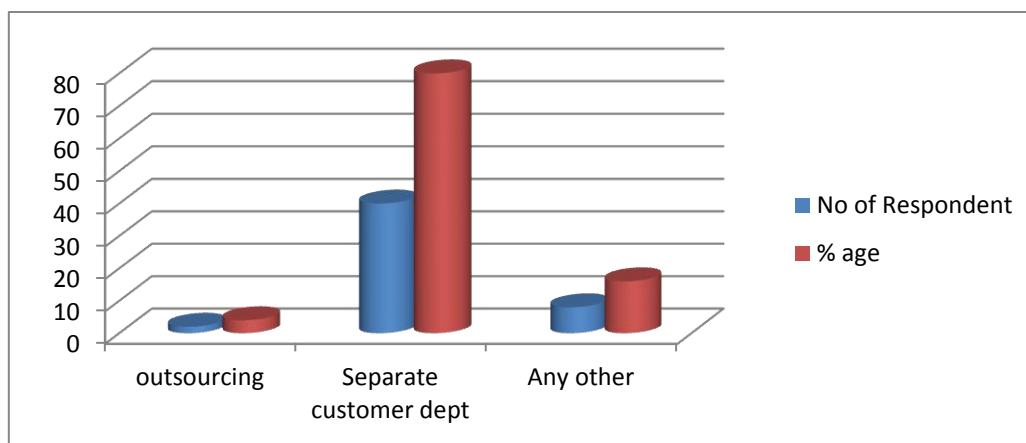


FIG : 6.1 Mode of ECRM practices being used

Analysis & Interpretation : There are 80 % of organized retail outlets in Jalandhar which have their separate customer dept. for CRM and only 4 % retail outlets in Jalandhar those are using outsourcing for CRM. Moreover 16% of the retail stores are using some other mode of ECRM practices.

6.2 Analysis of type of information being collected by retail stores.

Particulars	No of responses	% (PERCENTAGE)
Personal information	12	11 %
Family information	2	2 %
Feedback	28	27 %
Income	17	17 %
Address	20	20 %
Occupation	13	13 %
Any other	10	10 %

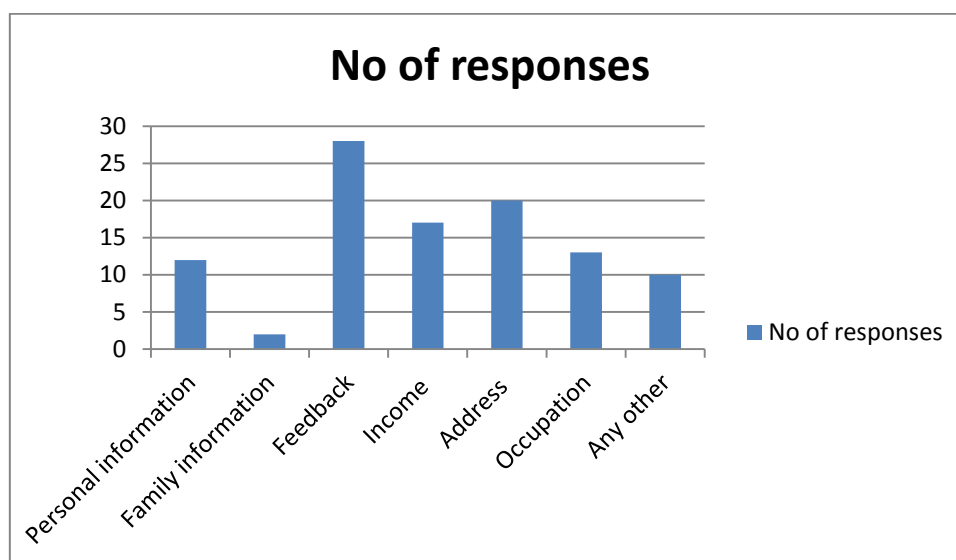


Fig 6.2: Type of information being collected by stores

6.2 Analysis and Interpretation: About 11% of the total retailers take the personal information of the customers through ECRM techniques. 27% of the retailers take the feedback from the customers. 17% retailers take income details and 20% take the address details. 13% also take the occupation details.

6.3 Analysis of retailers view about the importance of ECRM in sales.

Particulars	No of respondents	Mean Score
Strongly agree	28	2.5
Agree	7	1

Neutral	5	.5
Disagree	5	.5
Strongly disagree	5	.5

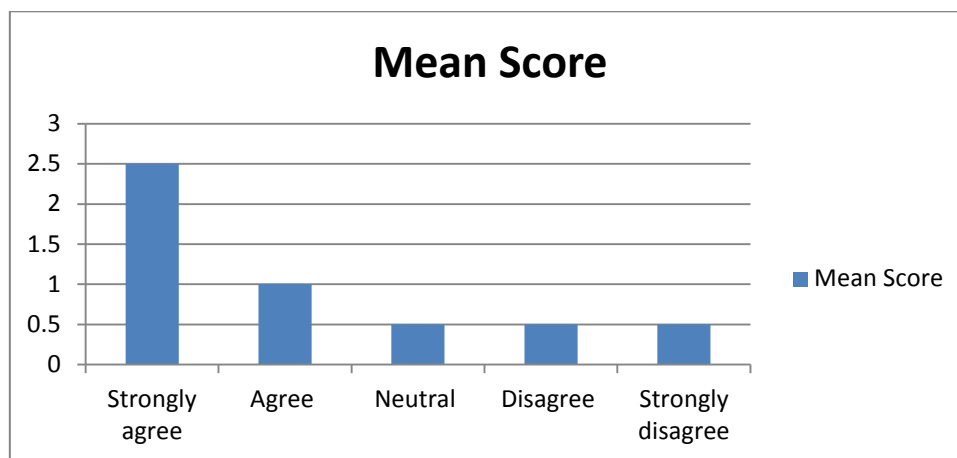


Fig 6.3 Mean Score of the responses related to the importance of ECRM in sales

6.3 ANALYSIS AND INTERPRETATION: The figure shows that the maximum viewpoint of the retail stores is towards the fact that the increase in the sales is directly related to the ECRM techniques being used, wherein the mean score of the retail stores which believe that the usage is having no relation or no impact on sales is the same.

6.4 Analysis of the main reason for deploying ECRM practices.

Particulars	No of respondents	%ge of reasons for deploying ECRM practices
To retain the customer	21	42 %
To generate the customers	7	14 %
To build the brand image	2	04 %
Brand promotion	0	00 %
To counter the competition	11	22 %
To increase the profit	9	18 %
To promote the products	0	00 %
Other	0	00 %

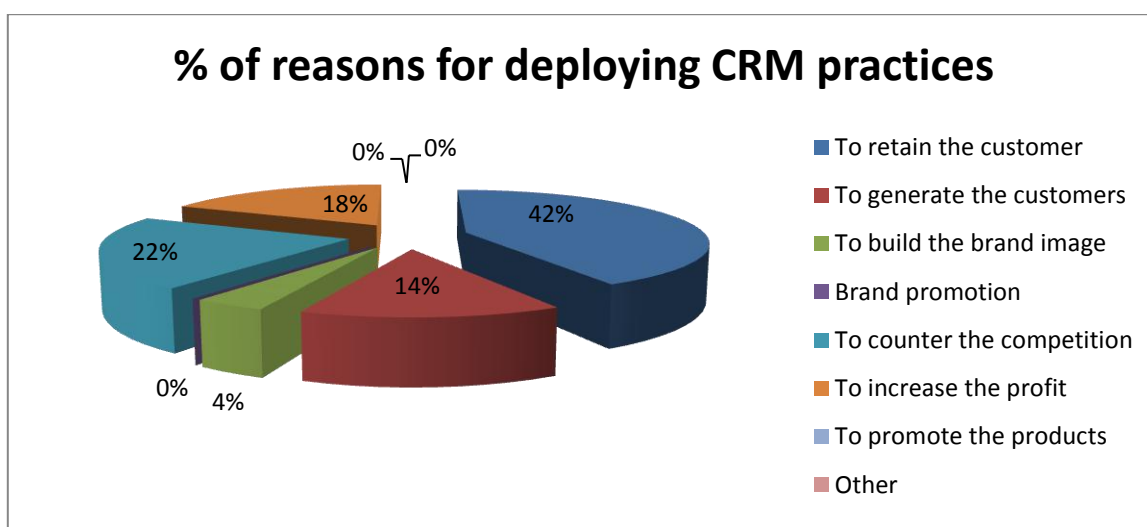


Fig 6.4: Main reason for deploying ECRM practices

6.4 Analysis and Interpretation : This figure shows that 42 % of total retailers deploying CRM practices to retain the customers and 22 % of retailers deploying CRM practices to counter the competition and only 4% retailers deploying CRM practices to build the brand image.

6.5 Analysis of number of retailers facing problems in implementing CRM practices.

Options	No of respondents	%age
Yes	12	24 %
No	38	76 %

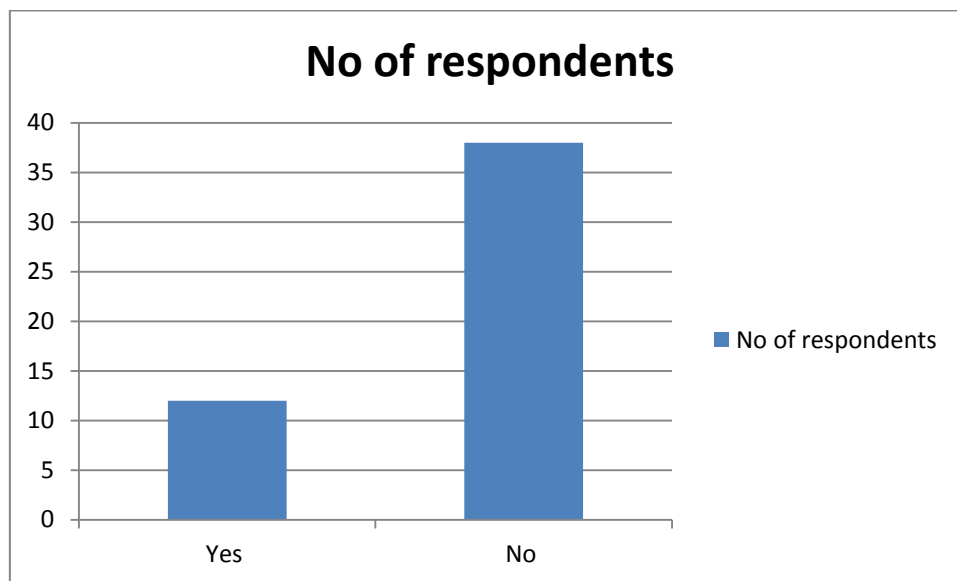


FIG 6.5: Number of retail stores facing problems in the implementation of ECRM

6.5 ANALYSIS AND INTERPRETATION : This fig show that 76% of total retailers not face any problem in implementing CRM practices and only 24 % of total retailers face problem in implementing CRM practices.

6.6 Analysis of the problems being faced by the stores in implementing ECRM practices.

Particulars	No of respondents	% age
In approaching the customers	4	33 %
Lack of training to the personnel	2	18 %
Customer do not respond	1	8 %
Technical problems	4	33 %
Other	1	8 %

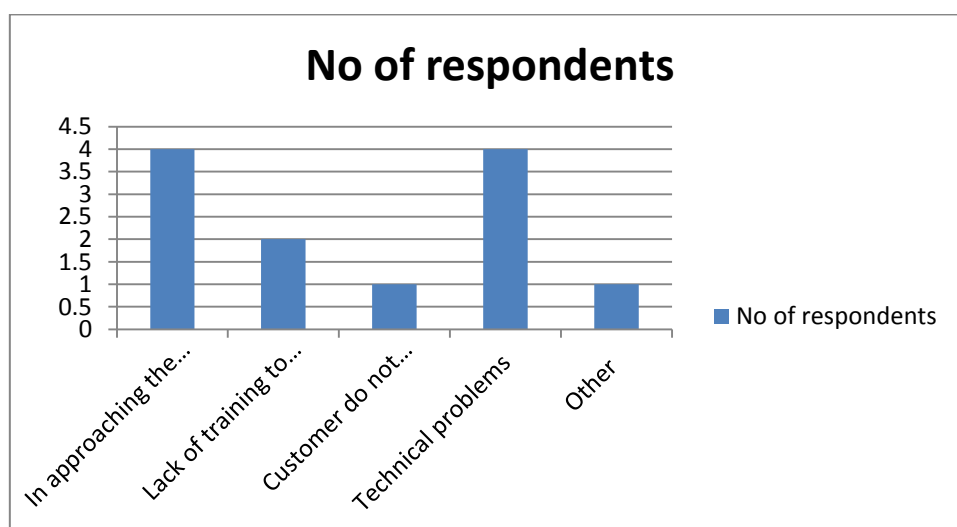


Fig 6.6 : Problems being faced by the stores in implementing ECRM practices.

Analysis and Interpretation: This fig show that 33 % of retailers face problems in approaching the customers and due to technical problems and 8 % retailers said that they face problem when customers do not respond their question.

7. FINDINGS:

- Organized retail store have their separate CRM deptt with the help of these deptt they can easily get information of their valuable customer.
- Organized retail store send greeting cards to their loyal customers for maintain relation.
- Organized retail store deploying CRM for retain to the customer and counter the competition.
- Some of the organized retail store face problems in implementing CRM due to technical problem and lack of training of personnel.

8. CONCLUSION:

Customer relationship management is very important in the industry wherein human resource is very much involved like tourism, hospitality, but its significance is increasing in the retail industry as well. Customers now a days well educated and experiences so they don't think twice to switch when it comes to better service so in this scenario CRM is the best tool to create a niche in the market.

Customer relationship management is highly exercised in the industry like hospitality, services industry etc. but it is having equal importance in the retail industry also. The customers don't take a single second when it comes to change the preference and break the loyalty for an organization, in such a situation it the customer relationship management of the organization which will compel the customers to visit the retail outlet again and again.

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