

# **“INCORPORATING FLEXIBILITY IN CRM STRATEGIES TO ENHANCE GLOBAL COMPETITIVENESS: A CASE STUDY OF RETAIL SECTOR IN INDIA”**

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***Abstract:** This paper presents a conceptual view of innovative CRM strategies which attempts to enhance the global competitiveness in Indian retail sector. In modern Indian economy, a retail firm may only sustain its business by keeping its customer base growing or intact. CRM is a broad and holistic approach to doing retail business and hence the flexibility of the CRM system has a major impact on the overall efficiency and effectiveness of smart retailing. The study examines how retailers provide lifetime value to their customers and develop partnering relationship with profitable customers. IT enabled Technovations are responsible for structural shiftment in the retailing sector over the past few decades..the paper discusses the way CRM strategies are adopted by major retail firms in order to achieve global competitiveness . In the concluding section, limitations of the study have been discussed and recommendations provided for undertaking more detailed investigations in the area.*

**Keywords:** Technovations, E-CRM, global competitiveness, digital divide, e-tailing

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## **Introduction**

Indian Retail industry is leading to a paradigm shift in its composition, structure and operations. Rising levels of competition and increased demands of customers are posing major challenges for retaining customers. Managing valuable customer relationship is the key to attain sustainable competitiveness in global market. Understanding and responding to cognitive and emotional expectations provides the solution for nurturing and developing ageless relationships with customers. CRM has been widely accepted and practiced as the most effective marketing technique involving manual and computing dimensions. It involves an all round customer centricity and commitment of the entire organization to align its people, process and technology to serve customers. Customer Relationship Management has no longer remained as a science of customer satisfaction but has moved towards being an integral part of corporate strategy. Customer service, delivery methods and price have become more predominant factors influencing customer decision-making. Companies are adopting latest processes and techniques for enhancing customer value through innovative CRM strategies. CRM usage have major relevance in the retail services in India.

The current study has found relevant dimensions of CRM. In depth Evaluation of every factor can be further done to explore more insights. CRM is emerging as a core marketing activity for business in fiercely competitive environment. Therefore many retail firms are paying more priority to their relationships with profitable customers to hold them and improve their share of customers' expenditures. The present paper provides insights into behavioral dimensions of CRM in retailing and proposes valuable implications for professionals.

### **1. Changing face of retailing business in India:**

In 21<sup>st</sup> century Indian retail Industry is rising from a considerable size of unorganized family-owned retail houses to organized modern retail business. Due to its unorganized nature, it is one of the most scattered and challenging sector of the globe. This Industry is developing at a frenetic pace due to the rapid increase in the expenditure pattern of the Indians. Changes in, lifestyles, buying behavior of people Rapid urbanization, and, social measures by the Government are perking up the growth momentum of the Indian retail sector.

Retail sector contributes for 22% of the India's GDP and accounts to 8% of total employment generation.. Hypermarkets covers 14% of total mall space in India and are anticipated to

witness further rise. The contribution of 'food & grocery' accounts to 58% of the total retail sales during FY10, with the 'clothing & footwear' becoming the second largest sector occupying 10% of the total retail sales in the FY 10. The Indian retail market is the fifth most preferred retail hub globally. As per the leading industry Figures, the Indian retail is estimated to touch \$860 billion by 2018.(Source:Technopak Advisers). India has been topping the AT Kearney's annual Global Retail Development Index (GRDI) for three continuing years, thus exhibiting itself as a preferred destination for global investment. The Indian retail market is witnessing inflow of large domestic giants like, AV Birla Group, Reliance, Bharti; and international tycoons such as Marks & Spencer, Wal-Mart etc.

## **2.CRM strategies: A strategic Mantra for global competitiveness:**

With the advent of Information technology, the purpose of relationship marketing is to frame a 360-degree scrutiny of the customer which will propel retailers to increase the quality conformance and customer satisfaction and maximize the profitability of mutually satisfying relationships. Depending on how retailers look at it, CRM can be deployed in retailing companies at different levels. It can be used at the corporate level. CRM can be practiced at a front level desk - anything that has to do with interactions with customers, marketing, sales and service. CRM Strategies are effectively used by retailers to gain competitive edge over their competitors.

The retailing firm can enhance their global competitiveness by using CRM softwares in the following ways. These are

- Rapid Customization. CRM gives retailers a broad range of customization features that allow them to solution to their specific business needs.
- Increased Transparency. Proactively using key performance metrics for Pointing problems, identifying opportunities.
- Interactive communication. CRM Increases both B2C and B2B relationships and reducing retail operational costs.
- Convenient Processes. CRM provides real-time data across all customer-facing channels. Improve sales knowledge and increases productivity for the retail firm.

- More customer Intelligence. CRM involves all customer-facing data in a single, real-time database. Continuous data mining serves firm with better customer insights., so that they know sell more.

### **3. Innovative trends in CRM in retail sector:**

CRM is buzz word that that involves a '360-degree evaluation' of the customer life time value. After going through the literature on CRM, one may question if there is any newness in CRM marketing strategies. Levitt (1986) also professed that customers are keenly interested in the total buying experience, not just the core product .The formula of creating brand loyalty and sustainable relationships with a customer have studied for many years .While we can view innovations in CRM from different levels, Innovations in the CRM has been the continuous process. Customers are becoming more choosy than ever, and are more frugal. They can afford luxury goods and stylic brands. This is the high time for relationship builders to be charged with offering a consistent experience across all retailers' touch points and designing the infrastructure that encourages for knowledge exchange and smart communication. Smart retailers identify and enchases on unfulfilled needs and expectations of the target customers. Those retailing companies that understand where the needs exist will survive and prosper. In order to be effective in the modern era, companies need to know more about its customers and use that insight to talk, engage and interact with their customers more often and more meaningfully in new and innovative ways.

### **4. Flexibility in CRM strategies and service quality:**

CRM gives companies a perfect idea of their customers of entire organization. CRM strategy combines both the customer handling and back office applications with the same data. Companies after implementing CRM harvests large gains by providing quality services and maintaining healthy relationships with the customers. For this achievement the CRM strategy has to be flexible enough to cope with changes in external as well as internal environment of the organization. This ultimately leads to the enhancement of service quality. The objective of CRM is to unite information from various departments into a single integrated data warehouse which is accessible to everyone. Success of CRM implementation highly depends upon the choice of best form of technology. But here IT department is not only the sole player it is also the responsibilities of experts from marketing field because their success indirectly depends upon the quality of the Software package selected. Selection of CRM

software with abundant flexibility alerts the organisation to the changes in sales traction and profitability.

### **5. Future of CRM in retail sector:**

“The most effective Strategy of CRM is to maintain the personalized services tendered by retailers who understand their customers personally”. The approach has thus been practiced for years, yet it is only in 21<sup>st</sup> century that IT has been developed which can do miracles in customer management. The supremacy of computers enables large retailers to use these techniques on their customer base. CRM is potentially a productive approach in the sales and customer service domain of an Indian retail sector. The information achievable from a retail sector’s customers is so profound and complex, that the requirement of CRM in retail sector is massive. Before implementing CRM, the retail sector should ensure it has its well organized basics.

The key challenge for retailers to implement CRM in every touch points of the Click and brick companies. Customers do not prefer ‘Products and services’ unless they perceive a value from them. It is more difficult for retail sectors to realize a time when customers are ‘locked in’. Retail is all about knowing the customers well to serve them better. To provide one –to-one service now many retail firms implementing IT. To achieve this India’s oldest textile manufacturers and retailers, Raymond India has implemented CRM named ‘Premium Circle’ across most of its retail outlets. The aim of this internet based project was to ensure three principles— scalability, reliability and availability. It helped them to understand the colour and design preferred by a particular age group or why a particular group or individual did not buy or did buy a particular product. Interested customers given a premium card and they are known as premium users. It is presented to Raymond customers at 265 out of 365 Raymond Shops in India.

### **6. Growth of E-CRM :**

The developing economy has given rise to the more informative and selective consumer, who makes best use of the technology to make purchase decisions, share information with friends, make purchases across hybrid channels. The advanced use of technology has propelled consumers to become more demanding about their needs and wants.. Not only are consumers becoming more demanding, but they are also becoming more conscious and sensible towards society and environments.

CRM is the process to identify, acquire, and retain customers which is an organization's biggest asset. For managing and coordinating customer interactions, CRM aid companies to boost the level of customer interface to increase business performances. eCRM, or electronic Customer Relationship Management, is the implantation of IT in the process of relationship marketing. It focuses on web-based interaction between the company and their customers. It is the system which supports integrated online sales, marketing and service strategy to identify, attract and retain customers. It is an improved form of communication between an organization and its clients by creating and enhancing customer interaction through innovative form of technology.eCRM software package stores profiles of each customers as well as the detail history of the interaction.

eCRM helps in transformation of organization and turned into a real time enterprise for customers by harnessing the power of information technology in a rapid changing competitive environment. It is valuable for the organization in form of new sales opportunities, quicker, smarter decision-making and enhancement in customer service. It integrates sales, marketing and customer service functions and allows internal collaboration on precious customer knowledge to connect their customers and partners through functional system and communication medium like telephone, internet and cell phone.

eCRM Provides:

- Perfect customer relationships.
- Quality services with high value.
- Enhanced product and service delivery processes.
- Finest customer knowledge and insight.

## **7. Conclusion:**

Today Indian consumers are becoming smarter. They are well equipped and aware with the newest tools of technology and wish to have the benefit of the best shopping experience. Customer tends to associate many attributes with the product and services, which leads to augmentation. Hence Indian retail firms should prioritize more on relationship marketing. In retail business customers want continuous relationship with the store to save time and energy and to diminish perceived risk..

A crucial element of CRM is customer gratification, which depends on customer's perceived Quality. Delivering a product after analyzing the nature of customers and their buying behavior amplify the return on investment and makes the marketing approach more

effective and objective centric. .Another aspect of CRM which needs to be attended is customer trust. Techniques and processes should be designed in firms, which establish trust of customers in retailers' endeavours. Role of CRM in organized retail sector is of considerable significance in determining customer retention. CRM enables retail organization to become more competitive and customer centric. And hence a mutually satisfying healthy relationship amongst employees and customers help in maximizing service proposition.

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