



## A STUDY ON FACTORS RELATING TO CUSTOMER RELATIONSHIP MANAGEMENT(CRM) IN SUPERMARKETS IN TAMIL NADU

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### Abstract

The entrance of corporate companies in the operation of supermarkets gives grave challenges to the supermarkets to keep their existing customers and create loyalty. To meet these problems, large number of supermarkets adopts Customer Relationship Management (CRM) under which they take up multiple customer relationship making practices highlighting insistently on generating and improving long-term relationships with their customers. The service, employee's response and product availability are the factors relating to Customer Relationship Management (CRM) in supermarkets. There is significant difference between socio-economic status of customers and factors relating to Customer Relationship Management (CRM) in supermarkets. The results show that service, retail strategies, employee's response and product availability are positively and significantly influencing the loyalty of customers towards supermarkets. The supermarkets should communicate information on new products among customers and they must provide information on annual clearance sales to customers. The supermarkets should take follow up actions through mails or SMS and they must give top most priority to develop customer relationship management skills of their employees.

**Key Words:** Customer Relationship Management (Crm), Retail Strategies, Loyalty, Supermarkets.

### Introduction

With the entrance of corporate companies in the Indian retail sector especially in supermarkets over the periods, the retailing business of supermarkets is becoming highly competitive and active. It gives grave challenges to the supermarkets to keep their existing customers and create loyalty. The big supermarkets have ability to attract more customers everyday but fails to spot their regular customers and hold them, particularly profitable ones. To meet these problems, large number of supermarkets adopts Customer Relationship Management (CRM) under which they take up multiple customer relationship making practices highlighting insistently on generating and improving long-term relationships with their customers.

Customer Relationship Management (CRM) is a relationship orientation, superior customer value generated through process management and retention of customers and it aims to create satisfaction among customers and in turn loyalty through providing customized services to each and every customer (Croteau and Li, 2003). CRM is identified as one of the best innovative ways to create a customer base to cope up with competitive market situations. It is essential for organizations to understand the CRM process correctly to implement successfully and accept it on the basis of their specific needs. Hence, the present study is made to study factors relating to Customer Relationship Management (CRM) in supermarkets in Tamil Nadu.

### Methodology

The Tamil Nadu state is selected for the present study. The customers of supermarkets are chosen through convenience sampling method. The data are collected from 622 customers of supermarkets through pre-tested and structured questionnaire. The frequency and percentage analysis are done to understand socio-economic status of customers of supermarkets. The mean and standard deviation are worked out for perception of customers on retail strategies followed by supermarkets. To identify the factors relating to Customer Relationship Management (CRM) in supermarkets, an exploratory factor analysis is carried out. The Analysis of Variance (ANOVA) test is applied to examine the difference between socio-economic status of customers and factors relating to Customer Relationship Management (CRM) in supermarkets. The multiple linear regression is used to study the influence of factors relating to Customer Relationship Management (CRM) and retail strategies on loyalty of customers towards supermarkets.

### Results and Discussion

#### Socio-Economic Status of Customers of Supermarkets

The socio-economic status of customers of supermarkets was analyzed and the results are presented in Table-1. The results show that 53.86 per cent of customers are males and the remaining of 46.14 per cent of customers are females. It is observed that 42.93 per cent of customers are in the age group of 31 – 40 years, 25.08 per cent of customers are in the age group of 21 – 30 years, 11.09 per cent of customers are in the age group of 41 – 50 years, 9.97 per cent of customers are in the age group

of 51 – 60 years, 5.63 per cent of customers are in the age group of less than 20 years and 5.30 per cent of customers are in the age group of more than 60 years.

The results indicate that 28.78 per cent of customers have educational qualification of under graduation, 23.79 per cent of customers have educational qualification of post graduation, 13.50 per cent of customers have educational qualification of diploma, 11.90 per cent of customers have educational qualification of secondary, 11.58 per cent of customers have educational qualification of higher secondary and 10.45 per cent of customers are illiterates. It is clear that 36.33 per cent of customers are private employees, 23.96 per cent of customers are government employees, 16.24 per cent of customers are businessmen, 15.43 per cent of customers are professionals and 8.04 per cent of customers are agriculturists.

The results reveal that 35.21 per cent of customers are in the monthly income group of Rs.30,001 – Rs.60,000, 32.64 per cent of customers are in the monthly income group of Rs.60,001 – Rs.90,000, 20.42 per cent of customers are in the monthly income group of below Rs.30,000 and 11.73 per cent of customers are in the monthly income group of above Rs.90,000. It is apparent that 69.61 per cent of customers are married and the remaining of 30.39 per cent of customers is unmarried.

**Table-1. Socio-Economic Status of Customers of Supermarkets**

| Socio-Economic Status            | Number of Customers | Percentage |
|----------------------------------|---------------------|------------|
| <b>Gender</b>                    |                     |            |
| Male                             | 335                 | 53.86      |
| Female                           | 287                 | 46.14      |
| <b>Age Group</b>                 |                     |            |
| Less than 20 Years               | 35                  | 5.63       |
| 21 – 30 Years                    | 156                 | 25.08      |
| 31 – 40 Years                    | 267                 | 42.93      |
| 41 – 50 Years                    | 69                  | 11.09      |
| 51 – 60 Years                    | 62                  | 9.97       |
| More than 60 Years               | 33                  | 5.30       |
| <b>Educational Qualification</b> |                     |            |
| Illiterates                      | 65                  | 10.45      |
| Secondary                        | 74                  | 11.90      |
| Higher Secondary                 | 72                  | 11.58      |
| Diploma                          | 84                  | 13.50      |
| Under Graduation                 | 179                 | 28.78      |
| Post Graduation                  | 148                 | 23.79      |
| <b>Occupation</b>                |                     |            |
| Businessmen                      | 101                 | 16.24      |
| Government Employees             | 149                 | 23.96      |
| Private Employees                | 226                 | 36.33      |
| Professionals                    | 96                  | 15.43      |
| Agriculturists                   | 50                  | 8.04       |
| <b>Monthly Income</b>            |                     |            |
| Below Rs.30,000                  | 127                 | 20.42      |
| Rs.30,001 – Rs.60,000            | 219                 | 35.21      |
| Rs.60,001 – Rs.90,000            | 203                 | 32.64      |
| Above Rs.90,000                  | 73                  | 11.73      |
| <b>Marital Status</b>            |                     |            |
| Married                          | 433                 | 69.61      |
| Unmarried                        | 189                 | 30.39      |

### Factors Relating to Customer Relationship Management (Crm) In Supermarkets

To identify the factors relating to Customer Relationship Management (CRM) in supermarkets, an exploratory factor analysis is carried out and the results of rotated component matrix are presented in Table-2. The Kaiser-Meyer-Olkin (KMO test) measure of sampling adequacy (KMO = 0.814) and Bartlett's test of Sphericity (Chi-square value = 0.0043; Significance = 0.000) shows that the method of factor analysis is appropriate.

Three factors that are extracted accounting for a total of 72.67 per cent of variations on 15 variables. Each of the three factors contributes to 30.84 per cent, 23.57 per cent and 18.26 per cent respectively.

**Table-2. Factors Relating to Customer Relationship Management (CRM) in Supermarkets**

| Factor | Variables                        | Rotated Factor Loadings | Eigen Value | % of Variation | Factor Name          |
|--------|----------------------------------|-------------------------|-------------|----------------|----------------------|
| I      | Speedy Service                   | 0.71                    | 2.47        | 30.84          | Service              |
|        | Customer Prospect                | 0.69                    |             |                |                      |
|        | Problem Solving                  | 0.73                    |             |                |                      |
|        | Variety of Service               | 0.67                    |             |                |                      |
|        | Quality of Service               | 0.76                    |             |                |                      |
|        | Prompt Response                  | 0.68                    |             |                |                      |
|        | Recognizing Customer Expectation | 0.65                    |             |                |                      |
| II     | Behaviour of Employees           | 0.71                    | 1.29        | 23.57          | Employee's Response  |
|        | Cooperation of Employees         | 0.67                    |             |                |                      |
|        | Partnership                      | 0.73                    |             |                |                      |
|        | Association with Customer        | 0.66                    |             |                |                      |
|        | Interaction                      | 0.64                    |             |                |                      |
| III    | Personalization                  | 0.66                    | 1.07        | 18.26          | Product Availability |
|        | Availability of New Products     | 0.70                    |             |                |                      |
|        | Offerings                        | 0.69                    |             |                |                      |
|        | Cumulative % of Variation        | -                       | -           | 72.67          | -                    |
|        | Cronbach's Alpha                 | -                       | -           | -              | 0.85                 |

**Method of Extraction:** Principal Component Analysis.

**Method of Rotation:** Varimax with Kaiser Normalization.

Rotation converged in 11 iterations.

Factor - I comprises of speedy service, customer prospect, problem solving, variety of service, quality of service, prompt response and recognizing customer expectation. Therefore, this factor is named as Service.

Factor - II includes behaviour of employees, cooperation of employees, partnership, association with customer and interaction. Thus, this factor is named as Employee's Response.

Factor - III consists of personalization, availability of new products and offerings. Hence, this factor is named as Product Availability.

Cronbach's Alpha value of the scale is 0.85 revealing that each measure demonstrates acceptable level of internal consistency. It is inferred that service, employee's response and product availability are the factors relating to Customer Relationship Management (CRM) in supermarkets.

### Socio-Economic Status of Customers And Factors Relating to Customer Relationship Management (CRM) In Supermarkets

To examine the difference between socio-economic status of customers and factors relating to Customer Relationship Management (CRM) in supermarkets, the ANOVA (Analysis of Variance) test is applied and the results are presented in Table-3.

**Table-3. Difference between Socio-Economic Status of Customers and Factors Relating to Customer Relationship Management (CRM) in Supermarkets**

| Particulars  | F-Value   | Sig. |
|--|-----------|------|
| Gender and Factors Relating to Customer Relationship Management in Supermarkets                    | 111.793** | .000 |
| Age Group and Factors Relating to Customer Relationship Management in Supermarkets                 | 4.485**   | .001 |
| Educational Qualification and Factors Relating to Customer Relationship Management in Supermarkets | 4.824**   | .000 |
| Occupation and Factors Relating to Customer Relationship Management in Supermarkets                | 3.173**   | .014 |
| Monthly Income and Factors Relating to Customer Relationship Management in Supermarkets            | 4.924**   | .002 |
| Marital Status and Factors Relating to Customer Relationship Management in Supermarkets            | 47.048**  | .000 |

\*\* Significant at one per cent level

The results imply that the F-values are significant at one per cent level showing that there is a significant difference between socio-economic status of customers and factors relating to Customer Relationship Management(CRM) in supermarkets. Thus, the null hypothesis of there is no significant difference between socio-economic status of customers and factors relating to Customer Relationship Management(CRM) in supermarkets is rejected.

#### **Perception of Customers on Retail Strategies Followed by Supermarkets**

The perception of customers on retail strategies followed by supermarkets was analyzed and the results are presented in Table-4.

**Table-4. Perception of Customers on Retail Strategies Followed By Supermarkets**

| Retail Strategies                        | Mean | Standard Deviation |
|--|------|--------------------|
| Efficient Customer Service               | 3.74 | 0.69               |
| Effective Promotional Measures           | 3.81 | 0.64               |
| Receiving Complaints from Customers      | 3.70 | 0.89               |
| Participation of Employees               | 3.13 | 1.13               |
| Continuous Improvement of Performance    | 3.10 | 1.57               |
| Understanding Needs of Customers         | 3.86 | 0.72               |
| Inviting Innovative Ideas from Customers | 3.28 | 1.17               |
| Providing Purchasing Points to Customers | 3.93 | 0.89               |
| Resolving Customer Complaints            | 3.89 | 0.90               |
| Encouraging Suggestions from Customers   | 3.87 | 0.91               |

The results indicate that the customers of supermarkets are agreed with efficient customer service, effective promotional measures, receiving complaints from customers, understanding needs of customers, providing purchasing points to customers, resolving customer complaints and encouraging suggestions from customers, while, they are neutral with participation of employees, continuous improvement of performance and inviting innovative ideas from customers.

#### **Influence of Factors Relating To Customer Relationship Management (CRM) And Retail Strategies On Loyalty of Customers Towards Supermarkets**

To study the influence of factors relating to Customer Relationship Management (CRM) and retail strategies on loyalty of customers towards supermarkets, the multiple linear regression is used and the results are presented in Table-5.

**Table-5 Influence of Factors Relating to Customer Relationship Management (CRM) and Retail Strategies on Loyalty of Customers towards Supermarkets**

| Particulars                    | Regression Co-efficients | t-Value | Sig. |
|--------------------------------|--------------------------|---------|------|
| Intercept                      | 1.342**                  | 12.792  | .000 |
| Service ( $X_1$ )              | .331**                   | 9.943   | .000 |
| Employee's Response ( $X_2$ )  | .203**                   | 6.189   | .000 |
| Product Availability ( $X_3$ ) | .196**                   | 5.874   | .000 |
| Retail Strategies ( $X_4$ )    | .289**                   | 7.700   | .000 |
| $R^2$                          | 0.59                     | -       | -    |
| Adjusted $R^2$                 | 0.57                     | -       | -    |
| F                              | 82.251                   | -       | .000 |

\*\* Significant at one per cent level

The coefficient of multiple determination ( $R^2$ ) is 0.59 and adjusted  $R^2$  is 0.57 showing the regression model is good fit. It is clear that 57.00 per cent of the variation in dependent variable is explained by the independent variables. The F-value of 82.251 is significant at one per cent level revealing that the model is significant.

The results indicate that service, retail strategies, employee's response and product availability are positively and significantly influencing the loyalty of customers towards supermarkets at one per cent level. Therefore, the null hypothesis of there is no significant influence of factors relating to Customer Relationship Management (CRM) and retail strategies on loyalty of customers towards supermarkets is rejected.

### Conclusion

The present study is concluded that service, employee's response and product availability are the factors relating to Customer Relationship Management (CRM) in supermarkets. There is significant difference between socio-economic status of customers and factors relating to Customer Relationship Management (CRM) in supermarkets. The results show that service, retail strategies, employee's response and product availability are positively and significantly influencing the loyalty of customers towards supermarkets.

The supermarkets should communicate information on new products among customers and they must provide information on annual clearance sales to customers. The supermarkets should take follow up actions through mails or SMS and they must give top most priority to develop customer relationship management skills of their employees. The supermarkets should improve their product and service delivery continuously in order to increase their performance. The supermarkets must seek innovative ideas from their customers to improve business activities and meet out the requirements of customers in the most effective ways.

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