

## Customer Relationship Management in Organise Retail Sector



### Management

**KEYWORDS :** Customer Relationship Management, Expectation, Perception, SERVQUAL Model.

**Ati Garg**

Department of management studies (School of social science), Singhania university, Jhunjhunu, Rajasthan

**Sudhindher Singh Chowhan**

Department of management studies (School of social science), Singhania university, Jhunjhunu, Rajasthan

### ABSTRACT

*Customer Relationship Management is the most emerging concept of modern management. It is the overall process of building and maintaining profitable customer relationship by delivering superior customers' values & their satisfaction. Quality is an important dimension to meet the sophisticated competitors of today's world & maintaining the long-lasting relationship with customer. The present study seeks to measure the level of satisfaction of customers dealing with retail sector in Ajmer and the importance of quality in increasing the revenue of the store on per customer visit. Service Quality (SERVQUAL) model was used to ascertain the gap between the customers' expectations and their perceptions. Statistical tool such as Mean, Standard Deviation and Student t-test were used to ascertain the hypothetical relationship among the variables. Findings of the study reveals that customers are not satisfied with the service quality delivered by the retailers shoppers in Ajmer. Further this research will be useful for the planning and implementation of retail shoppers in Ajmer.*

### CRM - THE CONCEPT

Customer Relationship management (CRM) perhaps the most important concept in modern marketing until recently, CRM has been decided narrowly as customer data management activity. In its broader sense, CRM is the overall process of building & maintaining profitable customer relationship by delivering superior customer value & satisfaction. It deals with all the aspects of acquiring, keeping & growing customers. The key building lasting customer relationships is to create superior customer value & satisfaction. Organization can build customer relationship at many levels depending on the nature of the target market. To build customer relationships, companies can add structural ties as well as financial social benefits.

Today the companies are building more long & lasting relationship with more carefully selected customers. Changing demographics, more sophisticated competitors mean that there are fewer customers to go around. Many organizations are fighting for shares of flat or fading markets. In addition to being good at customer relationship management, marketers must be good at partner relationships, which mean working closely with goal departments outside the company to jointly bring greater value to customer. Successful CRM focuses on the profiling or understanding the needs and desires of customer & is achieved by placing these needs at the heart of the business by integrating them with the organization's strategy & goal.

### IMPORTANCE OF CRM

The customer is the real king of the market, the one who makes the difference between a company's success & failure. CRM facilitates growth in that it aids the reduction of cost & increased availability of information to the organization that can be used according to the customer requirements. The specific advantages derived through CRM are quoted below:

- ✓ Better customer satisfaction.
- ✓ Gaining competitive advantage.
- ✓ Enhancing customer satisfaction.
- ✓ Easy handling of daily tasks.
- ✓ Makes awareness of customer needs.

Therefore organizations are now capitalizing on this need and are realizing the value of CRM application.

### APPLICATION OF CRM

CRM application includes a wide range of sectors ranging from business, education, health. The presence of CRM shall be reflected in the following significant sectors:

- ✓ Healthcare
- ✓ Financial services
- ✓ Retail
- ✓ Real Estate

- ✓ Banking
- ✓ Insurance

### CRM IN RETAIL INDUSTRY

#### Retail: In Detail

The emergence of Retail in India is a cause for success of Indian organized Retail & Marketing. With the help of modern management techniques we will become the specialist Retailers in the future. We know that the relationship between the Retailer & customer is very close than other chains of distribution.

India is a nation of shopkeepers. We can see more than 16 million plus retail outlets in India, and India has the highest density of retail outlets in the world. Retail Industry in India is at present estimated to be more than US \$ 250 billion. On that part of organized retailing is estimated 3.5% i.e. \$ 7.47 billion. By the year 2010 the vision of Industry is to attain more than the goal which was estimated US \$ 23 billion in organized retail.

If we are comparing the growth of retail in India as compared to China we will find that China has more growth than India. In the year 1996 the per capita GDP of China was US\$ 675 and it increased US\$ 434 in year 2003 i.e. in the years 2003 the contribution of retailing in GDP per capita of China was US\$ 1109. But in India, in the year 2005 it was only US\$ 710. We can say that in 1996-97 (or in 90's the position of retail market in China was very strong than Indian Retail market).

If we are taking as base the size of retail market in India it was only US\$ 215 billion in 2005 but in China it was US\$ 225 billion in 1996 & US\$ 400 billion in 2003. It means the status of India's size of retail market is not very matured as compared to China.

The share of organized trade in retailing in India was quite more than 4% in 2005, but it was between 7-8% in 1996 and 17% in 2003 in China.

At present USA is the biggest retail market with 85% share of organized trade in retailing at the second step. There is Malaysia with 55% plus, Thailand with 40% plus, Brazil with 35% plus, Russia with 33% plus, Indonesia with 30% plus, Poland with 20% plus, China with 17% plus & then India with 6% plus only.

#### Organized Retail:

Organized retail segment has been growing at a blistering pace, exceeding all previous estimates. According to a study by Deloitte Haskins and Sells, organized retail has increased its share from 5 per cent of total retail sales in 2006 to 8 per cent in 2007. The fastest growing segments have been the wholesale cash and carry stores (150 per cent) followed by supermarkets (100 per cent) and hypermarkets (75-80 per cent). Further, it estimates

the organized segment to account for 25 per cent of the total sales by 2011.

It is expected that by 2016 modern retail industry in India will be worth US\$ 175- 200 billion. India retail industry is one of the fastest growing industries with revenue expected in 2007 to amount US\$ 320 billion and is increasing at a rate of 5% yearly. A further increase of 7-8% is expected in the industry of retail in India by growth in consumerism in urban areas, rising incomes, and a steep rise in rural consumption. It has further been predicted that the retailing industry in India will amount to US\$ 21.5 billion by 2010 from the current size of US\$ 7.5 billion.

Shopping in India has witnessed a revolution with the change in the consumer buying behaviour 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 centres, and sprawling complexes which offer food, shopping, and entertainment all under the same roof.

India retail industry is expanding itself most aggressively; as a result a great demand for real estate is being created. Indian retailers preferred means of expansion is to expand to other regions and to increase the number of their outlets in a city. It is expected that by 2010, India may have 600 new shopping centers.

In the Indian retailing industry, 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.

India retail industry is progressing well and for this to continue retailers as well as the Indian government will have to make a combined effort. The report examines the growing market for FMCG market in India. This starts with an overview of the Industry in India and goes on to explain how product and demographic categories across the nation have added value to the Industry. The report examines the recent development within the industry and tries to gauge the impact in shaping the landscape of the FMCG market. It also contains a summary of the key players, including their product portfolio, business operations, and strategies. The report concludes with an industry outlook section. Finally the report mandates with the outlook for the year 2013, considering the current events and growing economy. The report concludes with a list of growth drivers, breaking them into demand side, supply side and systematic drivers.

This paper endeavours to fill the gap in the service quality literature by exploring the dimensions of customer perceived service quality in the context of the Indian retail industry. A set of service quality parameters, drawn from customers' perceptions about service quality as well as the retail sector marketing and service quality literature have been drawn up. These parameters have been used in the context of two of the largest marts in Ajmer city to identify the underlying dimensions of service quality. Finally, the paper has drawn upon the findings of the service quality dimensions to contend the initiatives that stores' managers can take to enhance employees' skills and attitudes and instill a customer-service culture.

### The Dimensions of Service Quality

Underpinning our understanding of service quality is an array of factors or determinants. A number of researchers have provided lists of quality determinants, but the best known determinants emanate from Parasuraman and colleagues from the USA, who found five dimensions of service quality, namely, tangibles, reliability, responsiveness, assurance and empathy and used these as the basis for their service quality measurement instrument, SERVQUAL (Parasuraman et al., 1988; Zeithaml et al., 1990).

The result was the development of the SERVQUAL instrument, based on the gap model. The central idea in this model is that service quality is a function of the difference scores or gaps between expectations and perceptions. An important advantage

of the SERVQUAL instrument is that it has been proven valid and reliable across a large range of service contexts. However, while the SERVQUAL instrument has been widely used, it has been subjected to certain criticisms as well. The contention that service quality consists of five basic dimensions (Parasuraman et al., 1988) is according to some researchers questionable and they have suggested that SERVQUAL's dimensions are contextual and not universally applicable (Ekinci & Riley, 1999; Brown et al., 1993; Cronin & Taylor, 1992; Teas, 1993; Bouman & Van der Wiele, 1992; Gagliano & Hathcote, 1994; Kang and James, 2004; Lee, 2005; Fowdar, 2007). Instead, the number and composition of the service quality dimensions are probably dependant on the service setting (Brown et al., 1993; Carman, 1990). It has been suggested that for some services the SERVQUAL instrument needs considerable adaptation (Dabholkar et al., 1996) and that items used to measure service quality should reflect the specific service setting under investigation, and that it is necessary in this regard to modify some of the items and add or delete items as required (Carman, 1990). Moreover, research suggests that culture may play a fundamental role in determining how consumers perceive what constitutes service quality. In a nutshell, there are still issues and varying opinions about the dimensionality of service quality and the universality of the five dimensions, (Rust and Oliver, 1994). These are of interest to and significant for users of SERVQUAL and for all those who wish to understand better the concept of service quality. Hence there is still a need for fundamental research into the dimensionality of service quality bearing in mind the contextual circumstances, the specific industry and the specific service setting.

### Objectives

- ✓ To study changing attitude, preferences of customers in the changing environment.
- ✓ To study customer expectation & their perception level with service provided by retail marts.
- ✓ To study the satisfaction level of customers related to Retail sector.

### Hypotheses

A hypothesis is a tentative generalization about the subject of inquiry, validity of which is to be tested by undertaking research. The following are the main hypothesis of proposed research –

***H<sub>0</sub>: There is no significant difference between the customers' expectation and their perception provided by retail marts.***

The hypothesis taken in the study is basically null hypothesis in which significance level will be tested at 5% confidence level, with 1.96 critical value as this study deals with behavioral study and in such studies the confidence level is taken at 5%. Various data analysis procedures and statistical procedures were employed to analyze data. For the purpose of this research Standard Deviation, Mean and Student t-test were used as a tool to analyze the hypothesis.

### Nature and Sample of the study

The present study is basically explorative in nature. Exploration is particularly used when the researchers lack a clear idea of the problem they meet during the study. Through expectation researcher develop concepts more clearly, establish priorities, develop operational definitions and improve the final research design. Same way, there was lack of clear idea of the problems that would crop up while undergoing this study. Therefore, Exploration was the only recourse that was available to undertake this research study. The universe for the research was the customer of different Retail Marts of Ajmer city (vishal Mart , V-Mart , N- Mart).

The questionnaire was structured in two parts. Part-1 dealt with general questions seeking to establish socio-demographic characteristics of the respondent. Part-2 consisted of two pages of service quality rendered by provider.

The respondents were asked to tick the option that best described their impressions about services quality of Retail Marts in Ajmer. They were asked to rate their "experience" regarding

each statement about the service quality rendered by the Marts. The questionnaire used a five- point Likert scale to rate each of the attributes from 4 (“exactly matching”) through to 0 (“neither matching nor satisfied”). The sequence of the attribute statements and the scoring system adopted was the same for both “expectation” and the “experience” statements to facilitate ease of use and interpretation by respondents.

AGE	
	Frequency
Below 25	10
26-30	28
31-35	19
36-40	18
41-45	11
46-50	10
51-55	9
56 & above	5
TOTAL	110
SEX	
	Frequency
MALE	65
FEMALE	45
TOTAL	110
EDUCATION	
	Frequency
MATRIX	20
GRADUATE	45
POST GRADUATE	35
OTHERS	10
TOTAL	110
OCCUPATION	
	Frequency
PRIVATE EMPLOYEE	25
GOVT EMPLOYEE	40
ADVOCATE	5
STUDENTS	15
OTHERS	25
TOTAL	110
INCOME	
	Frequency
BELOW 15000	19
15000-30000	39
310000-460000	32
ABOVE 460000	20
TOTAL	110

Hypothesis Testing of the Statements

Sr. No.	Statement	T-test Calculation	Accept/Reject
1	Product range available in a store Customer Relationship Management, Expectation, Perception, SERQUAL Model	$t = \frac{\bar{X} - \mu}{\sigma} \times \sqrt{N}$ $t = \frac{3.1454 - 2}{0.9614} * \sqrt{110}$ $= 12.4954$	Rejected
2	About store decore	$t = \frac{\bar{X} - \mu}{\sigma} * \sqrt{N}$ $t = \frac{2.9909 - 2}{0.9582} * \sqrt{110}$ $= 10.8460$	Rejected
3	Modern looking equipment in store	$t = \frac{\bar{X} - \mu}{\sigma} * \sqrt{N}$ $t = \frac{2.8818 - 2}{1.0334} * \sqrt{110}$ $= 8.9495$	Rejected
4	Visual appealing physical facility available in store	$t = \frac{\bar{X} - \mu}{\sigma} * \sqrt{N}$ $t = \frac{2.5566 - 2}{1.2147} * \sqrt{110}$ $= 4.8059$	Rejected
5	Material associate with service provided by store	$t = \frac{\bar{X} - \mu}{\sigma} * \sqrt{N}$ $t = \frac{2.3945 - 2}{1.2496} * \sqrt{110}$ $= 3.3111$	Rejected
6	Behaviour & attitude of the staff working in the store	$t = \frac{\bar{X} - \mu}{\sigma} * \sqrt{N}$ $t = \frac{2.2315 - 2}{1.379} * \sqrt{110}$ $= 1.7607$	Accepted
7	The billing & payment system in store	$t = \frac{\bar{X} - \mu}{\sigma} * \sqrt{N}$ $t = \frac{3.4495 - 2}{0.9384} * \sqrt{110}$ $= 16.2004s$	Rejected
8	Product knowledge of the staff working in the store.	$t = \frac{\bar{X} - \mu}{\sigma} * \sqrt{N}$ $t = \frac{2.3909 - 2}{1.0625} * \sqrt{110}$ $= 3.8586$	Rejected
9	What do you thing the service provided by these FMCG outlets in comparison to others	$t = \frac{\bar{X} - \mu}{\sigma} * \sqrt{N}$ $t = \frac{2.1927 - 2}{1.3272} * \sqrt{110}$ $= 1.5228$	Accepted
10	Facilities for handicap people are	$t = \frac{\bar{X} - \mu}{\sigma} * \sqrt{N}$ $t = \frac{2.9266 - 2}{1.2357} * \sqrt{110}$ $= 7.8646$	Rejected

**Results and Descriptive Study**

Sr. No.	Statement	Mean	Std. Dev
1	Product range available in a store	3.145	0.9614
2	About store decore	2.9909	0.9582
3	Modern looking equipment in store	2.8818	1.0334
4	Visual appealing physical facility available in store	2.5566	1.2147
5	Material associate with service provided by store	2.3945	1.2496
6	Behaviour & attitude of the staff working in the store	2.2315	1.379
7	The billing & payment system in store	3.4495	0.9384
8	Product knowledge of the staff working in the store.	2.2056	1.2287
9	What do you thing the service provided by these FMCG outlets in comparison to others	2.3909	1.0625
10	Facilities for handicap people are	2.1297	1.3272
	Total	2.6436	

**Conclusion**

The Retail sector of India is now running in dynamic challenges concerning both customer base and performance. Service quality, customer satisfaction, customer retention, customer loyalty

and delight are now the measure challenges in griping the Retail sector. Service quality placed a measure role in getting customer satisfaction and creating a brand loyalty in Retail sector. The aim of preset study was to measure the expectation and perception and perception level of retail sector in Ajmer city of Rajasthan. The present study reveals that the performance exceeding the expectations and it indicated that the customers are not satisfied with the service provided by retail Mart in Ajmer city of Rajasthan. The Attributes such as Product range, Service for handicap procedure, infrastructure, and the knowledge of staff about product is, & bill payment system exhibits that customer are much more satisfied with these attributed and in the other side the attributes such as comparison the comparison to, & attitude of the employee are not satisfactory. The study has revealed certain key areas needs to be improved by Retail Marts in Ajmer. The retail Marts should ensure that there customers services experiences are satisfactory. They should consider how to provide added value to the customer experience in order to secure a largest share in this vast emerging Retail sector.

**Limitation and Direction for the Future Research**

Although it adds to our understanding of customers in Retail industries, this research has limitation that may be pursued in future research. The limitations of the study are many at this point of time, first & foremost course, is the limited number of subjects, to we have no doubt that the result will improve with a larger number of sample pool. Many of the caveats typically associated with this research apply to present study as well. With respect to the research setting, it is important to note that most of the data was collected at a single point of the time.

**REFERENCE**

- Bolton, R.N. and Myers, M.B. (2003), "Price-Based Global Market Segmentation for Services", *Journal of Marketing*, 67 (July), pp. 108-128.
- Bouman, M. & Van der Wiele, T. (1992), "Measuring Service Quality In The Car Service Industry: Building And Testing An Instrument", *International Journal of Service Industry Management*, Volume 3, No. 4, pp. 4-16.
- Brown, T. J., Churchill, G. A. & Peter, J. P. (1993), "Improving The Measurement Of Service Quality", *Journal of Retailing*, Volume 69, No. 1, Spring, pp. 127-139.
- Carman, J. M. (1990), "Consumer Perceptions Of Service Quality: An Assessment Of The SERVQUAL Dimensions", *Journal Of Retailing*, Volume 66, Issue 1, pp. 33-55.
- Cronin, J. J. & Taylor, S. A. (1992), "Measuring Service Quality: A Reexamination And Extension", *Journal Of Marketing*, July, Volume 56, pp. 55-68.
- Dabholkar, P. A., Thorpe, D. I. & Rentz, J. O. (1996), "A Measure Of Service Quality For Retail Stores: Scale Development And Validation", *Journal of the Academy of Marketing Science*, Volume 24, Winter, pp. 3-16.
- Ekinci, Y. & Riley, M. (1999), "Measuring Hotel Quality: Back To Basics", *International Journal of Contemporary Hospitality Management*, Volume 11, pp. 287-293.
- Fowdar, R. R. (2007), *Developing A Service Quality Questionnaire For The Hotel Industry In Mauritius*, *Journal of Vacation Marketing*, Vol. 13, No. 1, pp.19-27.
- Gagliano, K. B. & Hathcote, J. (1994), "Customer Expectations And Perceptions Of Service Quality In Apparel Retailing", *Journal of Services Marketing*, Volume 8, No. 1, pp. 60-69.
- Gronroos, C. (1990), "Relationship Approach To Marketing In Service Contexts: The Marketing And Organisational Behaviour Interface", *Journal Of Business Research*, Volume 20, pp. 3-11.
- Hart, C. (1988), "The Power Of Unconditional Service Guarantees", *Harvard Business Review*, July-August, pp. 54-62.
- Herbig, P. & Genestre, A. (1996), "An Examination Of The Cross-Cultural Differences In Service Quality: The Example Of Mexico And The USA", *Journal of Consumer Marketing*, Volume 13, No. 3, pp. 43-53.