A study on e-CRM solution development for consumer durables shopped at supermarkets in Bengaluru

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Abstract: *The need of the study is to understand and explore further that whether consumer durables giveaways and add on perks whose initial cost outlay often exceed the resulting revenue contribution and therefore several strategies such as up-selling and cross-selling, and customer retention with the support of sophisticated and versatile technologies leading to the result in profitability.*

And the present study would analyse the marketing practices as a marketing enabler and further explore the behaviour prediction in such a way to know what customers are likely to do in future.

Key words: *E-CRM. Super markets, Consumer Relationships, Consumer Durable market.*

1. INTRODUCTION:

Customer relationship management has been the benchmark of most of the companies as they realise the cost of acquiring new customers is six times more than cost of retaining existing customers. Apart from this there are other advantages such as cross sales, up sales, referrals and building customer loyalty.

By increasing customer base by 5% will result in increase in profits phenomenally.

Meanwhile potential loss of a customer over a period of life time is huge. Typically in travel loss of a customer over the lifetime mean a huge loss (As per Price water Coopers inter study loss could be of the order of USD $100,000 in travel and in Automobile sector it may mean loss of USD $ 220,000).

Naturally, companies are investing heavily to build long term relationships with their customers so that they can continue to enjoy brand loyalty. With new economy emerging and impacting the life styles of people across globe, companies are confronted with a challenge to maintain and nurture the customer relationships to their advantage.

With technology touching the way we live our lives, expectations of individuals is fast changing. Like the television and the PC's revolutionised our lives in the 20th century so is wireless communication, internet and pervasive computing going to affect our daily pattern of lives.

Trends and preferences are changing, more individuals expecting to be treated as single customer rather than as one among the mass market. Customers wish products and services availability 24 X 7. With abundance of product and service offerings, consumers' loyalty can only be commanded by providing better portfolio of services. Turn around time, understanding individual customer are major key issues, CRM has become the central focus area around which the entire gamut of organizational activities has to revolve around.

Presently there is a immense focus on how to build customer relationship management from the company's point of view. The entire process begins with customer approaching the company with a need. We see that the trigger point for CRM is "customer meeting the company say customer desk". This is to say CRM solutions are reactive in nature as the same respond only if customer provides inputs. This is what we can term as a reactive model.

However, in a proactive CRM model, through the use of technology such as pervasive computing. Data warehousing, much before the customer realises the problem exists the same has been addressed.

2. NEED FOR THE STUDY:

The need of the study is to understand and explore further that whether consumer durables giveaways and add on perks whose initial cost outlay often exceed the resulting revenue contribution and therefore several strategies such as up-selling and cross-selling, and customer retention with the support of sophisticated and versatile technologies leading to the result in profitability. And the present study would analyse the marketing practices as a marketing enabler and further explore the behaviour prediction in such a way to know what customers are likely to do in future.

3. LITERATURE REVIEW:

Vijay Ahooja (**2006**), he explains that customer relationship is cornerstone of most companies and companies are striving towards building long-term relationship with customers by understanding their needs, and responding through multiple products and services, through multiple channels. Customer relationship management (CRM) enables mutually beneficial profitable relationship with individual groups. Maximising the lifetime value and

increasing loyalty are the key to success.from this literature, it is clear on lifetime value through CRM methods but failed to explain to maximise the value with technology based CRM(e-CRM).

Jill Dyche (2002) it is explained that companies has to follow variety of tactics in mind for increasing customer value and loyalty. Like behaviour prediction, designing value model to increase profitability for customer and company. And company must also decide how best to communicate with their customers by personalising products and services.

Alok kumar (2006): explains by building customer loyalty we can increase customer life time value. Defection rate in the non targeted segment was 2.7%, whereas defection rate in target segment with loyalty programmes are run was only 0.38%. Cost of Retaining Acquisition (CORA) recovered in 43 days and the monthly revenue upside is 26% due to the prevention of defection.

In **1993, Don Peppers and Martha Rogers** in their book 'The One to One Future' argued that...you will not be trying to sell a single product to as many customers as possible. Instead, you'll be trying to sell a single customer as many products as possible – over a long period of time, and across different product lines. To do this, you will need to concentrate on building unique relationships with individual customers, on a 1:1 basis (personalisation).

In the marketing literature the terms customer relationship management (CRM) and relationship marketing as used interchangeably.

McKenna (1991) professes a more strategic view by putting the customer first and shifting the role of marketing from manipulating the customer (selling and telling) to genuine customer involvement (communicating and sharing knowledge).

Bickert (1992)A narrow perspective of customer relationship management is database marketing emphasizing the promotional aspects of marketing linked to database efforts.

Nevin (1995) points out, these terms (CRM) have been used to reflect a variety of themes and perspectives. Some of these themes offer a narrow functional marketing perspective while others offer a perspective that is broad and somewhat paradigmatic in approach and orientation.

Another important facet of CRM is "customer selectivity". As several studies have shown not all customers are equally profitable for and individual company **(Storbacka 2000)**. The company therefore must be selective in tailoring its program and marketing efforts by segmenting and selecting appropriate customers for individual marketing programs. In some cases, it could even lead to "outsourcing of some customers" so that a company better utilise its resources on those customers it can serve better and create mutual value. However, the objective of a company is not to really prune its customer base but to identify appropriate programs and methods that would be profitable and create value for the firm and the customer.

Hence, we define CRM as:

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.

4. PROBLEM STATEMENT:

Consumer durable market is characterised by highly sensitive consumer groups and most the times companies do not know how to keep up the long term relationship and to motivate the consumers, It is always a challenge to build a brand loyalty and the retention of customer due to the services variability in the consumer durable up selling. e-CRM is a comprehensive and robust solution to attract and retain customers, even small defection in managing customers may reduce company profit by 25%. To enhance profitability and customer delight resources should be allocated to understand customers and design e-CRM solution to increase efficiency and productivity of the consumer durable supermarkets.

5. OBJECTIVES:

- To understand e-CRM process with integrated marketing communication.
- To develop e-CRM framework for both organised and unorganised retailing.
- To develop e-CRM solution development for Customer satisfaction.
- To analyse the key factors of brand loyalty in consumer durable markets.
- To analyse the effectiveness of relationship marketing in consumer durable markets.

6. RESEARCH METHODOLOGY:

The present study is both explorative and descriptive research in nature, as a part of explorative research design, it is planned to do pilot study to explore all the factors involved in CRM framework. And as part of descriptive research design, key successful factors will be analysed using various statistical techniques. Further quantitative survey to be conducted through structured questionnaire.

7. SAMPLE SIZE:

Unorganised retail Market   = 100 retail outlets ,
            Organised retail   = 50 supermarkets/exclusive show rooms.
                 Total   = 150,

Sampling Design: The present study follows the non-probabilistic, Convenient sampling technique, based on the scale, size and location retail markets are selected according to the researcher in Bengaluru.

Hypothesis:

H1: Usage level and loyalty program are more effective than marketing communication for long term relationship of customer in consumer durable market.

H2: Transaction size and loyalty programs are independent.

H3: Purchase frequency and long-term relationship under the influence of loyalty programs in consumer durables are independent.

H4: Perceived value of services after the purchase of consumer durables, long term relationship under the influence of enabled CRM technology would reduce the cost of customer retention.

H5: Innovative marketing communication and loyalty programs increases customer satisfaction faster than customer loyalty for price.

8. POSSIBLE OUTCOME:

- The Holistic framework of e-CRM for long term relationship of customers.
- Improved Methods of strategy articulation in Consumer durable markets.
- E-CRM solution for profitability in consumer durable markets.
- Effectiveness of e-CRM for both organised and unorganised retailing.
- Key success factors of both unorganised and organised retailing in consumer durable markets.

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