



CRM to CMR – A PARADIGM SHIFT A Case of Yarn Marketing in Tirupur, Tamilnadu

KEYWORDS

CRM (Customer Relationship Marketing), CMR (Customer Managed Relationship), SWOT

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ABSTRACT *The Indian textile industry is one of the largest and oldest sectors in the country and its presence in the international market is significant in the areas of fabrics and yarn. Tirupur, a textile town in Coimbatore District of Tamilnadu has become an active cluster of knitwear industry. Yarn - the robust raw material of Knitwear occupies a pivotal place in Tirupur business in the form of marketing and trading. This business needs a strong customer base, and to aid that CRM (Customer Relationship Marketing) is practised as a mantra among Tirupur yarn traders/marketers. Though conceptually sound, most of the CRM implementations are failure stories. For things to happen and results to be proven a case was built: to discover what's wrong with the existing CRM, design a suitable system and deploy a new tool - CMR (Customer Managed Relationship).*

Current Scenario of Indian Textile Industry:

The Indian textile industry contributes about 14 percent to industrial production, 4 percent to the country's gross domestic product (GDP) and 17 percent to the country's export earnings. The industry provides direct employment to over 35 million people and is the second largest provider of employment after agriculture. Fabric production rose to 60,996 million square meters in FY 2011 from 52,665 million sq meters in FY 2007. Production of yarn grew to 6,233 million Kgs in FY11 from 5,183 million kgs in FY07. India has the potential to increase its textile and apparel share in the world trade from the current level of 4.5 percent to 8 percent and reach US\$ 80 billion by 2020¹.

Tirupur – Knitwear Capital of India:

Tirupur rightly called as the "Knitwear Capital of India" is a textile town in Coimbatore District of Tamilnadu and is popularly known as Banian city / Knit city. Tirupur with a population of around seven lakhs is a centre for cotton market and cotton ginning factories. Buyers from 35 countries frequently visit Tirupur regularly. Tirupur can deliver customized samples in less than 12 hours and half a million pieces in a matter of days. 56 percent of India's total knitwear exports come from Tirupur.

Export import Policy of 2002-07 makes laudable tribute to Tirupur for its contribution to the export efforts and calls it a 'Town of Export Excellence'. The rich availability of raw materials, being in close proximity to Coimbatore which is a major centre of cotton spinning industry in the country makes Tirupur being able to access its basic raw materials quickly and as and when required. It has nearly 3000 exporting firms, which symbolizes the spirit of entrepreneurship in the country. The Tirupur district is rated as the most important potential future growth by leading global markets knitting and stitching units. Today Tirupur has become an important and active cluster of knitwear industry in India. The annual export earnings of Tirupur hosiery industry is of the order of Rs. 12000 crores. The share of Tirupur in the annual value of knitwear exports from India is around 36 percent. Knitwear and ancillary industry in Tirupur together provide employment either directly or indirectly to nearly 5.5 lakh people.

Yarn Marketing as business:

Yarn - the robust raw material of Knitwear occupies a pivotal place in Tirupur business in the form of marketing and trading. Many are engaged in yarn trading as middlemen, facilitating the flow of this rich raw material from production

units say Spinning mill, to the Garment manufacturers in return of remuneration in the form of commission. This form of business needs a strong customer base that each customer is viewed as an asset and as such it is customer driven. The stronger and more worthy the yarn buyers, the more easy is the business and in turn the profit. The truth beneath is well defined in the following equation which the yarn marketers tag on in their business.

Customers are the business - All profits comes from Customers

If no profit (X) = No business (Y)

And no customers (Z) = No profit (X)

Then no customers (Z) = No business (Y)

CRM – A Existing tool to Yarn Marketing:

With the above mentioned golden phrase it is evident that maintaining and managing customer relationship influence core business decisions and customer satisfaction is no longer enough but the customers has to be delighted. This could be well established by the process of learning to understand the values that are important to individual customers and using that knowledge to deliver benefits the customer really wants and making it easier for the customer to do business with the seller. And this is meant by CRM and is practised as a mantra among Tirupur yarn traders/marketers.

Though conceptually sound, most of the CRM implementations are failure stories. Why?? Probably because, most of the times, the organization wants the CRM deployed quickly and the returns are expected soon, the vision remains unclear, the management of customers appears to be a herculean task. They fail to understand what the customers really want and how CRM can be a driving force to better manage the relationships. For things to happen and results to be proven one has to discover what's wrong with the existing system, design a suitable system and try to implement the new system.



SWOT – To Discover the Weakspots in CRM :

A SWOT is a simple technique that helps to identify the internal strengths and weaknesses of a business and the environmental opportunities and threats. This simple assumptions is accurately applied, has powerful implication for successful choosing and designing of an effective strategy. The following are notable strengths, weaknesses, opportunities and threats of the yarn marketing with respect to Tirupur market.

The SWOT table depicts: What's not working - ?

What needs to be changed - ?

The factors like communication, transparency, loyalty, resolving complaints, empowering customers, change in process and operations, ease of doing business are identified to be the weakspots in the present CRM tool. Having identified the areas of deficiency the next question is:

How to bring about a change - ?

Strengths	Weaknesses
<ul style="list-style-type: none"> <input type="checkbox"/> Yarn dealers are able to make the delivery in right time and place. <input type="checkbox"/> Yarn dealers have direct contact with customers. <input type="checkbox"/> Yarn dealers are able to recognize their customers. <input type="checkbox"/> Yarn dealers lend their full support to the customers. <input type="checkbox"/> Dealers take great effort in fulfillment of the order. <input type="checkbox"/> Dealers and Spinning mill perform together as a team. 	<ul style="list-style-type: none"> <input type="checkbox"/> Some dealers lack in the fulfillment of the orders. <input type="checkbox"/> Lack of proper channel of communication between the Spinning mill and the yarn buyers. <input type="checkbox"/> Transparency is totally nil. <input type="checkbox"/> Complaints are inherent in yarn business. <input type="checkbox"/> Long term contact could not be guaranteed between yarn dealers and buyers. <input type="checkbox"/> Absence of systematic and orderly approach. <input type="checkbox"/> Lack of trust among the parties involved. <input type="checkbox"/> Customers are not loyal to the yarn dealers.
Opportunities	Threats
<ul style="list-style-type: none"> <input type="checkbox"/> Essence of yarn marketing is the buyer/seller relationship. If strengthened success is ensured. <input type="checkbox"/> Huge market potential exists in Tirupur. If managed properly, great prospects would turnout. 	<ul style="list-style-type: none"> <input type="checkbox"/> Small scale units to meet global competition. <input type="checkbox"/> Government interruption through policy implications. <input type="checkbox"/> Fluctuating market condition would result in depletion if yarn prices. <input type="checkbox"/> Nature of yarn market is dynamic, risky and uncertain.

Designing a New Tool – CMR :

The business climate of today is changing faster than its ever changed before. To increase market share, individual customers must want to come back, time and again spend more time with the dealer than the competitors. This means that share of customers is more important than share of market. Hence the need to recast the discipline of CRM(*Customer Relationship Management*) as CMR(*Customer Managed Relationship*)- which would make the business better both for the customers as well as the seller.

“Customer Managed Relationship (CMR) - is about creating an experience, personalizing the interaction with individual's customers in ways directed by the customer and hereby developing relationships”.

In short the CMR differs from CRM in the following ways:



- Company is in control
Customer is in control
- Makes business better for the company
Makes business better for the customer
- Tracks customer by transaction
Understands customers unique needs
- Forces customers to do what the
Let customers tell dealers what they care dealer believe they want about
- Treats buyers as segment
Treats customers as individuals
- Sellers don't authorize the buyers to take
Buyers feel empowered

Decisions

- Organised around products/ services
Organised around customer.

Ways to deploy CMR in Yarn Marketing:

As such the yarn dealers should concentrate on the following core areas in which CMR should be devised:

- Customer engagement, enablement and empowerment
- Linking customers, yarn dealers and spinning mill as a team
- Aligning the strategy of the buyer and the yarn dealer in line with the profitable objectives of the spinning mill.
- Developing trust- driving down the vision to the execution level, making sure the entire work force believes in CMR initiatives.
- An open exchange of information and feedback among buyer ,yarn dealer and spinning mill
- Customized services and messages those are timely and relevant for the buyer.
- Make it easier for buyers to buy yarn.
- Resolve each buyer's problem in a single interaction.
- Provide buyer a consistent and upto date 360 degree view of the relationships- across product lines, interactions, touch points and channels.

Questions for Discussions

1. An innovative tool like CMR has to be taken to the next level. How it can be done?
2. Whether the execution of CMR in yarn marketing needs a policy framework?
3. Whether an exclusive implementation process of CRM would improve the quality of the tool? If Yes! In what way?
4. Whether the dealer has to be trained to understand the concept? If yes! In what way?
5. In what way the CMR differs from VRM (Vendor Relationship Management) and PRM (Partner relationship Management)

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