

Customer Relationship Management: A Study on Retail Communication Mix of Discount Stores

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Abstract: In today's world retailing occupies a key role in the economy. Basically, retailing includes all the activities that are involved in selling goods or services directly to final consumers. This study endeavors to understand the customer relationship management in the context of retail communication mix. The main persistence is to assess implication of store communication on customer satisfaction especially in discount stores. Descriptive methodology is adopted to analyze the data collected primary through structured questionnaires. The survey method is adopted for collection of data and linear regression techniques for knowing impact of store communication on customer satisfaction. The result shows that there is an impact of floor manager influence, store layout and employee guidance on customer satisfaction. It also signifies that the most important strength of discount store which could amplify its difference from its competitors is the relation which needs to build over the years with its customers. The research shows that as customers choices and preferences are dynamic in nature and it changes from time to time, and how CRM helps discount store to understand the customers' needs how frequently they visit the customers and the stores. It also deals with analyzing the CRM practices followed by discount store.

Keywords: Customer Relationship Management, Retailing, Customer satisfaction, Discount store

1. Introduction

Food retailing is showing a significant growth in these pandemic period, and among these retail giants 'Star Bazar', 'Big Bazar', 'Reliance' & 'D Mart' are some of the store owned and operated by Indian business tycons. Majority of these organized retail stores are discount store format and a kind of hypermarket which provides it customers and to their family's one stop experience. As these offers wide range of products and services to meet the needs of its customers, in each and every aspect, hence these chain of retail store are deemed to be treated under banner of 'Discount stores'. A wide range of products are available at Discount store, and due to which Discount store is able to win its customers trust.

These organized chain of discount stores started in India as post LPG outcome reaching wide spectrum of geographical areas. As they gained the trust of the customers, it started

establishing its store in almost all the big states in India, such as Gujarat, Andhra Pradesh, Delhi, Karnataka, Tamil Nadu, Punjab, Telangana, Chhattisgarh and Rajasthan.

Discount store has created a distinct image in the minds of its customers as a market where everyone can find products at much cheaper prices than anywhere else. It was able to create a distinct image from its competitors as it dominated the market by offering products at much cheaper prices. It was clear about the company that it focused on the sales volume rather than profit margin. It has not only outperformed its competitors but it has also constantly maintained a good relation with its customers, due to which it is able to survive in this competitive world. Discount store has the vision to provide its customers the products at the best value than anybody else.

The basic strategies or the practices which Discount store follows in customer responsibility management is by setting up an image of a retail store, basically it offers value for money products. And as Retail store offers discounts to almost all the daily usage products, its customers automatically return back to them for repeat purchase. It targets two types of customer segment, which is value conscious customers and the other is upper/lower middle-income customers. It has also figured out how to drive retail chain needs in consumer market in India.

1.1. Customer Relationship Management (CRM)

Basically, Customer relationship management is designed to improve customer service. It is a technique through which businesses tries to improve its existing relationship with the customers and it also aims acquire new customers. In order to perform a variety of customer related tasks organizations use CRM software. Basically, it is used to manage corporate relationships and customer communications.

Stages of Customer Relationship Management:

- Reaching a potential customer
- Customer acquisition
- Conversion
- Customer retention
- Customer
- Loyalty

1.2. Process of Customer Relationship Management (CRM)

The Customer Relationship management process is a strategy to maintain all personalized and meaningful customer communication. The CRM process is a practical concept and there are just some steps which organizations can adopt to help its customers engage in the

process of learning about their products and eventually become a repeat customer. The five step processes of customer relationship management are as follows:

- Generate brand awareness
- Acquire leads
- Convert leads into customers
- Provide superior customer services
- Drive upsell

2. Review of Literature

There is complex interrelationships between utilitarian and hedonic shopping value among the customers which are important retail result for especially for discount store retailers (Carpenter, 2008). Ailawadi et al. (2009) emphasis on what have theorist learned from prior research about promotion, advertising, and other forms of communication and signifies the major issues should future research in this area address the impact of CRM on retail business. As CRM has been widely accepted and extensively practiced in the retail marketing, which encompasses technique of involving human and other AI dimensions (Jain et al., 2011). However, it needs to be considered nevertheless in a discount store.

In the article about the “Business model of D Mart 2019” by Grip provided the business model of D Mart in a detailed manner. In this study it was also stated that Discount store only faced competition from small retailers who lacked the desire to expand their business. The study even stated the different training programs carried on by Retail store to make their employee skillful to handle the large number of its customer base. It also explains the revenue model that D-Mart uses that has allowed them to surpass its competitors like Reliance, Spencers, Big Bazaar etc. The study has also explained about the uses of CRM tool by the different executives, like how they use the necessary information to better serve their customers. Integrated promotion shall be transformation and pillar for channel integration (Domański and Kolinski, 2020).

Sharma and Dubey (2017) conducted a random sample study on the in which they identified the CRM practices followed by retail stores in Bhopal, as well as they identified the CRM tools and techniques which retailers used to benefit them as well as they attracted the customers and thereby the retailers increased their sales. Though this study it was even concluded that through the use of CRM most number of retailers in Bhopal city increases their number of customers. The study helped to understand the different reasons behind the frequent store visits of the customers in the retail stores.

In the study of “Customer Relationship management practices in organized retail malls 2014”, Kumar analyzed customer relationship management practices in organized retail malls in which he identified the variables influencing customer satisfaction. The study

even suggested that the retailers should see in implementing the Activities of shopping mall employees and loyalty programs variables for enhanced satisfying to go for shopping to build a long term relationship with services provided by mall retailer by customers, even the shopping mall retailers should take in to consideration and understanding the customers touch points related to services offered by shopping malls. In was study it was stated clearly that when the unsatisfied services levels are made clear and they are improved to bridge the gap to build long term relationship enhances customer satisfaction and it offers a pleasant shopping experience when the customers make a visit.

In the study of “Customer relationship management in retail sector 2010”, Shah concluded that customer service is critical factor for keeping the customers coming back to the store and if this criteria is meet they will be referring the store to some other people. He even concluded that in order to relate with the customer it is very important to communicate with the customer in a proper way so that the network is maintained. In this study it is also stated that committing to the little thing can make a huge difference and it helps businesses to separate itself from its competitors.

In the article of “The service quality of retail outlets like D Mart and Apna Bazar 2010”, Rajesh identified that how the service quality of retail outlets and its competitors differ from each other. The study focused on the importance of measuring the service quality, in which he found out that Indian retailers didn’t have any reliable tool to measure service quality. The study gives pointers as to how the retail stores can ensure that their customers experience is fruitful. It is also stated in the study that it is very important for businesses to use the CRM tool in order to surpass its competitors. The CRM will result in higher rate of conversion to any promotional/campaign messages, with insignificant consumer communication expenses, indeed it will generate greater revenue generation. This was emphasized in the study by HR and Aithal (2020). It has also thrown light on most importantly - organized brick-and-mortar (B&M) retailers.

Adanlawo and Rugbeer (2019) illustrated how communication builds good relationship and the impacts it has on shopping Centre business in urban center, however, there was lesser focused study on the impact of store communication elements which are impacting building effective CRM. It could be noted that above studies are constrain to factors of CRM in discount stores on customer satisfaction, the research question are developed on the above discussion and research gap found as store design, sales person and CRM components which could impact on the customer satisfaction.

3. Methodology

3.1. Research Design

In order to accomplish the objectives of the study, a descriptive approach applied to analyses the data collected through primary and secondary data. The primary data was

collected through a structured questionnaire & secondary sources of data were collected from different articles, journals, reports etc. The questionnaire comprised of two parts; the first part was designed for the responses of the customers while the second part was designed for the store manager of Discount store. The duration of the study is 30 days and the sample frame includes the customers of Discount store and the Store manager of Discount store.

3.2. Data

The primary data is collected from structured questionnaire from the respondents. The data is collected from randomly selected customers of Discount store. Secondary type of data is collected from articles, journals, research paper etc.

Sampling Design

Through an online survey a set of 150 customers of retail stores and Discount store managers and assistant store manager were selected randomly for collecting relevant information regarding the research. Responses were obtained from 92 customers of Discount store and 2 Store manager responses from Gujarat. The data which was collected were analyzed and interpreted accordingly. In order to analyze the data, google sheet & form used for getting the clear picture of the responses received.

3.3. Data analysis

The data analysis is performed using SPSS, MS excel and other statistical tools. Linear regression analysis is utilized to test hypothesis, since the data in scaled form & as multiple parameters are also accounted in determining the impact on customer satisfaction.

There are various customer responsibility management tools and techniques that are used by Discount store in every possible aspect, as said in above researches. There is much more data needed for the customer responsibility management system to work. The fields may include the name of the customer name, his/her address, transaction date, finished and pending transactions, issues or complaints, demographic data and many more such data.

The study To understand the store communication elements of the discount retail store on the customer relationship management, to know the relationship among those factors that influence the CRM in discount stores and to study the impact of store design factors on customer satisfaction. Since the objective is understand the level of customer satisfaction on the different things of retail facility along with customer care, we have derived a hypothesis to measure the satisfaction based on below elements. The data in the Likert scale we shall go with linear regression, where customer satisfaction as dependent and other elements of retail will be as independent.

H₀: there is impact of floor manager influence, store layout and employee guidance on customer satisfaction.

H_a: there is no impact of floor manager influence, store layout and employee guidance on customer satisfaction.

4. Analysis and Interpretation

From table 1, it is clear that 69.6% of the respondents were male and 30.4% of the respondents were female. From the above table it is clear that 77.2% of the respondents were of age 21-25, 9.8% of the respondents were of age 15-20, 8.7% of the respondents were of age 26-30, and 4.3% of the respondents were of age 30 and above. It is clear that 57.6% of the respondents were students, 17.4% of the respondents were Employed, 16.3% of the respondents were involved in other occupation ad 8.7% of the respondents were Self-employed.

Table 1: Demographic Analysis

| Factors | | Number of respondents | Percentage % |
|------------|---------------|-----------------------|--------------|
| Gender | Male | 64 | 69.6 |
| | Female | 28 | 30.4 |
| Age | 15 – 20 | 9 | 9.8 |
| | 21 – 25 | 71 | 77.2 |
| | 26 – 30 | 8 | 8.7 |
| | 30 and above | 4 | 4.3 |
| Occupation | Student | 53 | 57.6 |
| | Employed | 16 | 17.4 |
| | Self-Employed | 8 | 8.7 |
| | Others | 15 | 16.3 |

5. Results and Discussion

5.1. Satisfaction level of the customers of Discount store and their frequent visits on the basis of the most liked thing about Discount store

It was found that 27.2% of the respondents were completely satisfied, 39.1% of the respondents were somewhat satisfied, 23.9% of the respondents were neither satisfied nor dissatisfied, 6.5% of the respondents were somewhat dissatisfied while 3.3% of the respondents were completely dissatisfied. Overall, after seeing the responses, it can be said that majority of customers are satisfied with the services provided by Discount store.

It was found that 41.3% respondents visit Discount store once in a month, 20.7% of the respondents visit Discount store twice in a month, 19.6% of the respondents visit Discount store thrice in a month, while 18.5% of the respondents visit Discount store four or more than four times in a month. It was found that most of the customers like the customer

services, the discounts, and the prices of Discount store the most. While on an average the customers like credit facility, layout, Hygiene, number of billing counters and the packaging services of Discount store.

5.2. The floor manager behavior and their guidance to the customers and how much were they helpful to the customers

It was found that out of 92 respondents 28 of the respondents have given 5 marks to the floor manager behavior, 31 of the respondents have given 4 marks, 30 of the respondents have given 3 mark, while 3 of the respondents have given 1 mark. Overall, after seeing the responses, we can say that majority of customers find the behavior of the floor manager good to certain extent. It was found that out of 92 respondents 29 of the respondents have given 5 mark which means that the employees of Discount store are able guide them, 32 of the respondents have given 4 marks, 20 of the respondents have given 3 marks, 5 of the respondents have given 2 marks, while 6 of the respondents have given 1 mark which means the employees are completely not able to guide them. Overall, after seeing the seeing the responses, we can say that majority of the customers find the correct guidance from the employee about the product. It was found that 65.2% of the respondents says that the associate offers them help, while 34.8% of the respondents say that the associate does not offer them help.

5.3. Helpfulness of the Layout of Discount store, and the ratings to the theme–setting display of Discount store by the customers

It was found that out of 92 respondents 26 of the respondents have given 5 marks which means that they really find the layout to be helpful, 30 of the respondents have given 4 marks, 23 of the respondents have given 3 marks, 6 of the respondents have given 2 marks, while 7 respondents have given 1 mark which means that they don't find the layout to be helpful. Overall, after seeing the responses, we can say that majority of the customers found the layout of Discount store to be helpful in shopping. It was found that out of 92 respondents, 27 of the respondents have given 5 marks to the theme setting display of Discount store, 38 of the respondents have given 4 marks, 23 of the respondents have given 3 marks, 1 of the respondents have given 2 marks while 3 of the respondents have given 1 mark which means that they do not like the theme setting display of Discount store. Overall, after seeing the responses, we can say that majority of the customers like the theme setting display of Discount store.

5.4. Ethical Marketing Practices by Discount store and the cleanliness of the restrooms at Discount store

It was found that out of 92 respondents, 21 of the respondents have given 5 mark which means that they are completely agreed with the fact that Discount store follows ethical marketing practices, 30 of the respondents have given 4 marks, 27 of the respondents have

given 3 marks, 7 of the respondents have given 2 marks, while 7 of the respondents have given 1 mark. Overall, after seeing the responses, we can consider that majority of the customers find that Discount store follows ethical marketing practices.

It was found that out of 92 respondents 25 of the respondents have given 5 mark which means that they agree with the fact that the restrooms are clean in Discount store, 22 of the respondents have given 4 mark, 27 of the respondents have given 3 mark, 13 of the respondents have given 2 mark, while 5 of the respondents have 1 mark which means that they completely disagree with the fact that the restrooms are clean in Discount store. Overall after seeing the responses, we can say that majority of the customers agree with the fact that the restrooms are clean in Discount store.

5.5. Thought that came first in the minds of the customers about Discount store and their point of purchase factor and the basis on which they visited the stores:

It was found that the first thing which comes into the customers mind is Price and Quality when they think about Discount store. While on an average the customer thinks about customer service, stock and display of Discount store. It was found that 35.9% of the respondents decide their point of purchase on the basis of Brand, 26.1% of the respondents decide on the basis of Preference, 25% of the respondents decide on the basis of Price, while 13% of the respondents decide their point of purchase on the basis of Product visibility. It was found that 35.9% of the respondents agree that they visit the store based on a promotion or sale, 47.8% of the respondents neither agree nor disagree with the fact that they visit the store based on promotion, while 16.3% of the respondents completely disagree that they visit the store based on promotion or sale.

5.6. Responses of the Discount store employees

5.6.1. Important criteria for the selection of Store Assistant, Floor Manager and the training of all the staffs

It was found that Discount store provides training to their staffs for better performance. As there are large numbers of customers visiting the store on a daily basis, they provide training to their staffs to handle them.

5.6.2. Strategy used for offering products at discounted price and their focus on the quality of products

It was found that Discount store focused on the quality of the products which they offer for sale. Basically, they do this because they want their customers to be satisfied to best possible extent.

5.6.3. Strategy used for management of the large number customers at the store and displaying the entire stock on the rack

The store manager and the store assistant answered that they had a large number of employees at the stores to manage the customers at the store, they even said that as the COVID-19 have begun the staff didn't had to handle or manage the customers, instead the customers maintained social distancing and followed each and every protocol laid by Discount store. It was found that the store sometimes not display some products on the rack, a limited quality is available at the racks while some are in the warehouses.

5.6.4. Offering reward to the customers and types of Payment modes available

It was found that Discount store rewarded their customers from time to time basis, there is a basic criteria to qualify in order to get a reward, the criteria is some time limited to a certain minimum amount of purchase or they reward their customers in some Occasion. It was found that the stores offered all the payment modes such as Credit card, Debit card, Cash, BHIM. Basically, they offer all the modes of payment to satisfy their customers, so that the customers feel free to pay through any of the modes.

5.6.5. Methods of Analyzing the customer satisfaction and the Promotional activities to create customer awareness

It was found that Discount store analyses the customer satisfaction through customer database and higher sales. Basically, they believe that if the sale is higher, it means that customers are satisfied with their services. It was found that the method which Discount store uses to analyze the customer satisfaction are feedback, number of repeat purchase and In-app surveys. They track the number of repeat purchases of the customers through the customers databases. It was found that in order to create customer awareness Discount store use the promotional activities such as Newspaper advertisement, Media, Banner, Coupons and Radio jingle.

6. Statistical Analysis

Hypothesis

- H0 : there is an impact of floor manager influence, store layout and employee guidance on customer satisfaction.
- Ha : there is no impact of floor manager influence, store layout and employee guidance on customer satisfaction.

Table 2: Model Summary

| R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------------------|----------|-------------------|----------------------------|
| .693 ^a | .480 | .462 | .74732 |

Note: a. Predictors: (Constant), employee, layout, manager.

Table 3: ANOVA^a

| | Sum of Squares | Df | Mean Square | F | Sig. |
|------------|----------------|----|-------------|--------|-------------------|
| Regression | 45.331 | 3 | 15.110 | 27.056 | .000 ^b |
| Residual | 49.147 | 88 | .558 | | |
| Total | 94.478 | 91 | | | |

Note: a. Dependent Variable: satisfied; b. Predictors: (Constant), employee, layout, manager

Table 4: Coefficients^a

| | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|-------------------|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | Beta | | |
| (Constant) | 1.045 | .341 | | 3.066 | .003 |
| Floor Manager | .268 | .111 | .252 | 2.423 | .017 |
| Store layout | .426 | .086 | .493 | 4.978 | .000 |
| Employee guidance | .040 | .100 | .045 | .399 | .691 |

Note: Dependent Variable - Customer satisfied.

With the above test result the p value (sig) value is less than 0.05, and the r-square value is very significant, i.e., 0.480, we shall reject the null hypothesis and accept the alternative hypothesis. Hence it can be inferred that the store elements, viz., floor manager influence, store layout and employee guidance will have significant impact on customer satisfaction.

7. Findings and Suggestions

Discount store has a such a unique business model which needs to commended. Although the strategy which they used in their initial stage were costly for them but with the help of the same strategy they proved to be very much profitable as time went, Discount store gained customers trust, and we can see how popular they are, and they were able to do so because of their excellent strategies.

The basic thing which Discount store focused the most was the quality and affordability, every time they assured the quality before selling the product to its customers. Discount store even took a step ahead from its competitors by training its staffs, so that they will be able to handle the customers effectively and efficiently. The main reason behind attracting the customers was that they offered the products at the lowest cost and they were able to do so because they eliminated middleman from such business model, as they purchase goods directly from the companies which reduces the cost of middleman, and due to which they are able to offer products at a lower cost.

As Discount store believes in the customer relationship management, they are able to satisfy their customers and the customers indirectly act as the source of bringing new customers. As a part of Customer relationship management practice Discount store started

increasing the number of cash counters and the number of employees at their stores, by doing this Discount store was able to reduce the time spent by the customers in the lengthy queues, as well as they even rewarded their customers to buy more by offering gift shopping vouchers. Discount store can create customer connect through value retailing as it will help it in building long and rewarding relations with the customers. It can even offer rewards and recognitions to its customers as it shows that the company cares about the value of the customers. Also, it can make itself convenient and easier for its customers for shopping than that of its competitors.

Discount store can upgrade its CRM tool to track the changing customers profile, they can even build in such information to get the necessary product design, so that they can add value to their individual customers. Rest Discount store is performing very good in all the aspects whether it be offering good quality products, or offering products at the best price, just it needs to upgrade its CRM tool to continue its operations smoothly. Excellent customer service is one more way through which Discount store can retain old customers as well as it can earn some more new customers, to do this Discount store will require to train its employees about the best practices which can employees can follow to better serve their customers. The data which has been collected from the customers is very small as compared to the total customers of Discount store. Due to limited time it was not possible to do a in depth study of the topic. The study conducted in very short time duration, it could be one of the limitation, with other limitation is of the geographical limitation, since the responses data collected from few selected places in India, viz., to Rajkot, Gujarat city. The response of the respondent could be influenced by some discrepancies, as limitation of respondent is in the nature of behavior aspect of respondent and time of response.

8. Conclusion

It would be concluded by saying that customer service is a very critical factor for keeping the customers coming back and ensuring that they refer the organization or the store to others. This research also identifies strong relationship between the various factors which influence customer relationship management. This study highlights the importance of retail store communication elements viz., store design, CRM which impact on customer satisfaction. There is certain significant scope for expand horizons with other vital store design components, and similar or non-similar retail formats too.

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