CRM IN RETAILING BENEFITS AND CHALLENGES: ANALITICAL APPROACH

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Abstract

Customer relationship management (CRM) is a data framework that tracks customers' associations with the firm and enables representatives to quickly pull up data about the customers, for example, past deals, benefit records, exceptional records and uncertain issue calls. This paper intends to advance techniques for fruitful implementation of CRM and examines boundaries to CRM in Retail undertakings. Business around the world is confronting consistently developing difficulties. Customer can pick between more options because of the developing rivalry among the organizations and each organization is discovering some better approach to pull in them to their goal. An ever increasing number of retailers are looking to extend past their conventional fringe and achieve diverse sort of customer group. In the meantime the organizations comprehend the esteem and significance by picking up comes back from customers as an advantage, which is the essential standard of CRM.

Keywords: Choice Preference, Value for Money, Customer

Technology and Process

The success of CRM is not solely on technology, but reliant on the integration of various processes. While technology should be strategic and cost-effective, it should provide the flexibility and growth options for long-term opportunities of the business. An important factor that must always be considered for any form of network linkup is security, as that is adamant in respect to protecting the core functionality and the resources of CRM.

Since system customization is a costly exercise, organizations should take into account the future needs that could develop, and design CRM systems that are configurable to changing business demands. This will allow the business to reap optimized value from its customer, while keeping in-sync with the organization's short and long-term goals.

Timing is everything in an effective CRM program. Knowing about the customer and their habits helps a business identify the right time and product to ensure that the system produces the results that help the

productivity of the business. Also, a business should give due importance to the regular monitoring and refinement of various processes, so that the organization can retain optimum performance in all aspects.

Divisions of CRM processes:

The CRM process is divisible into the following:

❖ Profile the Market: This refers to the grouping of customers based on their different characteristics. Segmentation of customers can be done on the interaction that they have at the time of sales or the way they wish to be informed of upcoming products or events. The creation of a profile for each customer allows for a systematic flow to be embedded in the CRM process design.

❖ Design Communication Strategy: Communication with clients can take several formats. With multiple modes at the disposal of the business, it is important that the right one be selected in order to have a stronger and positive response from the consumer. The choice depends on the nature of the business and the message being imparted, but the mode could be print, mail or electronic.

❖ Implement Strategies: Any strategies designed by the organization should fit within the culture and the operational processes. Once this fit is determined, the strategy should be implemented. As an example, the strategy could be linked to the sending out of direct mails that have been prepared for introduction of a new product. As a CRM strategy, it is essential that staff who deal with customer are well-informed of the segments and the strategy, so they can be ready to pass the information to customers, or direct customers in the right direction. Where customers have been classified for a particular level of service, this would require more organizational entities to remain in the loop, in order for the strategy to be effective.

❖ Evaluate Results: At the end of the implementation, it is important for the company to assess the effectiveness of the strategy. In terms of any campaigns, this could be in the form of numbering the performance of various aspects of the process, by both the customer as well as an internal individual of the organization. This data helps in analysing the changes that should be adopted for future strategies.

The focus of this paper is on the CRM process when it comes to roles that are facing the customer. The perspective in discussion is the building of a common view of the customer from all business channels and sharing the information gathered with relevant functions. At any time, it is imperative that the information be managed in a systematic and coordinated manner so that the organization's relationship with the customer can be managed efficiently.

There are four factors that companies should reflect on deeply, based on various marketing literatures:

❖ The building and managing of ongoing customer relationships remains the essence of the marketing concept. But organizations should not look forward to increasing the relationships on a quantity scale. Instead, the focus should always be on improving the quality of the existing relationships, and any new ones that may develop with time.

❖ The concept behind relationships is that they evolve with distinct phases. Businesses should not view these or measure them as independent incidents, but instead focus on them as interdependent transactions that create their own dynamic system with time.

❖ At each stage of an organizational process, a firm will interact with customers, and manage the relationship. It is important that the firm show a difference in each interaction and manage the relationships in a variety of ways. CRM systems allow companies to manage each stage of the relationship in a systematic and proactive manner.

❖ With new procedures adopted by organizations, it is essential that the value of every relationship be independently assessed, in order for the firm to allocate different resources to each type of relationship.

Non-achievements of CRM

CRM applications can be used to enhance productivity, improve decision-making, and streamline call centre operations (Iyer and Bejou, 2004: 67). However, it is illogical for any organization to think that it can achieve the completion of all tasks using this system. CRM relies on the sales staff to perform tasks like following up with clients and closing sales, while it remains a component of the market structure. The success or failure of the transaction depends on the skills of the staff. Also, since CRM applications are based on historical data, they cannot predict the future. Rather, they offer projections based on the collected data to highlight areas that could become possible changes in trajectory. Lastly, CRM systems are not complete solutions to every any crisis that an organization may face. They are designed to assimilate with an organization's existing culture, and amalgamate with established processes. CRM is not a fool-proof method of establishing business sustainability if innovation and change is not implemented.

CRM IN RETAILING

According to Levy & Weitz: "CRM is a business philosophy and set of strategies programs, and systems that focus on identifying and building loyalty with a retailer's most valued customer" This definition points out that the retailers are aiming to convert casual customer into loyal customer with their first visit at retailer stores, keeping in mind customer's sentiments and their buying habits. Today's retail business is very

customer oriented as; there is paradigm shift in the market from mass market to individual market. In build rush to acquire new customers is no more lucrative if repeat purchase does not take place, therefore retailers now have realized that it is equally important to retain the existing ones.

The importance of CRM is in maintaining and increasing customer satisfaction, in order to build a greater loyalty and thus to intensify business profit of the company. This is due to the realisation that it costs less to retain customer than to compete for new ones (Rosenberg and Czepiel, 1984). Several studies reveal that customer retention is less expensive and has an edge over the competitors, therefore retailers are much more concerned with customer retention and loyalty (Reichheld, 1996) than on creating new ones (Dwyer, Robert F., et.al.1987). The retailer's aiming at creating a favourable, pleasing and cordial relationship, focus at influencing the behaviour of customers, which ultimately benefit the retailer in establishing brand equity and positioning strategy. Retailer requires to dig dip to understand "Who" the target Customer are "Why" they purchase "How" to persuade them to buy, and in depth research of shopper's psychology must go into formulating the retail strategy to create a competitive edge.

RETAILING IN INDIA

Probably history of retailing in India is as old as the Indus valley civilization. The budding Indian retail industry is slowly and steadily unfolding its arms and has made its presence felt in the transformation of Indian economy. The India's unprecedented consumption boom can be witnessed by seeing the economic growth rate which is between 7 to 9 percent and the factors like favorable demographics, the paying capacity, consumer awareness, and growing income has catalyzed the consumption demand. It is globally felt and locally accepted that Indian retail Industry is the largest industry in the world with $6.6 trillion staggering worth big business. Indian retail industry is ranked among top ten largest retail markets in the world.

The changing face of retailing in India is because of the attitudinal shift in consumers in terms of "Choice Preference", "Value for Money" and emergence of organized retail formats. It is currently estimated to be US $ 200 billion industry and organized retailing comprises of 3 percent or US $ 6.4 billion of the retail Industry. And organized retailing is projected to reach US $ 23 billion by 2010.With growth over 20 percent per annum over the next five year. India has retained its topmost position among 30 emerging markets in the annual study of retail Investment as reported by A.T Kearney in Global Retail Development Index, 2006.

Challenges to implementing CRM

CRM implementation results in companies indicate that there are still enormous challenges faced by companies when implementing their CRM programs embedded in the implementation of CRM (Bull, 2003). CRM is not cheap. It is hard work and requires significant resources to ensure its success. Its high potential rate of failure has led some business executives to associate the CRM acronyms with "Can't Recover Money".

Due to high failure rate of past CRM initiatives, many industry observers and analysts are bearish on initiatives currently in progress.

When comparing costs against the revenues generated from their CRM investments, most companies have had to conclude that their investments have not yielded the dividends they had anticipated (Woodcock & Stone, 2003). This is further evidenced by the research conducted by Foss et al. (2008) who noted that a study conducted by Gartner, a global research company, indicates that 70% of CRM projects result in either losses or no bottom line improvement in company performance.

As pointed out by Rigby, Reichheld, and Schefter (2002), the reasons for CRM failure is that most executives do not understand what they are implementing, they do not how much it costs and how long it will take the company to start benefiting from its investments. They have subsequently described the four perils of CRM as consisting of:

- ➤ Implementing CRM before a customer strategy
- ➤ Rolling out CRM before creating a customer-focused organization
- ➤ Assuming that CRM has to be technology intensive
- ➤ Trying to build relationships with disinterested customers can further damage the company's reputation

Rouholamini and Venkatesh (2011) distinguish seven key barriers to successful CRM implementation including:

- ➤ Lack of skills
- ➤ Inadequate investment
- ➤ Poor data quality and quantity
- ➤ Failure to understand the business benefits
- ➤ Functional boundaries
- ➤ Lack of leadership and top management involvement
- ➤ Inadequate measurement of systems

Conclusion

Goods trading have been a part of our marketing and selling environment, but today the scene is changing as like retail sector is making a very significant contribution towards the economic development of the country. The effect is not only restricted to the development but also its redefining the shopping habits of Indians. As

today's market is buyers' market not a seller market as a result consumer attitude and buying behaviour is changing constantly. Which is further denying taking customer for granted. On the other hand retailers are facing highly demanding, educated and knowledgeable customers are demanding for a very rich assortments of products and continuously demanding and compelling retailers to stock a huge product range, offer attractive schemes for gaining loyal customer base. On the other hand if we talk about the restrictive competitive forces retail sector is witnessing problems related with high lead time, seasonal fluctuations, evolving customer taste and sizes which are further intensifying the competition. Here retailers have felt need for adopting customer relationship programs. Retailers are continuously finding out the ways to have a better understanding of changing taste and preferences of the customer and on the basis of this understanding are framing the strategies to attract more and more customer base. That to concentration of these strategies is on identifying loyal customer and retaining that loyal customer base only.

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