

CUSTOMER'S PERCEPTION TOWARDS THE ROLE OF CRM DIVISION IN MODERN SUPERMARKET CHAIN STORES

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ABSTRACT

Indian retailers today have made the retail show more organized and also the Indian consumers are more interested towards the changes and development taking place in the current scenario. Bernard Shaw quotes that "Imagination is the beginning of creation. You imagine what you desire, you will what you imagine and at last you create what you will." Likewise Supermarkets are the modern creation of human being to attract customers for an amazing shopping experience to customers. In coordination to it implementation of CRM programs is yet another step towards the up gradation of services in modern supermarkets. Hence this paper takes an initiation in understanding the perception of customers towards the importance of CRM practices in modern supermarkets.

Key Words: CRM, Retail, Retail Sector, Customer, Customer perception, Customer Satisfaction

I. INTRODUCTION

Retail sectors can be segmented as organized and unorganized retailing. Shopping in India has witnessed a revolution with the change in the consumer buying behavior and the whole format of shopping also altering. Industry of retail in India which has become modern can be seen from the fact that there are multi-stored malls, huge shopping centers, and sprawling complexes which offer food, shopping, and entertainment all under the same roof. Hence Supermarkets have created a revolution in the field of retailing in India. In the current scenario food is the most dominating sector and is growing at a rate of 9% annually. The branded food industry is trying to enter the India retail industry and convert Indian consumers to branded food. Since at present 60% of the Indian grocery basket consists of non-branded items. Hence retailers need a deep understanding of the customer expectations, attitude & behaviour through a well organized & maintained customer database & innovative customer strategies. CRM division is available in all supermarkets and the goal of CRM is to ensure customer satisfaction & delight at every level of interface with the company (Pahuja & Verma, 2008). Customer relationship management (CRM) is a widely implemented tool for managing a company's interactions with customers, clients, and sales prospects.

II. IMPORTANCE OF CRM

A Customer Relationship Management system may be chosen because it is thought to provide the following advantages From the organization point of view it is essential to improve the quality of service given to the customer, to improve the efficiency of the employees, decrease the overall costs, maintaining database of customers for better market understanding, acquisition of new customers, retention of existing customers, creation of loyal customers and finally leading to increase profitability. From the customers point of view it give recognition to a customer as his database is maintained by the organization, customer gets the privilege of being considered as a regular customer and further a loyal customer to the organization, he gets rewards and monetary benefits of the being in the customer ladder and finally he gets satisfaction.

Challenges in CRM

- Lack of skilled employees to practice CRM with large data.
- Too complicated CRM process to be understood by the employees implementing it.
- Lack of senior management sponsorship can also hinder the success of a new CRM system.
- Lack of commitment among the employees.

III. PAST REVIEWS

Satoshi (2006) had made an attempt to cast light on the true nature of CRM and to explore how it should be dealt in the future and had focused on the existing and future application of CRM by application of some strategies like life time value, sharing the wallets, cross selling and up-selling strategies. Thus the author had tried to focus the positive and negative impact of electronic customer relationship and states that CRM is not a system, but a philosophy and if it is utilized it with care and attention, it will have a positive effect on organizations.

Diane (2006) argues that the development of Customer Relationship Management (CRM) software has not yet encouraged the adoption of technology for the true purposes of Relationship Marketing in consumer oriented fields. The available software allows little of the customization required for true Relationship Marketing and does little to promote a reciprocal relationship between organization and customer. The author has indicated that the software available to businesses does not take into account the perspective of the customer in terms of their role in the relationship. The assumption is that a satisfied customer equates to a loyal customer and that a loyal customer implies a relationship. There are too many assumptions here that need to be explored further. The software available might improve service to the customer, but does not enable the customer to take control of the relationship. The proposed analysis of some of the software available on the market in the field of Relationship Marketing (RM) will either support or refute this argument, by investigating the nature of the software and by considering whether relationships are built (or merely managed) by using.

Nicolae (2007), states that in a permanently changing environment, companies concentrate more and more on the knowledge about clients and their habits. So the customers have become a fundamental active issue of the company, which can determine its success. Consequently companies try not only to gain new customers, but also to keep the existent customers by building a long term relationship with them. The analyzes on the long term relationship between companies and their customers is the research object of relationship marketing. After an initial conceptual clarification (determined by the different points of view from which the problem of relationship marketing is

treated), there are presented the dimensions of relationship marketing proposed about this concept (informational dimension, managerial dimension, instrumental dimension, organizational dimension). The whole procedure is treated as a development of the strategic vision of marketing. Chin-Shan and Kuo-chung (2007) had evaluated CRM in Freight Forwarder Services had tried to expand the base of knowledge concerning CRM attributes and their influence on firm performance, such as profit rate, revenues, growth rate, and market share. The author had distinguished certain four groups of freight forwarders from the CRM dimensions as customer response oriented firms, customer knowledge and information process oriented firms, customer information process and response oriented firms, and customer response and knowledge oriented firms. This study on CRM suggests that different strategies are pursued by individual firm and it provides insights for managers into the characteristics of freight forwarding company types, which are useful for formulating plans to benchmark and set targets for CRM dimensions and performance improvement in the different market segments in which they are serving or intend to compete.

IV. RESEARCH METHODOLOGY

The major objective of the study is to understand the customer's perception on the importance of CRM division in supermarkets and the importance of CRM division's functions in customer retention in leading supermarkets. In order to achieve the objectives of the study an analysis is made to understand the customer's perception on the importance of existence of CRM division in supermarkets, their opinion on the usefulness of supermarkets and customer, perception on the functions of CRM division in the supermarkets. Descriptive Research Design is adopted; Convenience Sampling and Non Parametric -Direct interview method is adopted to take survey from 250 respondents in Chennai city. Five supermarkets as Reliance, Spencer's, Heritage Fresh @, More and Big Bazaar were considered for the study. Percentage analysis, mean and standard deviation are used on the samples to understand the study.

V. DATA ANALYSIS AND INTERPRETATION

Table 1. Distribution of customers based on their opinion towards importance of CRM cell in maintaining customer relationship in the supermarket chain stores.

| Customers perception on the importance CRM cell in maintaining relationship | Frequency | Percentage |
|---|-----------|------------|
| Highly Important | 80 | 32.0 |
| Important | 133 | 53.0 |
| No Idea | 27 | 11.0 |
| Not important | 5 | 2.0 |
| Highly Not Important | 5 | 2.0 |
| Total | 250 | 100 |

Source: December, 2011

From the above table it is interpreted that 32 percent customers believe that is highly important for the supermarkets to maintain CRM cell to have good relation with the customers, 53 percent state that CRM cell is important to maintain good relationship with the customers, 11 percent say that they do not have any idea regarding the importance of CRM cell in concern with the relationship maintained by the supermarkets, 2 percent state that CRM cell is not so important to

maintain good relationship with the customers and 2 percent state CRM cell is highly not important to maintain good relationship with the customers. Hence it is could be concluded that the Indian consumer believes in the concept of strong bondage with the supermarket they shop in regularly and expects a media to express it selves to the organizations with which they transact.

Thus a CRM division in the supermarkets helps them to express their ideas to the management. And maintain relationship with the supermarkets visited regularly.

Table 2. Distribution of customers based on their satisfaction towards CRM practices in the supermarket visited

| Customer Satisfaction towards CRM practices | Frequency | Percent |
|---|-----------|---------|
| Highly Satisfied | 28 | 11.0 |
| Satisfied | 66 | 26.5 |
| Neutral | 89 | 35.5 |
| Dissatisfied | 42 | 17.1 |
| Highly Dissatisfied | 25 | 9.9 |
| Total | 250 | 100.0 |

Source: December, 2011

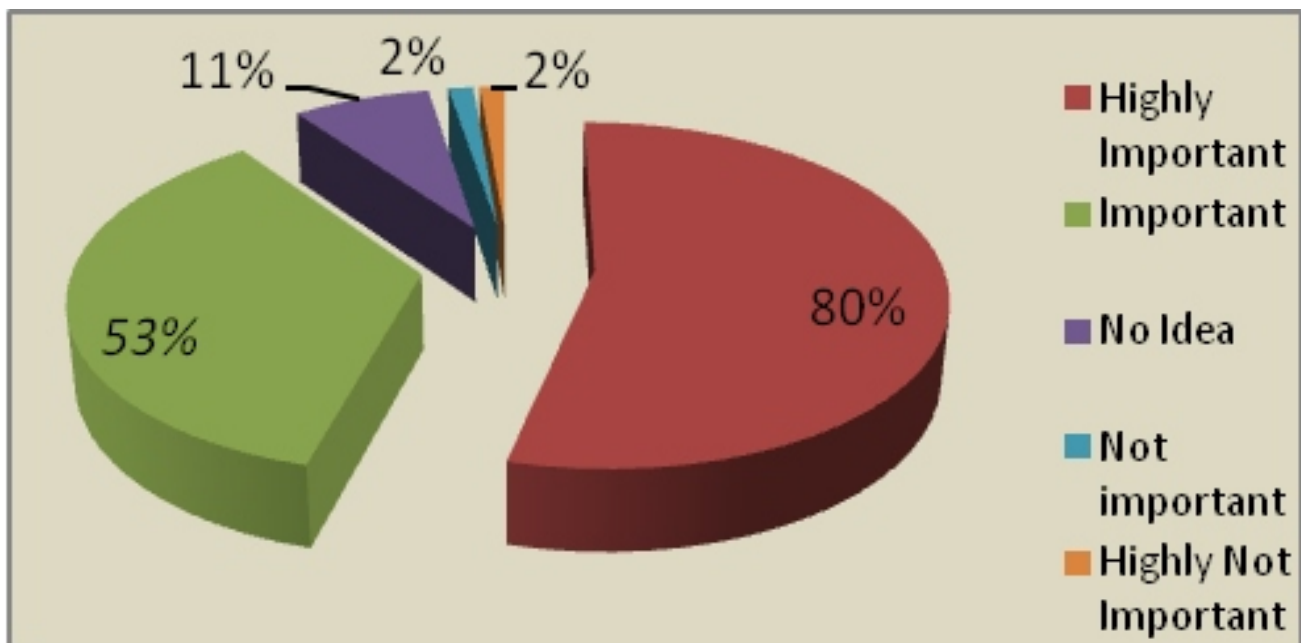


Fig. 1. Distribution of customers based on their opinion towards importance of CRM cell in maintaining customer relationship in the supermarket chain stores.

From the above table, it is observed that 11 percent of the respondents are highly satisfied with the CRM practices practiced in supermarket chain store visited by the respondents 26.5percent are satisfied with the CRM practices practiced, 35.5 are neutral with the CRM practices practiced, 17.5percent are dissatisfied with the CRM practices practiced and 9.9 percent are highly dissatisfied with the CRM practices practiced supermarket chain store they visit regularly. The CRM cell helps the customers to have a clear understanding of the supermarket and it helps them to know the benefits given by the supermarkets. Hence from the above interpretation it is inferred that the customers are satisfied with the CRM practices practiced in supermarket chain stores regularly visited by them. The goal of CRM is customer satisfaction and if customers are highly satisfied with the CRM practices they would retain with the organization permanently.

Hence it could be concluded that major of the respondents are satisfied with the CRM practices followed in supermarket chain stores. Customer relationship Management leads to customer satisfaction and further leads to customer retention in

supermarkets. Hence relationship management is the basis of customer satisfaction.

Table 3. Mean and Standard deviation on the customer's perception towards the advantages of a CRM division in the supermarket visited.

| Customer's perception towards the benefits of CRM division | Mean | SD |
|---|------|------|
| Customer is given more privilege as a loyal customer | 2.34 | 1.20 |
| Customer is informed about all the new arrivals | 2.51 | 1.13 |
| Customer holding Loyalty Card is given gifts or points for every purchase | 2.49 | 0.95 |
| Customer is given special and discounts based on the points given acquired in loyalty cards | 2.61 | 1.10 |

Source: December, 2011

The above table states that the mean is 2.34 and the standard deviation in 1.20 for respondent's opinion

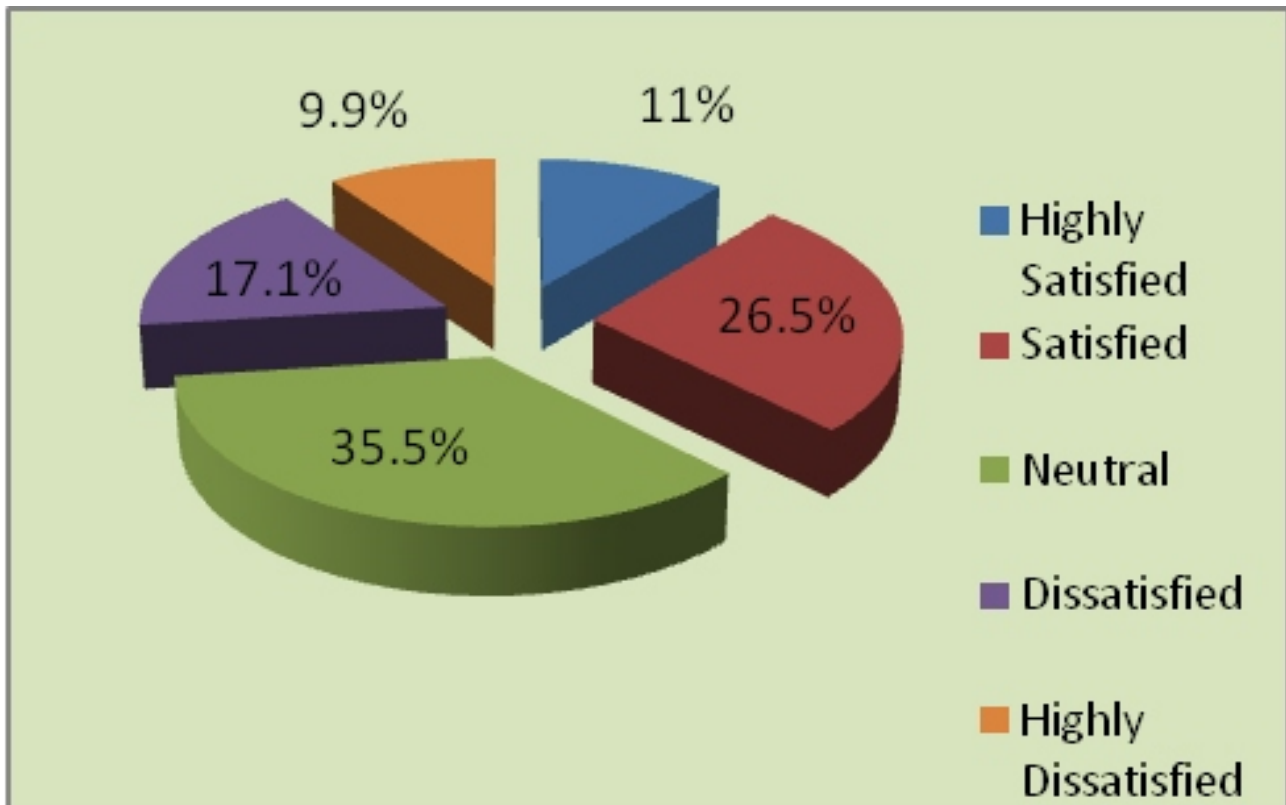


Fig. 2. Distribution of customers based on their satisfaction towards CRM practices in the supermarket visited

regarding the privilege they get in the supermarket they visit regularly, 2.51 and the standard deviation in 1.13 for the customer opinion regarding the information given to them about the new arrivals, 2.49 is the mean and 0.95 is the standard deviation for the customer opinion regarding the points given to the in the loyalty cards for their purchase and 2.61 is he mean and 1.10 is the standard deviation regarding respondents opinion towards the special discounts based on the points acquired by the customer in the supermarket they visit regularly. Hence customer every individual customer has a different perception on the benefits acquired from the CRM division in the supermarket. Hence each customer associates himself with the supermarket he visits regularly.

Table 4. Mean and Standard deviation of Customer's preference towards the functions of CRM division in the supermarket visited.

| Customer's perception towards CRM Practices | Mean | SD |
|--|------|-------|
| Availability of loyalty cards | 3.35 | 1.23 |
| Maintaining the customer database | 3.89 | 0.73 |
| Information on new arrivals | 3.69 | 0.88 |
| Information on offers and discounts | 3.40 | 1.11 |
| Information on festival offers | 3.72 | 1.05 |
| Information on annual clearance sales offers | 3.35 | 1.23 |
| Information on new schemes given in the CRM cell | 3.42 | 1.077 |
| Follow up through phone calls /SMS/ Mails | 3.40 | 1.11 |
| Wishes on special days and occasions | 3.72 | 1.05 |
| Customized services as per customer's need | 3.35 | 1.23 |
| Immediate attention to the queries | 3.62 | 1.21 |
| Getting feedback on the services rendered | 4.04 | 1.05 |
| Usage of the feedback for improvement in the store | 3.69 | 1.20 |
| Minimal time to solve any grievance | 3.50 | 1.15 |

From the above table it is observed that the mean of respondents opinion towards the availability of loyalty cards is 3.35 and the standard deviation is 1.23,

the mean of respondents opinion towards the maintenance of customer database is 3.89 and the standard deviation is 0.73, the mean of respondents opinion towards the information on the new arrivals is 3.69 and the standard deviation is 0.88, the mean of information on offers and discounts is 3.34 and the standard deviation is 1.11, the mean of respondents opinion towards the information on festival offers is 3.72 and the standard deviation is 1.05, the mean of respondents opinion towards the information on annual clearance sales offers is 3.35 and the standard deviation is 1.23, the mean of respondents opinion towards the information on new schemes in the CRM cell is 3.42 and the standard deviation is 1.07, the mean of respondents opinion towards the follow up of customers through phone calls is 3.42 and the standard deviation is 1.11, the mean of wishes on special occasion is 3.72 and the standard deviation is 1.05, the mean of customization of services as per the need of the customers is 3.35 and the standard deviation is 1.23, for immediate attention to the queries the mean is 3.62 and the standard deviation is 1.05, the mean of customer perception towards getting feedback on the services rendered is 3.69 and the standard deviation is 1.20 and finally the mean of customer perception towards the time taken to solve the complaints is 3.50 and the standard deviation is 1.15. hence it could be concluded that customers expect a wide kind of services than only purchasing i.e. that demand full value for the money paid, hence expect wide variety of services from the supermarkets visited regularly.

VI. FINDINGS AND SUGGESTION

From the above study it is inferred that major of the customers are aware of the existence of CRM cell activities hand they also do have a positive perception about the CRM activities in the supermarkets. More than 80% of the customers feel that the existence of a CRM cell is importance in supermarkets, More than 50 % are satisfied with the CRM cell in the supermarkets and when compared n the preference of CRM functions customer have given higher preference to the availability of loyalty cards, information on annual clearance sales offers, customization of services as per customer's need, immediate attention to the queries. Hence it could be suggested that the CRM should be applied to organize, automate, and synchronize business processes. It helps to attract, and win new clients, nurture and retain those the company already

has, entice former clients to return, and reduce the costs of marketing and client service.

VII. CONCLUSION

The study conducted on customers perception towards the role of CRM division in supermarkets helps us to understand that CRM is a well known technique which customer are aware of and are interested in. the customers encourage CRM to be applied in organizations for better customer solutions They also are interested in giving feedback for the improvement required for a better functioning of CRM The customer suggest that they feel attached to the supermarket visited because of the CRM cell take care of the personal services required, takes regular feedback, issue loyalty cards , customizes the services, takes care of complaints and get feedback regularly from the customers. Hence from the study it could be concluded that the CRM division is very useful to retain the customers with the organization.

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