

Impact of CRM strategies on Customer Retention: Retail Store Customers Perception

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Abstract

The purpose of this study is to investigate the impact of CRM techniques on customer retention: Retail Store Customers Perspective. The study's main goal is to identify successful CRM and customer retention variables that attract retail shop customers. Due to online purchase customers are not interested to turn at retail stores. Hence this study investigates that the various solution for retain existing customers and attracting new customers through various CRM activities. Data were collected through the tested questionnaires. The convenience sampling approach was employed to collect data from all 15 zones of Chennai. The research sample size is 606. The various Statistical Techniques were used this research., Therefore, conclusion of this research is that Metropolitan City Retail stores have already had great competitiveness in recent years. This means that stores must use outstanding Customer Relationship Management strategies to both retain and gain new customers.

Keywords: Customer Relationship Management, Customer Satisfaction, Customer loyalty, Customer retention

INTRODUCTION

CRM is a technology used to manage a company's interaction with its present and potential customers. It makes more money over time by focusing on client retention and improving relationships with customers through data analysis. Customer loyalty can grow over time and result in retention if the connection's parameters are properly created and upheld. In a highly democratized product, customers' physical and emotional ties eventually disconnect organizations (Burnett, 2004)¹.

Literature review

Customer relationship management (CRM) aims to improve customer interactions in order to boost customer loyalty, retention, and efficiency. It is a strategy for luring new customers and keeping hold of existing ones through the use of cutting-edge IT. Coulter, K. S., & Coulter, R. A. (2002) have carried out numerous studies in the area of client relationship management.

In order to be a successful CRM system, according to Infosys Limited (2016), it must be embraced by a number of stakeholders. There are specific stakeholders for each application and industry. Participants in CRM on a regular basis include marketing managers, executives, call center agents, retail sales agents, dealers, and product managers, as well as clients who use self-service applications and field sales representatives. Every stakeholder has particular requirements for the

CRM. In order to address the demands of various groups of people, CRM is being implemented using a wide variety of ways. CRM is predicated on the idea that a customer's historical patterns of behaviour and statistical traits can be utilised to forecast future behaviour. Benefit agents are thought to get knowledge and understanding about the profitability of their clients and how their clients contribute to the advantages of their organisation. Enterprises and associations alike have implemented knowledge management (KM) with CRM because they understand how crucial KM is to achieving CRM. Investigations have also revealed that, despite examples of overcoming hardship, CRM deployments have also failed. It has been noted that between 70% and 90% less CRM is being used. CRM's strategic initiatives are thought to have failed by a percentage of 30–40%. One out of every five CRM implementations is thought to have a negative impact on client relationships. Nichita (2013). According to research, there is a significant link between consumer loyalty and client retention (Janet Sim, 2014). When people are more satisfied with themselves, they are more inclined to remain loyal to brands and retain clients. The perceived value and importance of a product in the customer's perspective both have an impact on how satisfied they are with the service. Fulfillment is influenced by customers' passionate reactions, their attributions, and their perception of value (Zeithal & Bitner, 2003).

In the harsh business world of today, gaining and keeping consumer loyalty is more challenging than it ever was. This is the result of both technology development and the proliferation of occupations available online. The organisation must place a high value on its goods and advantages, demonstrate a desire to satisfy client wants, or both, in order to establish commitment. Griffin (2002, p. 3) (2002, p. 3)

Objectives:

- To discover the associations between CRM and Retail store retention tactics.
- To Analyze Shopping habit and purchase pattern of Retail stores customers in the study area.
- To measure the influence of Customer profile and the perception towards CRM and customer retention.

Methods used

This research relies on both primary and secondary data. The tested questionnaire collects primary data in the form of statements on a Likert scale of 5 points and optional type. Secondary sources include reports, publications, and other published articles on India's retail sector.

Sample Design

The gaps in the study literature prompted the research questions and hypotheses. Gather data from all of Tamilnadu's districts, the researcher used a convenience sample techniques. A total of 50 questionnaires were distributed in each district, but only 625 replies were received after a careful review of the results, resulting in a sample size of 606.

Result Discussion

CRM PRACTICES USED BY RETAIL STORES

This leads in long-term profitable collaborations with some clients, moving those customers closer to the goal of each contact. A proper CRM strategy focuses on the opportunities accessible to customers who have made sufficient progress in their battle for market share and shines a spotlight on current clients to create a win-win scenario for the organisation and the client. CRM methods boost client retention. Effective two-way talks that try to grasp and influence customer purchasing behaviours may boost client attraction, retention, and loyalty, as well as profitability, through effective and efficient communication.

Customers in Tamilnadu's department stores were kept happy by a variety of customer relationship management (CRM) strategies, including the Membership Card, Wishes, and Impulsive Purchases techniques described above, as well as customer feedback mechanisms such as offers and discounts, and toll-free customer service numbers. Below are the results of the rank analysis performed using the mean value.

CRM Activities	Spls	Avg	Rank
Greetings on Membership Cards	606	4.3851	1
Sending SMS Greetings	606	4.5861	2
Techniques for Making Impulsive Purchases	606	5.7031	7
Customer comments	606	6.3100	10
Promotions and discounts	606	5.2880	3
free phone numbers	606	5.6314	5
Customer feedback grading system	606	5.3675	4
Ambiance	606	5.6569	6
Internet access through WiFi	606	5.8546	9
Parking garage with CCTV	606	5.7246	8

Source: primary Spls= Samples, Avg= Average

The Greetings on Membership Cards (Avg = 4.3851, Rank 1) has been found to be the most effective CRM practice for maintaining a good relationship with customers. A close second is playing an important role in department store customer relationship management by delivering greetings to clients by SMS (Mean = 4.5861, Rank 2). The third-place ranking (Mean = 5.365, Rank 3) is given by the respondents. It demonstrates that offers and discounts have a significant impact on CRM.

The significance of customer relationship management on customer retention factors.

The determination of the criterion based on real research data was helped by a thorough analysis of both local and international literature on customer relationship management (CRM) and customer retention (CRR). Because the researcher considers CRM elements to be independent variables and customer retention factors to be dependent variables, this section must define customer relationship management (CRM) and customer retention (CR) factors. In a linear multiple regression research, relationship management with customers and retention of customers were found to have a significant influence on both independent and dependent variables.

Elements of customer relationship management have an effect on the dependent component of customer satisfaction.

The dependent component's regression analysis findings, customer satisfaction, and the independent factors, relationship management and technology adoption, are summarised in the table below. The quality of service, knowledge management, and staff behaviour were also considered.

Summary of the Model

Model value	R value	R Sqr Value	Adjusted R Sqr	Std. Err
1	.981 ^a	.953	.952	.35629

Source: primary

The R squared value was determined to be 0.953, which means that the independent variables together account for 95.3 percent of the variance. The analysis of the variance table shows the following F values, which support this conclusion even more strongly.

ANOVA^a

Typical Value	Σ Squares	Df	Avg.Sqr	F value	Sign.
Regression value	991.001	5	198.200	1981.230	.000 ^b
Residual value	60.120	601	.101		
Totalvalue	1051.150	606			

Source: primary

F =1981.220, p = 0.00) According to the table above, are statistically significant at the 5% level. This demonstrates that there is a substantial association between management of customer relationships and consumer pleasure in department shops, but the link may be investigated further in the table below.

Coefficients					
Typical	Un standardized Coefficients		Standardized Coefficients	T value	Sign.
	B	Std. Err	β		
RM	-.097	.055	-.105	-1.736	.073
TA	.325	.062	.317	5.191	.000
QA	.291	.063	.271	4.558	.000
KM	.882	.059	.893	15.305	.000
EB	-.395	.052	-.408	-7.731	.000

At the 5% level of significance, the beta values for technology adoption, service quality, knowledge management, and employee conduct are all statistically significant. The Beta values for employee behaviour are all statistically insignificant. The implication is that customers are king in business. Knowing the client's requirements and desires is vital to an effective client relationship management approach. This is achieved by implementing these demands into every element of the business, including customer service and technology adoption. The most important thing to do now to combat declining customer satisfaction is to implement customer processes that are tailored to the unique

needs and values of each individual customer. Tarhan (2004) contends that firms can develop a committed following by meeting the demands of a wide spectrum of customers (Tarhan, 2004: 77). Other than customer satisfaction with retail staff conduct, the preceding results suggest that relationship management is substantially linked to employee behaviour.

The effect of customer relationship management elements on the dependent factor of customer loyalty.

Summary of the Model

Model value	R value	R Sqr Value	Adjusted R Sqr	Std. Err
1	.991 ^a	.971	.981	.19061

The R square value in the preceding table is 0.971, indicating that the independent variables account for 97.1 percent of the variance. This is supported by the F values in the analysis of variance table.

ANOVA^a

Typical Value	∑ Squares	Df	Avg.Sqr	F value	Sign.
Regression value	1156.680	5	231.330	6567.296	.000 ^b
Residual value	21.830	601	.035		
Total value	1178.520	606			

According to the data in the previous table, F = 6567.296, p = 0.00) is statistically significant at the 5% level. This indicates a correlation between CRM and customer loyalty in department shops, however the relationship between the customer and the store may be examined further using the coefficient table below.

Coefficients^a

Typical	Un standardized Coefficients		Standard Coefficients	T value	Sign.
	B	Std. Err	β		
RM	.143	.035	.146	4.187	.000
TA	.188	.035	.175	4.991	.000
QA	-.168	.030	-.148	-4.422	.000
KM	.318	.030	.306	9.184	.000
EB	.536	.030	.523	17.363	.000

According to the table, relationship management (Beta = 0.146, t = 4.187) and technology adoption (Beta = 0.175, t = 4.991, p = 0.00) are both statistically significant at the 5% level. Both service quality (Beta-.148, t =-4.422, p =0.00) and knowledge management (Beta = 0.306, t =9.184, p=0.00) are statistically significant at the 5% level. " exhibited the perseverance of a dedicated customer connection" Zeithaml (2000). Customer loyalty is strongly dependent on a company's ability to retain

consumers and persuade them to suggest its products and services to others. Client loyalty is influenced by a variety of relationship management factors, including but not limited to the following: Customer service standards differ among Tamil Nadu's department stores.

Impact of customer relationship management elements on the dependent factor of customer trust

Summary of the Model

Model value	R value	R Sqr Value	Adjusted R Sqr	Std. Err
Cluster	.976 ^a	.955	.950	.26944

a. Predictors: (Constant), EB, TA, KM, QS, RM

The R square value in the table above is 0.955, suggesting that the independent variables account for 95.5% of the variance. This conclusion is supported by the F values in the analysis of variance table.

ANOVA^a

Typical Value	∑ Squares	Df	Avg.Sqr	F value	Sig.
Regression value	846.240	5	169.251	2348.699	.000 ^b
Residual value	43.300	601	.071		
Total value	889.550	606			

As seen in the table above, F=2348.699, p=0.00 are statistically significant at the 5% level. There is a high association between customer relationship management factors and trust in retail stores. This relationship, however, may be examined in further depth in the coefficient table below.

Coefficients^a					
Typical	Un standardized Coefficients		Standard Coefficients	T value	Sign.
	B	Std. Err	β		
RM	-.086	.048	-.101	-1.816	.050
TA	.312	.052	.331	5.866	.000
QA	.357	.053	.361	6.632	.000
KM	.084	.048	.095	1.745	.082

EB	.264	.045	.298	6.097	.000
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To conclude, beta values of 0.331 and .298 imply 5% statistical significance for technology adoption (Beta =.331; t = 5.866 and p = 0.00), service quality (Beta =0.361 t=6.632 and p=0.00), and employee behaviour (Beta =.298 and t=6.097 and p=0.00). Defined "trust as an anticipation of idealistic outcomes, which one may anticipate in light of the typical action of another group" Thomas (2009). To put it another way, trust is defined as a group's willingness to engage in a transaction with an organisation while also recognising the risks that come with doing so. These findings show that trust is strongly linked to customer relationship management elements such as technology adoption, service quality, and staff conduct. Managing relationships with consumers in a retail environment may be challenging.

Impact of customer relationship management parameters on the dependent factor of customer shopping time

Summary of the Model

Model value	R value	R Sqr Value	Adjusted R Sqr	Std. Err
1	.986 ^a	.976	.975	.22433

The correlation value is 0.976, indicating that the independent variables explain 97.5% of the variation. This is supported by the F values in the analysis of variance table.

ANOVA^a

Typical Value	Σ Squares	Df	Avg.Sqr	F value	Sign.
1 Regression value	1062.303	5	212.761	4628.359	.000 ^b
Residual value	28.608	601	.046		
Total value	1091.912	606			

Hence, at the 5% level, F = 4628.359, p = 0.00 from the preceding table are statistically significant. This demonstrates that there is a substantial association between customer relationship management variables and the length of time people spend in department shops. The co-efficient table below depicts the microscopically examined client interaction.

Coefficients ^a					
Typical	Un standardized Coefficients		Standard Coefficients	T value	Sign.
	B	Std. Err	β		
RM	.037	.039	.039	.928	.343

TA	.144	.044	.139	3.384	.002
QA	.296	.044	.267	6.74	.000
KM	.466	.038	.464	11.915	.000
EB	.091	.036	.092	2.586	.010

The preceding table (Beta = 0.139, t = 3.384, and P = 0.00) shows that both technology adoption (Beta = 0.267) and service quality (Beta = 0.267) are statistically significant at the 5% level. Today is a different time. Whether consumers purchase goods in businesses offline or online, they want the personnel to respect their precious time and work quickly to minimise the amount of time they spend browsing, picking things, and clearing their bills. According to the data in the table above, the amount of time customers spend in shops has a strong correlation with CRM parameters like technology adoption, customer service quality, and knowledge management.

Influence of customer relationship management factors on the dependent factor on Customer cost conscious

Summary of the Model

Model value	R value	R Sqr Value	Adjusted R Sqr	Std. Err
1	.988 ^a	.988	.988	.21235

The table above clearly shows that the R square value of 0.988 implies that the independent variables account for 98.8% of the variance. This conclusion is supported by the F values in the analysis of variance table.

ANOVA^a

Typical Value	Σ Squares	Df	Avg.Sqr	F value	Sign.
Regression value	1117.918	5	223.585	5560.350	.000 ^b
Residual value	24.608	601	.042		
Total value	1142.527	606			

As seen in the table above, F=5560.350, p=0.00 are statistically significant at the 5% level. Coefficient tables illustrate that customer relationship management and cost-consciousness are connected in department retailers. The table below, on the other hand, demonstrates how the client relationship may be examined more closely.

Coefficients^a				
Typical	Un standardized Coefficients	Standard Coefficients	T value	Sign.

	B	Std. Err	β		
Relationship Management	.222	.037	.228	6.133	.000
Technology Adoption	.084	.041	.079	2.065	.038
Quality Service	.098	.042	.088	2.388	.018
Knowledge Management	.408	.038	.397	11.048	.000
Employee Behavior	.212	.034	.208	6.433	.000

Beta values for relationship management (Beta = 0.228, t = 6.133, p = 0.00), knowledge management (Beta = 0.397, t = 11.048, p = 0.00), and employee behaviour (Beta = .208, t = 6.433, p = 0.00) are shown in the table above. Customers aren't naive enough to purchase a product or service without doing their own research. Because they want to get the most out of their money and time, customers are wary of costs. Price sensitivity is a distinction between individuals that describes how customers respond to price fluctuations. Bundled pricing also increases the importance of the partitioned components (Chakravarti et al. 2002). Customers are less likely to buy a product if the perceived price is higher than it really is that's why our customer relationship management (CRM) variables like relationship management, knowledge management, and employee behaviour are all included in the above table.

Findings

The researcher employed linear multiple regression to examine the relationship between CRM practises and client retention methods. Cost, time, loyalty, and trust are the next most important factors in customer satisfaction, followed by all five CRM strategies. Customer relationship management (CRM) methods using contemporary techniques have shown that the membership card is essential for Retail shops to keep in contact with their consumers. Department stores also try to get customers to buy on the spot, which helps them become long-term customers.

Suggestions:

As the vast majority of their patrons are males, department stores will devote greater attention to attracting male consumers and will use innovative CRM techniques to boost the number of female customers who shop there. The majority of department store consumers are of a middle-aged or younger generation, so retailers must devote greater attention to meeting the demands of these clients. Introducing an introducer card to existing customers could help department stores both acquire new customers and improve the effectiveness of their CRM and customer retention strategies. Stores could give existing customers bonus points or other rewards if they use this card to bring in new customers.

Conclusion:

The number of department stores has increased significantly during the previous few years, resulting in a highly competitive environment. Customer Relationship Management (CRM) is a key component of this, as it allows businesses to both keep and gain new consumers. In the current study, customer relationship management (CRM) was found to be effective in retaining customers. Customer retention and satisfaction with CRM were found to have ten dimensions, including relationship management process, technology adoption, quality of service; knowledge management, employee behavior, customer satisfaction; customer loyalty; customer trust; cost, and time, as well as

customer satisfaction and customer retention ten dimensions: Customers' demographics and buying habits are included in the study, as well as their thoughts on the numerous aspects that contribute to consumer happiness. Based on the findings of the current investigation, frequency analysis and regression analysis were used to evaluate and assess demographic features related to CRM and customer retention offered by retail shops. The purpose of these investigations was to discover the statistically significant mean difference and the connection between CRM and customer retention dimensions of demographical variables. Finally, this study found that customer retention in department stores in the state of Tamil Nadu is very important to CRM methods.

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