



CUSTOMER PREFERENCES FOR APPARELS CUSTOMER RELATIONSHIP MANAGEMENT

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ABSTRACT:

Customer Relationship Management is a comprehensive approach for creating, maintaining and expanding customer relationships". However, in small street vendor's businesses customer relationships is not a widely considered strategy. The customer relationship management (CRM) adoption process in small business of street vendors is an under-researched area and the purpose of this paper is to extend the knowledge and offer greater understanding of the CRM adoption process through an empirical study in the Mumbai. The aim of the study is to determine which practices in customer relationship management are used by small street businesses in Mumbai City and also particularly bring out the most effective practice that influence customers shopping decision. Indian apparel retail sector is booming, leading to intense competition. The war is to attract new customers but most importantly to retain the old ones. The companies are tailoring CRM initiatives to increase their customer base. The role customer point is crucial in maintaining long term profitable relationships with the customers. This research attempts to study various touch points related to apparel retailing. The study aims at establishing the importance of customer touch points in CRM.

1.0 INTRODUCTION:

Customer relationship management (CRM) has emerged as the core marketing activity for the businesses operating in dynamic and competitive business environment. Customer Retention has taken the front seat in organization because its results are very lucrative. States that "5% increase in customer retention boosts lifetime customer

profits 50%, on average, across industries, and up to 90% in industries like insurance" CRM is bringing wonders for marketers in every field and all industries. Defined CRM as a "comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customer" CRM has developed as an approach based on maintaining positive and profitable relationships with selective customers. Regarded as an important tool for delivering revenue growth through improved customer experience, customer retention and customer repurchase. States that CRM is a business strategy designed to optimize profitability, revenue and customer satisfaction by organizing the enterprise around customer segments, fostering customer-centric behaviors and implementing customer centric processes. CRM is used as a tool to make long term relationship with the customers for surviving in the fiercely competitive market scenario. The core theme of all CRM is its focus on a cooperative and collaborative relationship between the firm and its customers

CONCEPT OF CRM:

Customer relationship management has attracted many definitions from the people who have been using the concept. A few important of them can be discussed as

follows. A narrow perspective of customers relationship management is database marketing emphasizing the promotional aspects of marketing linked to database efforts. A more popular approach with recent application of information technology is to focus on individuals or one to one relationship with customers that integrate database knowledge with a long term customer retention and growth strategy. Therefore CRM can be viewed firstly as a contemporary response to the emerging climate of unprecedented customer churn, waning brand loyalty and lower profitability. Secondly CRM is central to the task making an organization customer centric. Thirdly CRM is the surest symbol embracing information technology in business. Fourth and finally, CRM is the most certain way to increase value to the customers and profitability to the practicing organizations. Customer relationship management is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customer.

CRM MARKETING:

There are four stages in the CRM marketing. The first stage is the recognition of customers and their identification should be in detail as much as possible. Then the marketers need to analyze them on the basis of customers' needs and their values of participation. In the third stage they should interact with the customers and to find ways to improve the productivity of the cost and effectiveness of interaction, and finally, marketers need to order some aspects of goods or services that they offer to

customers. This means treating customer differently.

Customer profitability:

Most retailers realize that their customers differ in their profitability. The realization is called as 80-20 rule. 20 percent group with highest LTV and 80 percent group to be the rest. The 'best' and 'rest' are the two segments. The retail sector was found to be the most customers focused of the different industries studied, and is best able to measure customer profitability and servicing costs, beating even the banking industry which has made highly publicized, substantial investment in CRM technology. The customers on the basis of their profitability are divided into four segments as illustrated in Platinum segment: Retailer's top 25 percent LTV's, are the most loyal customer not price sensitive, more value for customer services. Gold segment the next 25 percent of the customers in terms of their LTV are price sensitive and less loyal than platinum. Iron segment probably do not deserve much special attention due to their modest LTV. Lead segment: Lowest segment can cost the company money. They often demand a lot of attention but do not by much from retailers.

Limitations:

Like any other empirical studies this research might also have some limitations in reference to sampling, data collection and generalization of the findings. The samples drawn for the study may not be enough to generalize the study results. The findings are limited to customers shopping apparels at street markets in Mumbai city. Other limitations include the qualitative variables

used in the study which might have reflected on making some casual statements. However, future studies could avoid these limitations by using data from different markets across the nation, using representative samples and additional variables. Also only Apparel street vendors are taken under the study the future studies can also be done on other categories of vendors.

Main elements in the chain of trading (CRM):

Each organization begins its work with attracting the customer and develops with the specializing and solving complaints CRM is a transfer toward the customer based economy in which the main element is a customer. In this economy, CRM helps the organization to find out which customer has the value of gaining, and which customer has the value of keeping and protecting, which one has the value of profitability, while other customers should be ignored. In order to develop, the relationship with the customer individually or through the network, to access the most valuable customer, the customers and their groups should be identified

2.0 LITERATURE REVIEW:

Customer Relationship Management is the strategic activity which unites marketing efforts with technology. The concept of CRM originated in USA in late 1990s and became the success mantra for various companies across the world. CRM has different meaning to different people. There is no consensus about the definition of CRM in the available literature.

[1]Langerak, Fred, and Peter C. Verhoef (2003),this research will make an attempt to study to what extent customer touch points play a crucial role in profitable CRM particularly in apparel retail is able bring desired results. Apparel retailing is on boom in India. According to Retail Apparel index India stood on fourth position as the most attractive emerging market for apparel retailers, which automatically attracts the interest for research in the field. This suggests that apparel retailing in India is going to be very competitive in future. Various apparel retail stores like Shoppers Stop, Globus, and Westside are already working on customer touch points to woo customers. During the course of study various customer touch points related to the apparel retail stores were identified. The empirical research was carried out to find out most preferred customer touch points by the customers. The research establishes the important role played by customer touch points in maintain relationships with the customers.

[2]Nath V, Gugnani R, Goswami S, Gupta N (2009)The “informal economy”, meanwhile, or what is variously called “cash-in-hand work”, the “shadow economy” or the “underground sector”, is here defined as the paid production and sale of goods and services which are unregistered by, or hidden from, the state for tax and/or benefit purposes but which are legal in all other respects This widely agreed definition recognizes that the only illicit aspect of informal work is that the transactions are unregistered and/or hidden from the state for tax and/or social security purposes states,



they “choose to participate in the informal economy because they find more autonomy, flexibility and freedom in this sector than in the formal one. In other words, participants have the freedom of operating their own business; they have flexibility in determining hours or days of operation; they can use and develop their creativity.

[3]Ismail, H.B., Talukder, D. and Panni, M.F.A.K. (2007), Research notes that the experience of buying at a flea market is also important, such as the excitement of looking for interesting objects, the „treasure hunt“, search for bargains, the possibility of negotiating, and even the socializing, interaction, fun experience otherwise not offered in a regular mallwrites, the most frequent, heavy shoppers at a flea market consider the location an enjoyable place to shop, with a varied offer of products, while the less frequent, „light“ shoppers rather had product and ethical reservations about flea markets Moreover, a significant observation, especially in the current economic conditions, is the fact that some researchers consider the flea markets as an alternative shopping place when the lower and middle class purchasing power is declining which opens them for consumers at the lower end of the economic spectrum

3.0 METHODOLOGY:

Research Methodology Conducted here is descriptive technique in nature. In this study deep understanding CRM and Mobile-CRM, Because this study is focusing on underlying technology and marketing related issues of Mobile-CRM in real-life context, the data collection in conducted by using multiple sources of information consisting of semi

structured interviews, observations and diverse data gathered The data which was fit for further studies was subjected to analysis with the help of software. The reliability of data was checked with the help of Cronbach’s alpha test, the value of alpha for the data was 0.804 which is greater than 0.6 showing the data is reliable and suitable for the analysis KMO test was applied to test sample adequacy, The research was conducted to study the customer touch points related to apparel retailing, on the basis of observation and secondary research a list of customer touch points was prepared. The content and validity of the various statements in the questionnaire were verified with the help of experts in the marketing field. The instrument used in this study consists of two parts. The first part deals with the demographic profile of the respondents such as gender, age, income, occupation etc. Part two deals with opinions of the sample customer’s w.r.t. various promotional strategies adopted by street vendors that influence their shopping decision.

CRM in small and medium sized businesses:

Customer relationship management (CRM) has as its aim the enhancement of a company’s ability to achieve the ultimate goal of retaining customers and so gain a strategic advantage over its competitors. The concept of relationships is particularly prominent within SMEs with the key decision makers often having close connections with the customer base. Even though CRM has the potential to deliver benefits to SMEs, studies focusing on CRM



success rates in SMEs have reported less success in terms of the realization of those benefits. Nevertheless, the demand for CRM technology has grown as more organizations see the value of better customer relationships, customer knowledge and customer retention and if SMEs are to successfully adopt and implement CRM technology it is important to better understand their specific needs. When making a business case for CRM adoption, organizations often argue that as a result of CRM investment consumer behavior will change in a positive way and this will in turn lead to increased revenues through increased sales or efficiency savings.

4.0 RESULTS:

The research was carried in order to study the customer touch point related to apparel retailing. The major research objective is to find out which customer touch points most significant and important from customers point of view. Since all customer touch points are not considered equal from the customer end, this research attempts to establish which customer touch points are very important. As customer touch points helps in creating customer experience, a major focus of all CRM efforts, the study would also aim at providing suggestions on the basis of empirical study.

Concept of customer retention in CRM:

Customer retention is a challenge in nowadays organizations. Retained customers are generally more profitable than newly acquired customers. Based on the 2nd edition of Customer Relationship Management the major strategic purpose of CRM is to manage, for profit, a company's

relationships with customers through three stages of the customer lifecycle: customer acquisition, customer retention and customer development. A customer retention strategy aims to keep a high proportion of valuable customers by reducing customer defections (churn), and a customer development strategy aims to increase the value of those retained customers to the company. Customer retention is the maintenance of continuous trading relationships with customers over the long term. Customer retention is the mirror image of customer defection or churn. High retention is equivalent to low defection.

Managerial Implications:

In the fierce competition in the present scenario customer relationship management has become a strategic tool to retain customers. In order to maintain long term profitable relationships with the customers, proper check on customer touch points is necessary. The touch points are the points where customers come in contact of the organization, with the experience they get they make their perception about the organization. Therefore the study of customer touch points becomes important from retailers point of view. The study put forth the important customer touch points which an apparel retailer should manage properly to retain customers in long run. The study shall be helpful in devising the CRM strategy and tailoring CRM initiatives. A major focus of CRM practice remains on customer experience and customer touch points. The touch points are crucial in creating unique experience for the customers. This research has studied the

customer touch points related to apparel retailing, on the basis of customer responses important customer touch points have been laid. The result shows that customization is the key to attract customers, personalized services and attention paves the way towards profitable relationships. The results possess major implications for the retailers tailoring CRM for maintain relationships with the customers. The result of the research suggests that the customers have preferences related customer touch points; the preferred customer touch points may become instrumental for apparel retailers in customer relationship management.

Managing CRM to mainstream the benefits:

For firms to effectively practice CRM or be able to diagnose the root cause of failed initiatives, a clear understanding of what the phenomenon entails is needed. has taken that first step by proposing what is (hopefully) an adequate, representative conceptualization of CRM and providing a brief description of the process. As a result, it is now possible to outline a basic framework that identifies the key steps towards CRM success. From a management perspective, it is important to mention that based on the proposed conceptualization, CRM success is defined hereafter as a firm's ability to efficiently build and sustain a profit-maximizing portfolio of customer relationships. Illustrates the proposed framework for achieving CRM success and indicates that the first step towards this goal is specifying a relationship management strategy. Successful relationship management requires that firms prioritize

relationships and allocate resources destined for relationship building and maintenance based on customers' value to the firm. Thus, a firm's relationship management strategy should reflect how it plans to allocate available resources when dealing with customers belonging to different priority levels. In other words, the relationship management strategy should specify, explicitly, how a firm plans to build durable relationships with customers who (potentially) value different things and differ in terms of their profitability to the firm. For instance, a firm might divide its customer base (and classify prospects) into three tiers based on the amount of after-sales support that they require and on their apparent price sensitivity.

Future implications:

The findings of the research may strongly promote the use of customer relationship building value for micro and small firms to gain a competitive edge in the market. Based on the findings and implication, this study will expand the knowledge and understanding on the marketing mix theory for small and micro firms. Also taking into consideration that there is very limited research done with regards to street vendors and their managerial capabilities and management know-how, this research will generate the recommendations for managerial application for the business of street vendors and identify areas for future scholarly inquiry.

CONCLUSIONS:

The efficient management of customer touch points is instrumental for any effective Customer Relationship Management



initiative. The research studies the customer touch points relate to apparel retailing. The empirical analysis establishes that some customer touch points are crucial from customer's point of view. the result are very important due to its managerial implications for the organizations which tailor CRM initiatives and work on creating customer experiences through customer touch points. The findings of the research cannot be generalized because research was carried out on a very small sample. Therefore the findings of the research cannot be generalized they try to satisfy them with the wide range and at the same time maintain a good relationship to retain them and consequently convert them into their loyal customer. Loyal discounts are the most influencing CRM practices that affect customers shopping decision But the Street stalls sales persons should improve on their personal selling skills and work more on practices to build healthy vendor-customer relationships.

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