



## The role of CRM in the shopping behavior of customers

Dr. Jagbir Ahlawat

Professor, Maharaja Surajmal Institute, Janak Puri, New Delhi, Delhi, India

### Abstract

Customer relationship management (CRM) is a term that refers to practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle, with the goal of improving business relationships with customers, assisting in customer retention and driving sales growth. An attempt has been made in this paper to study the impact of CRM on the Retail shopping industry in India, to access the customers shopping habits changing with the mall culture in India and to find out different types of buying behavior in different malls.

**Keywords:** CRM, customer satisfaction, retail sector and malls

### Introduction

CRM systems are designed to compile information on customers across different channels -- or points of contact between the customer and the company -- which could include the company's website, telephone, live chat, direct mail, marketing materials and social media. CRM systems can also give customer-facing staff detailed information on customers' personal information, purchase history, buying preferences and concerns.

The Customer Relationship Management (CRM) is not a new concept because even the earliest merchants knew that it was a good idea to build relationship with customers to keep them coming back again. However, when firm grew, information about individual customer became lost among the masses.

Customer relationship management (CRM) is an approach to managing a company's interaction with current and potential future customers. It tries to analyze data about customers' history with a company and to improve business relationships with customers, specifically focusing on customer retention and ultimately driving sales growth.

To deal with the ever expanding customer bases, customer groups or segmented marketing was created, where customer are put in slots that best fit their desires. Using these slots or groups of customers most requirement and expectations could be met. But there is compromise on many desires as the services are tailored to groups, not individuals. In 1980s the idea of CRM was to work more with direct customer relationship. It has led the firms to learn more about their customers to tailor them better, as well as, create additional value for both their customers and themselves. In 1983 CRM was rapidly accepted among marketer but it did not become popular because the information needed to work with CRM was mostly missing. During 1990 when the business organizations of firms realized that customer relations were something that had to be given a more holistic view, it was found that customers do not solely interact with the marketing department, but instead all part of the organization. In both B2C and B2B the entire

organization needed to be aimed at pleasing customer not just marketing. Many organizations that had previously been built around factories tried refocusing their attention on customers, aiming more on finding the "right" customers and creating relations in which both parties were profited. But the strategies and systems used to keep these customer databases also proved very expensive and tedious to maintain. Later on with the introductions of more advanced information technologies, it has come back with a new home, customer relationship management (CRM) Thus, the advanced IT system made the entire data base of customer information, available at all points in the organization. Though CRM has been defined in different ways, but CRM is an IT enabled business strategy. The outcome of which optimize profitability, revenue and customer satisfaction by organizing around customer segments, fostering customer satisfying behavior and implementing a customer centric process.

The CRM software packages support the interaction between the buyer and company (B2C) which enable "the company to coordinate all the communication efforts so that, the customer is presented with a unified message and images" The CRM is no doubt very crucial for both wholesale and retail business. But CRM can play a vital role in transforming the entire retail scenario and its structure; it indirectly contributes to the leverage of retail marketing of any organization, firm or company. Retailing is the final step in the distribution of merchandise the last link in the supply chain connecting the bulk producers of commodities to the final consumer. In the developed countries, the retail industry has developed in to a full fledged industry where more than three - fourth of the total retail trade is done by the organized sector. Huge retail chains like wal - mart, carr four, sears, k - mart, McDonalds, etc have how replaced the individual small stores, large retail formats, with high quality ambiance and courteous, and well trained sales staff are regular features of these retailers. The retail Business in India is very popular both in urban and rural area. The retail market size in India is estimated to be

around \$ 180 billion, provides jobs to almost 15 percent of employable of employable India adults and it is largest contributor to India’s GDP.



Fig 1: Entrepreneur.com

*“The main driving force behind most CRM implementations is not those of acquiring strategic information, but rather marketing the Business process more effective”.*

**The present study is proposed with following objectives**

1. To study the impact of CRM on the Retail shopping industry in India.
2. To access the customers shopping habits changing with the mall culture in India.
3. To find out different types of buying behavior in different malls.

**Review of Literature**

The study by Tendai and Crispin (2009) investigates the influence of m-store shopping environment on impulsive buying among consumers. The hypothesis of the study was that the presence of an enjoyable, pleasant and attractive in-store shopping environment increases the chances of impulsive buying among the consumers. Instore background music, store display, scent, in-store promotions, prices, shop cleanliness, shop density or congestion and store personnel are the major factors for in-store shopping environment. The result of the study shows that among poor consumers, factors of an economic nature like cheaper prices, coupons and helpful shop assistants were more likely to influence impulsive buying. Factors with an atmospheric engagement effect like music, fresh perfume and ventilation may have only been important in helping to keep consumers longer in shops although they were unlikely to directly influence impulsive buying.

The study by Goyal and Aggarwal (2009), examines the relative importance of the various products purchased at organized Mall outlets and the choice of format the consumer has when purchasing a product. In order to identify the relative importance of the various products the researchers have consulted various earlier studies. The India Retail Report 2007 suggests 13 items are important for sales through organized Mall outlets which

were examined in the study. The results depict the food and grocery; clothing, apparels and accessories; catering services; health and beauty care services; pharmaceuticals; watches; mobile, accessories and services; books, music and gifts; foot wares and entertainment are the order of importance for various items for organized Mall. The most appropriate Mall formats for various items are: food and grocery-supermarket; health and beauty care services-supermarket; clothing and apparels'- mall; books; music and gifts-convenience store and mall; catering servicesmall; entertainment-mall; watches-hypermarket; pharmaceuticals-hypermarket; mobile, accessories and services-hypermarket; foot wares-departmental store.

The Government has been opening up various sectors and privatizes some sectors (Telecom, Aviation, Insurance and Energy). This shows its positive attitude to FDI inflows. Retailing has already been looked at as a prospective area for FDI. The Government is also promoting investment in supply chains and infrastructure like real estate through FDI to facilitate retail growth. (Mehta, 2014)

**Research Methodology**

The present study employs Descriptive Research method. Different variables like Customer Relationship Management (CRM), Retail Industry, Shopping Mall, Customer Satisfaction etc. were juxtaposed between the sampled shopping malls in National Capital Region.

**Drivers of modern retail change in India**

All are witness to the change happening in retail in the Country. Local Bania has gradually transformed himself into a smaller market. The transformation of what used to be known as Phoenix Mills, into Hugh Street Phoenix is a reality. This change is not restricted to the metro cities but has rapidly spread to smaller cities and towns. The person driving this change is the Indian consumer. (Thomas, 2014)

With CRM systems customers are served better on day to day process and with more reliable information their demand of self service from companies will decrease. If there is less need to contact with the company for different problems, customer satisfaction level increases. These central benefits of CRM will be connected hypothetically to the three kind of equity that are relationship, value and brand, and in the end to customer equity. Seven benefits were recognized to provide value drivers.

1. Integrated assistance across channels
2. Enhanced sales force efficiency and effectiveness
3. Improved pricing.
4. Customized products and services
5. Improved customer service efficiency and effectiveness
6. Individualized marketing messages also called campaigns
7. Connect customers and all channels on a single platform.

**Types of Malls**

The malls basically are classified on the basis of their

Merchandise orientation (types or Goods and Services sold and their size).



Fig 2: micnordic.se

Following are the different types of malls.

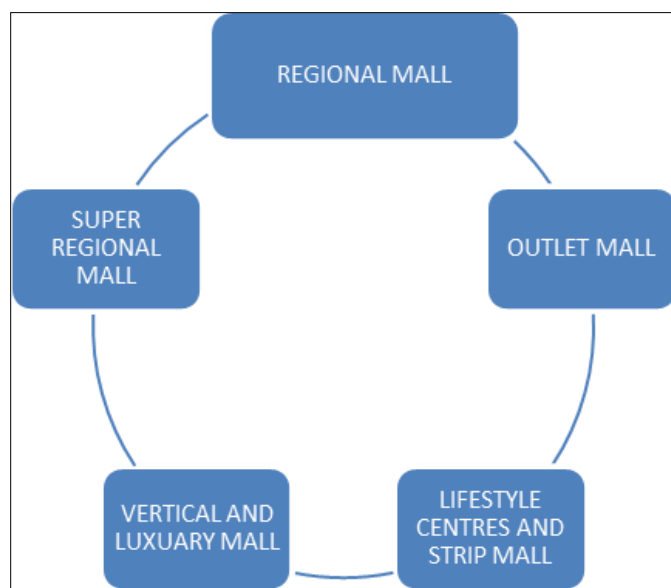


Fig 3

1. Regional Mall- According to international council shopping centers a regional mall is a shopping Mall which is designed to service a larger area than a conventional shopping mall. It is typically larger than 400, 000 square feet to 800, 000 square feet gross leasable area with at least two anchors and offers a wider selection of stores.
2. Super Regional Malls – This is a mall which is almost similar to a regional mall, but it is larger in size than a regional mall. It has more anchor stores, a deeper selection of Merchandise and from a larger population base. A super regional mall is according to International council of shopping centers, a shopping mall with over 800, 000 square feet (74000m square) of gross leasable area and which services as the dominant shopping venue for the region in which it is located.
3. Outlet Malls- An outlet mall or outlet center is a type of shopping mall in which manufacturers sell their products directly to the public through their own stores. The other stores in outlet malls are operated

by retailers selling returned goods and discontinued products often at heavily reduced price. In India these outlet stores are not shopping mall, they are called generally called as factory outlet shops because they generally call general products directly offered by the company.

4. Vertical Malls – Vertical malls are the malls typically multistory building. The vertical mall is common due to the high land price in densely populated and the higher yield on retail property. The concept of the vertical mall departs from the common western model of the flat shopping mall in which space allocated to retail is configured over number of storey’s accessible by escalators linking the different levels of the mall. The challenge of this type of mall is to overcome the nature tendency of shoppers to move horizontally and encourage shoppers to move upwards and downwards.
5. Lifestyle Centers –It is a center that not do have an anchor tenant Lifestyle centers have a cinema as a major tenant.
6. Strip Mall- Strip mall also called shopping Plaza or mini. It is an open area shopping center where the stores are arranged in a row with a sidewalk in front. strip malls are typically development as a unit and have large parking lots in front.
7. Luxury Malls- Luxury mall is mall with only house luxury brands. The mall in Indian luxury malls have been planned to be built soon, most of the tenants are expected to be the best brands in the world such as France’s Louis wilton, Greece Dunhill Fendi Mont Benc, van clef and Arpels Rolex and omega.

The Global Retail Development Index developed by A.T. Kearney has ranked India first, among the top 30 emerging markets in the world. (The 2013 Global Retail Development Index) A look at the landscape of most of the cities in India shows the rapid impact of change. This change is a reflection of the changes in the Indian consumer; his lifestyle and his habits.

It is believed that the country has the potential to deliver the fastest growth over the next 50 years. (Asia Pulse, 2013) It took 10 years for the first 2,500 organized retail stores to emerge in India; the next 2,500 could easily get added in the next 5 years.

This study was an initial attempt to systematically understand Indian consumers’ mall patronage intentions by simultaneously examining the influence of cultural-self aspects. The cultural-self perspective is unique to the literature in its application to the study of Indian consumers approach. The results of cluster analysis in the present study confirmed significant differences among cultural groups of Indian consumers. From a managerial perspective, an understanding of consumer profiling schemes will provide essential understanding of the way contemporary Indian shoppers can be effectively segmented and targeted by retailers and marketers. Results of this study provide a deeper understanding of the reasons Indian consumers go shopping, and specifically why they patronize malls. Findings from this research yield important insight for retailers’ strategic marketing activities directed toward different Indian consumer groups. A conclusion from this research is that

marketing communication for different consumer groups could be enhanced by addressing the cultural-orientation, mindsets, and shopping motives of Indian consumers. Marketing communication messages with typical sales promotional offers and price reductions are likely to be very effective for the autonomous segment of Indian consumers. This is because the price promotion-based messages are likely to provide savings, quality, and convenience benefits to these consumers, thus improving their overall mall shopping experience. In contrast, the Indian “enthusiasts” customers appear to actively seek redress for their problems. Thus, retail managers need to focus on improving store atmospherics, introducing recreational and fun activities, and generally adding to the entertainment and emotional worth of shopping experiences. The fact that this segment attaches high importance to variety seeking role shopping along with the pleasure dimension of shopping is strategically significant for retailers and mall managers in India. Individuals driven largely by pleasure and family orientation are likely to value the hedonic dimension of shopping and are also likely to focus on messages that are perceived as being self-relevant and reflecting group idealism. This implies that retail managers would be wise to make ample space and time for shopping and for shopper.

This could be achieved by improving the layout for food establishments and entertainment areas for get-together activities within shopping malls. Furthermore, store managers can place greater emphasis on training staff by encouraging them to develop personal rapport and dialogue with such customers. The effectiveness of these strategies within the enthusiast segment could be further developed by using messages that reflect the social dimension of shopping, presenting it as a pleasurable, enjoyable, and family-oriented activity.

It is important not to underestimate or under-utilize the increasingly popular web channel, as its impact on the bottom line extends well beyond online sales into brand strengthening, offline sales and overall profitability of the company. As the fastest growing and most dynamic, flexible channel, the website can become a powerful strategic asset that savvy multi-channel retailers will leverage for their company’s economic advantage.

Consultants, such as Brain and Company, argue that it is important for companies establishing strong CRM systems to improve their relational intelligence. According to this argument, a company must recognize that people have many different types of relationships with different brands.

### Conclusion

The primary aim of this research was to evaluate, the role of CRM in the shopping behavior of customer in Delhi NCR. From this viewpoint, following conclusions were drawn:

The gender nexus analysis reveals that about 70% of the male respondents & 68% of the female respondents agreed that Malls atmosphere and décor are appealing. It was concluded here that there is a significant positive relationship between gender of respondents & perception towards Mall atmosphere & décor being appealing.

The analysis of merchandise sale depicts that about 30% of the respondents in the age group of 25-35 years and 31% of the respondents in the age group of less than 25 years feel that merchandise sold is not good in quality. The perception may be due to assortment of goods in Malls. The majority of the respondents 49% in the age group of 25-35 years & 43% in the age group of 35-45 and equal number of respondents in the age group of less than 25 years feel that merchandise sold is good quality. The perception may be due to packing and handling of goods in Malls,

28% of the students of Business class respondents disagree that goods sold are of high quality. They perceive the quality of goods is at par and not necessary of high quality

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