A COMPARATIVE STUDY ON THE CUSTOMER RELATIONSHIP MANAGEMENT IN TWO LEADING RETAIL CHAINS

DR. NOOR FIRDOOS JAHAN  
Professor  
Department of Business Administration,  
MVJ College of Engineering, Bangalore

DR B VIJAYALAKSHMI  
Associate Professor  
Department of Business Management,  
Sri Padmavati Mahila Visvavidyalayam,  
Tirupati

Abstract

Customers are considered to be king of every business enterprise and loyal customers are the backbone of their business. So customer satisfaction is the primary motive of every business which can be attained through effective Customer Relationship Management. It helps the marketer to understand the customer’s sentiments and buying habits so that the customer can be provided with products and services before he starts demanding them. It is more important in case of retailer because retaining customers in retail sector is very challenging task. Every retailer today is aiming at an attempt to make a casual customer into a loyal customer who develops a bond with the retail store he/she visits.

This paper is both exploratory and empirical in nature, attempts to provide a conceptual overview of Customer Relationship Management in organized retail sector and the importance of the tangible and the intangible offerings. The study deals with comparing the customer’s opinion on CRM practices of two leading retail chain Big Bazaar and Reliance Mart. For this purpose a sample of 100 customers of hypermarket chains was randomly selected in Bangalore city and primary data was collected through questionnaire. This paper brings the results of this study.

Based on our observation, we conclude that there is no much difference between the customer’s opinions on the CRM practices of two retail chains. Only a marginal difference in rating is reflected. Retailers need to come out with more innovative strategies to create difference in their services.

Key words - Customer Relationship Management, Customer retention, Innovation in CRM

Introduction

Complexity of modern retail business requires store managers to strive for innovative strategies to acquire and retain customers to their stores. As acquiring new customers is getting costlier day by day, business organizations have loyalty programmes to retain existing customers and maintain relationships. Retail profitability is steadily moving away from Commodities to Customers. The focus is now on the customer as it provides the much-needed impetus to the rapidly sinking bottom line. This trend will define tomorrow’s businesses in a way that will fundamentally lead to an organized Retail sector with many of the players growing & being successful. Retailers should be able to build a two-way relationship with customers that create strong switching costs. For this bonding to exist, the concept of CRM plays an important role. Today the term CRM has become a buzz word in Indian Retail world. CRM is an enterprise approach to understanding and influencing customer behavior through continuous and relevant communication to improve customer acquisition, customer retention and customer profitability.

Definition of Customer Relationship Management (CRM):

"CRM is the business strategy that aims to understand, anticipate, manage and personalize the needs of an organization's current and potential customers" -- PWC Consulting

Benefits of CRM:
1. Increases Customer Satisfaction
2. Increases Return on Relationships
3. Increases Competitive Advantage
4. Increases Number of Customers
5. Improves Retention Rate
6. Helps in the collection of analytics that enhances customer’s value
7. Improves Revenue per customer