

A Study On Crm Strategy On Customer Satisfaction And Customer Retention Special Reference With Departmental Stores In Chennai

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ABSTRACT:

This paper examined the impact of customer relationship management (CRM) elements on customer satisfaction and loyalty. The Customer Relationship Management (CRM) is the highly valued in market for existing and current customers. In this research we explore the effect of CRM on factors such as customer satisfaction and customer retention. Since CRM is defined as an important key in business among companies to maintain and increase their customers base. In this study we look for various factors that are necessary for an effective CRM. In this research, we concentrate on these issues that are fetching importance to higher level officials in an organization: is there a relationship between CRM with customer satisfaction and retention in Indian organizations? If so then how we can relate CRM with customer satisfaction and retention? The study employed quantitative approach and base on 100 respondents. Various statistical were used in this study. The finding shows at behavior of the customers are significantly related and contribute to customer satisfaction and retention.

KEYWORDS: Customer Relationship Management (CRM), Customer Satisfaction, Customer retention

INTRODUCTION

Customer relationship management (CRM) is a concept for managing a company's interactions with customers, clients, and sales prospects. It involves using technology to organize, automate, and synchronize business processes. The objectives of CRM are to enhance profitability, income, and customer satisfaction. To attain CRM, many organizations use set of tools, technologies, and procedures to support the relationship with the customer to enhance sales. Therefore, CRM is an issue of strategic business and process rather than a technical one (Dowling, 2002). The significance of customer satisfaction cannot be dismissed while happy customers are like free advertising for the company. It is necessary to put the customer at the centre of the business according to its strategies, events and processes. In fact, it is easier and more profitable to sell to present customers than to find new ones. Organizations are setting themselves strategies to ensure customer retention, and changing their employees to be more customer-focused and service-oriented (Mohsan et al., 2011). As Baker (2003) indicates, all businesses have been affected to some degree and evolution which is happening in the global market place. Now, not only the organizations aim to satisfy the customers but they attempt to do this more efficiently and

effectively than their rivals in the competitive market place to attain their goals (Kotler and Armstrong, 2011). The most important goal of an organization is to maintain customer loyalty and

focus on customer centric approach in their organizational and marketing strategies (Jain & Singh, 2002). Bowen and Chen (2001) argue that having satisfied customers is not sufficient. This is because customer satisfaction needs to have direct impact to customer loyalty. Sivadas and Baker-Prewitt (2000) stress that there is a rising recognition that the last objective of customer satisfaction measurement should be customer loyalty. Many organizations merely categorize customer satisfaction measurement as a type of “marketing intelligence” instead of using it as a management tool to build customer service quality improvement processes and increase profit (Linnell, 2006).

OBJECTIVES OF THE STUDY

- To analyze the relationship of CRM practices on customer satisfaction in the departmental stores in Chennai
- To explore the most important CRM component on customer satisfaction

REVIEW OF LITERATURE

- Abdul Alem et al. (2013) investigate the relationship between various CRM dimensions and organization performance towards financial, customer, internal process, learning and growth of three and five star hotels. The responses were collected from 152 managers of Malaysian hotel sector. The result of this study shows that CRM dimensions like customer orientation, CRM organization, knowledge management and technology based CRM have a positive and significant impact on different perspectives of hotel performance. On the other hand, CRM technology failed to show a significant relationship with learning and growth perspective hotel performance in Malaysia.
- Amin-Reza et al. (2013) in their study aims to test the relationship of perceived value, service quality and customer expectation with customer satisfaction across five different 3-star hotels of Kuala Lumpur, Malaysia. The authors concluded that there is a positive relationship between perceived value, service quality, customer expectation and customer satisfaction but service quality as the most significant factor for effecting the customer satisfaction.
- Priya et al. (2013) their casual and descriptive research design analyzing that how private, public and foreign sector banks can use CRM concept in converting customer need as business opportunity. A finding of this study shows that there is a significant difference towards use of CRM tool for measuring customer satisfaction among various groups of banks. This is followed by there is significant difference in the opinion of the three groups regarding time of measuring customer satisfaction and components of customer satisfaction like customer retention/ loyalty strategy. Moreover, there is a positive link between CRM performance, customer satisfaction and retention with relationship inertia and also switching costs significantly influencing the link between these variables in bank branches of State Bank of India, West Bengal (Arup Kumar & Bivraj Bhusan; 2012)

RESEARCH METHODS

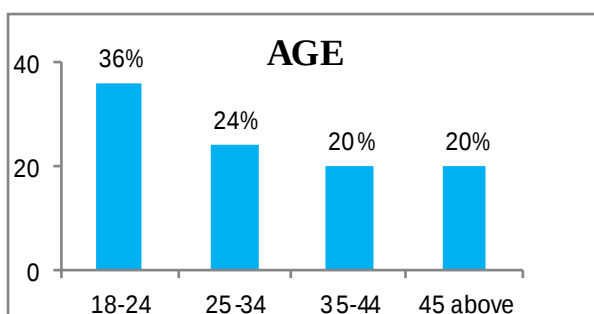
This descriptive research design has been completely depends on the primary data and the data were collected from customers who have been used departmental stores at least one whole day in

Chennai, Tamil Nadu State. The primary data were collected through the questionnaire. This questionnaire is an attempt to study the overall impact of CRM practices in the departmental stores to the customer satisfaction. In order to the CRM practices categorized into customer upgrading capability (thirteen parameters), customer orientation strategies (four parameters), customer value (five parameters), customer interaction management practices (16 parameters), customer contact

programmes (four parameters) and CRM technology (three parameters). Further, the above mentioned CRM practices studied on its impact of customer satisfaction (five parameters), customer loyalty (fifteen parameters) and customer retention practices (nine parameters) in the hotel sector and also examine the relationship of customer satisfaction towards customer loyalty and their retention practices.

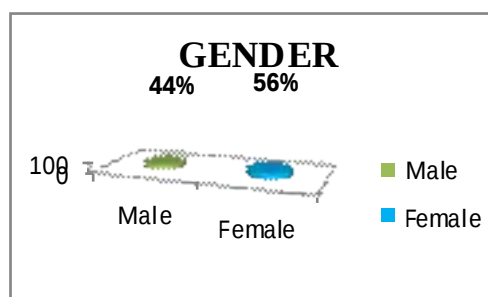
DATA ANALYSIS AND INTERPRETATION

PARTIC ULARS	NO OF RESPONDENT	%
18-24	36	36
25-34	24	24
35-44	20	20
45 above	20	20
Total	100	100

**INTERPRETATION:**

The above table it is found that 36% of respondents are age of 18-24 years, 24% of respondents are age of 25-34 years, 20% respondents is age of 35-44 years, and 20% respondents is age or above 45 years of the customer.

Particulars	No of respondent	%
Male	44	44

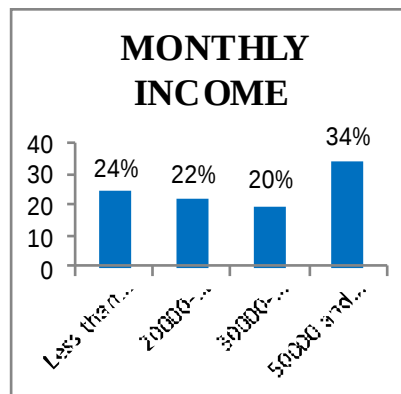


Female	56	56
Total	100	100

INTERPRETATION:

The above table it is found that 44% of respondents are male, 56% of respondents are Female customer.

PARTICULARS	NO OF RESPONDENT	%
Less than 20000	22	22
20000-30000	20	20
30000-40000	22	22
50000 and above	36	36
Total	100	100

**INTERPRETATION:**

The above table it is found that 22% of respondents income level is less than 20000 , 20% of respondents are 20000-30000 salary, 22% respondents are 30000-40000 salary, and 36% respondents 50000 and above salary .

FACTOR ANALYSIS**KMO AND BARTLETT'S TEST**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.897
Bartlett's Test of Sphericity	Approx. Chi-Square	967.926
	Df	55
	Sig.	.000

INTERPRETATION:

Kaiser – Meyer- Olkin (KMO) value is 0.897 it is higher than 0.6 and Bartlett’s test of Sphericity significance value is 0.000 (less than 0.05). So, factor analysis can be undertaken using this data set.

Communalities	Initial	Extraction
Product	1.000	.795
Brand	1.000	.747
Price level compared to competitors	1.000	.722
Exchange process	1.000	.607
Customer service	1.000	.803
Interaction of salesperson	1.000	.867
Sales persons knowledge about the product	1.000	.778
Ambience of the store	1.000	.725
Benefits of Membership card	1.000	.557
Special discount and offers	1.000	.715
Overall experience at retail store	1.000	.722

TOTAL VARIANCE EXPLAINED									
COM PONE NT	INITIAL EIGENVALUES			EXTRACTION SUMS OF SQUARED LOADINGS			ROTATION SUMS OF SQUARED LOADINGS		
	Total	% of Variance	Cumulative %	Total	% of Variance	% Cumulative	Total	% of Variance	Cumulative %
1	6.975	63.409	63.409	6.975	63.409	63.409	4.535	41.225	41.225
2	1.063	9.667	73.076	1.063	9.667	73.076	3.504	31.851	73.076
3	.850	7.724	80.799						
4	.461	4.192	84.992						
5	.411	3.736	88.728						
6	.351	3.192	91.920						

7	.281	2.557	94.478						
8	.257	2.333	96.811						
9	.176	1.599	98.410						
10	.118	1.077	99.487						
11	.056	.513	100.000						
Extraction Method: Principal Component Analysis.									
Component Matrix					Component				
					1	2			
Interaction of salesperson					.917	.160			
Sales persons knowledge about the product					.882	.006			
Product					.880	.145			
Brand					.864	.038			
Price level compared to competitors					.849	-.020			
Special discount and offers are offered by the Departmental stores					.802	-.269			
Ambience of the store					.801	-.290			
Overall experience at Departmental stores					.786	-.323			
Exchange process for Departmental stores					.672	.394			
Benefits of Retail sector card					.616	-.421			
Customer service					.617	.650			

ROTATED COMPONENT MATRIX

VARIABLES	COMPONENT	
	1	2
Overall experience at Retail industry in Chennai	.810	.257
Ambience of the store	.800	.293
Special discount and offers are offered by the Retail industry in Chennai	.787	.310
Benefits of Retail industry in Chennai membership card	.743	.073

Sales persons knowledge about the product	.672	.571
Price level compared to competitors	.664	.530
Brand	.638	.584
Customer service	.056	.894
Exchange process for Retail industry in Chennai	.262	.734
Interaction of sales person	.600	.712
Product	.581	.676

Extraction Method: Principal Component Analysis.

CHI-SQUARE TESTS

COMPARISON OF THE AGE AND PROCESS OF MEMBERSHIP CARD

- **NULL HYPOTHESIS:** There is a relationship between age of the customer and customer satisfaction level of departmental stores.
- **ALTERNATIVE HYPOTHESIS:** There is a relationship between age of the customer and customer satisfaction level of departmental stores.

DEPENDENT VARIABLE	VALUE	DF	ASYMP. SIG. (2-SIDED)
Pearson Chi-Square	28.684	12	.000
Likelihood Ratio	33.514	12	.000
Linear-by-Linear Association	10.351	1	.001
N of Valid Cases	100		

The value of Pearson chi-square is 28.684 and associated significant value is .000(which is less than 0.05). Therefore the null hypothesis is rejected.

INTERPRETATION:

From above table shows the There is a relationship between age of the customer and customer satisfaction level of departmental stores.

FINDINGS

- ❖ 36% of the respondents are age is 18-24.

- ❖ 56% of the respondents are female.
- ❖ 36% of the respondents are earning 50000 and above.
- ❖ 34% of the respondents are known about the Retail industry in Chennai by their friends.
- ❖ 38% of the respondents are satisfied with the process of membership card to the Retail industry in Chennai.
- ❖ There is a relationship between age of the customer and customer satisfaction level of departmental stores.

SUGGESTION

- ❖ Mostly 18 to 34 age group of customers only arrived Retail industry in Chennai so organization should concentrate all age group of customers.
- ❖ Female customers are more comparatively male customer visited in Retail industry in Chennai so organization has to make new strategies to bring male customers.
- ❖ The above 50000 income earned customers only mostly arrived the retail shop Organization has to attract all kind income level of customers.
- ❖ Most of customers know about the Retail industry in Chennai through friends (word of mouth). Retail industry in Chennai must concentrate all the other communication channels.
- ❖ Overall customer satisfaction level is not fulfilling. All departmental stores should understand customer expectation through effective feedback mechanism.
- ❖ Retail industry in Chennai should give important to all the factors of customer retention process.

CONCLUSION

From the study we can easily identified that the customer is necessary to achieve quick sales for the product. This study will be more beneficial to the company retaining of existing customer as well as new customer of departmental stores in Chennai. This study give information about overall satisfaction level of customer is good and retention level is good. Finally this study conclude impact of CRM practices effectively influence to the customer retention process and customer satisfaction of departmental stores in Chennai.

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