

International Journal of Advance Research in Computer Science and Management Studies

Research Article / Paper / Case Study

Available online at: www.ijarcsms.com

An Empirical study of Customer Loyalty & CRM in SSI Units of Nanded city

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Abstract: Building customer loyalty is the basic platform of customer relationship formation. In a highly competitive and challenging business environment, organizations are really blessed if they are fortunate to have loyal customers in their customer inventory. With a backup of loyal customers, the organization could enjoy a number of advantages. In short, having loyal customers will serve as sustainable competitive edges to the organization concerned in the present day context. Therefore, organizations should keep “building customer loyalty” as their prime agenda. Managing relationships with customers and making them delighted has become a necessity in the wake of globalization, where customer delight is the only key to success and to the very existence of the company. The approaches in marketing functions are constantly changing in tune with the changing challenges that are faced at the market fronts. Loyalty in the marketing context may be defined as a willful, voluntary, repeated choice of a specific brand of a product or type of service. Loyalty caters to fulfilling a particular category of need.

In Today’s world, the marketers are considering retaining of customers as a much more challenging job than acquiring customers in the context of growing competitive forces. Hence, the traditional transactional approach of marketing has become insufficient to achieve the marketing goals. This scenario necessitated the emergence of a new approach namely Relationship Marketing. The relationship marketing approach has gradually taken the shape of Customer Relationship Management.

Even in the Small Scale Industries, there is dire need for customer loyalty building through CRM. This paper focuses on Customer Relationship Management practices & efforts for building Customer Loyalty in Small Scale Industries of Nanded City by results of the survey done for 50 Small Scale Industries.

Keywords: Customer, Relationship, Marketing, Customer Loyalty, Management, Practices, Small Scale Industries etc.

I. INTRODUCTION

Under the present context of competitive environment, the focus of the organization is more on customer retention than simply on customer acquisition. Customer retention is the process of keeping customers in the customer inventory for an unending period by meeting the needs and exceeding the expectations of those customers. It is the approach of converting a casual customer into a committed loyal customer. The biggest management challenge in the new millennium of liberalisation and globalization for a business is to serve and maintain good relations with the king-the customer. The changing business environment is characterised by economic liberalisation, increasing competition, high consumer choice, enlightened and demanding customer, more emphasis on quality and value of purchase.

Loyalty in the marketing context may be defined as a willful, voluntary, repeated choice of a specific brand of a product or type of service. Loyalty caters to fulfilling a particular category of need. In the case of one- time purchase loyalty could be

explained in terms of the extent of commitment to the brand selected, the positive attitude developed towards using the brand selected and the positive image the customer projects about the brand he owns. Building customer loyalty is the basic platform of relationship formation. In a highly competitive and challenging business environment, organizations are really blessed if they are fortunate to have loyal customers in their customer inventory. With a backup of loyal customers, the organization could enjoy a number of advantages. In short, having loyal customers will serve as sustainable competitive edges to the organization concerned in the present day context. Therefore, organizations should keep “building customer loyalty” as their prime agenda. An organization’s strategies towards developing and maintaining sustainable relationship differ from one organization to another depending on certain factors. These includes nature of business, its size, its market share, nature of product type, volume of sales, geographic concentration, socio-economic status and life style of the customers concerned, competitors strength, and so on. Managing relationships with customers and making them delighted has become a necessity in the wake of globalization, where customer delight is the only key to success and to the very existence of the company.

Customer loyalty may fall into several types that include:

- Loyalty towards brands
- Loyalty towards stores
- Loyalty towards organization
- Loyalty towards sales persons and
- Loyalty towards any other related aspect in the process of purchase and consumption.

Loyalty towards brand is the committed willful option for a specific brand. Loyalty toward brand is what customers normally develop with specific references to a brand irrespective of any one of the above categories such as organization, store, salesperson, etc. However, there will be a definite role for the organization’s store and salespersons in building brand loyalty.

CRM aims at focusing all the organizational activities towards creating and maintaining a customer. CRM is a new technique in marketing where the marketer tries to develop long term collaborative relationship with customers to develop them as life time customers. CRM aims to make the customer climb up the ladder of loyalty.

➤ Features of CRM

- Focus on customer rather than revenue from single transaction.
- Creating customer value rather than just adding features to the product.
- Long term focused
- High customer service
- High customer commitment through loyalty
- High customer contacts to identify customer needs and serve them better

II. REVIEW OF LITERATURE

CRM is used as a tool to make long term relationship with the customers for surviving in the fiercely competitive market scenario. The core theme of all CRM is its focus on a cooperative and collaborative relationship between the firm and its customers (Nath, V et al. 2009). (Swift, 2001) studied and found out CRM as a process aimed at collecting customer data, finding profiles of customers and use the customer knowledge in specific marketing activities. CRM has been seen as an IT-enabled business strategy focusing on developing and retaining customers through increased scores on satisfaction and loyalty. Relationship marketing attracts, maintains & enhances customer relationship as viewed by Leonard I. Berry (1983). He purposes

the following sequence of activities for performing relationship marketing viz. developing core services to build customer relationship, customisation of relationship, augmenting core services with extra benefits, enhancing customer loyalty & fine tuning internal marketing to promote external marketing success.

Bose (2002) viewed CRM as an integration of technologies and business processes used to satisfy the needs of a customer during any given interaction more specifically from his point of view Customer relationship management (CRM) involves acquisition, analysis and use of knowledge about customers in order to sell goods or services and to do it more efficiently. **Swift (2001)** defined CRM as an approach where companies try to understand and influence customer behaviour through particular and meaningful communications in order to improve customer retention, loyalty, and acquisition, to establish customer relationship and finally to achieve the goal above all, customer profitability.

III. OBJECTIVES OF THE STUDY

Following are the broad objectives of study:

1. To find out problems the SSI units are facing in CRM implementation
2. To find out the opinion from the SSI owners about the customer loyalty
3. To find out whether companies have permanent/preferential customers & feedback mechanism

IV. RESEARCH METHODOLOGY

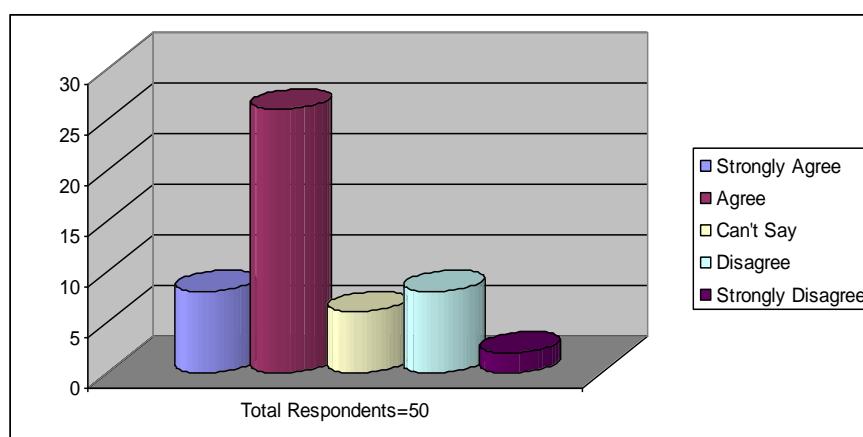
This is an empirical study which focuses on the CRM practices of SSIs. The primary data has been collected through structured questionnaire from the owners of 50 small scale industries. The sample technique used was non-probability convenience sampling.

V. DATA ANALYSIS AND INTERPRETATION

Cost of getting a new customer is higher than retaining the existing customer

Table No: 01

Strongly Agree	Agree	Can't Say	Disagree	Strongly Disagree
8 (16%)	26 (52%)	6 (12%)	8 (16%)	2 (4%)



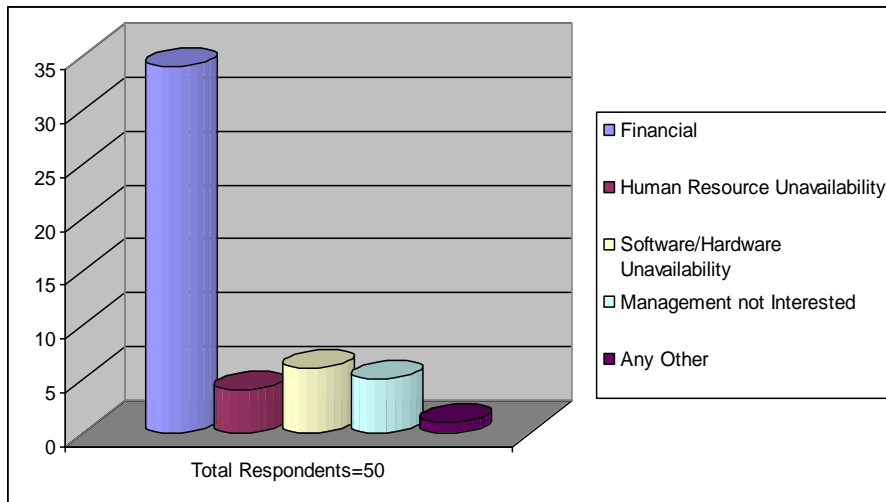
SOURCE: Field survey

Interpretation: Out of 50 respondents there are 26 respondents who agree with Cost of getting a new customer is higher than retaining the existing customer which is 52%.

Problems Company is facing in implementing the CRM practices

Table No: 02

Software/Hardware Unavailability	Human Resource Unavailability	Financial Resources	Management not Interested	Any Other	Total
6 (12%)	4 (8%)	34 (68%)	5(10%)	1 (2%)	50 (100%)



SOURCE: Field survey

Interpretation: Out of the 50 respondents, maximum numbers of respondents have difficulty in implementing due to financial resources & software/hardware unavailability.

Permanent/Preferential customer

Table No: 03

Response		Percentage
Yes	28	56 %
No	22	44%
Total	50	100 %

SOURCE: Field survey

Interpretation: There are 28 respondents who have permanent customer which percentage is 56% & except 22 respondents have not permanent customer those percentage is 44%.

Customer loyalty is the key to the company’s success & every company should strive to build customer loyalty

Table No: 04

Strongly Agree	Agree	Can't Say	Disagree	Strongly Disagree
10 (20%)	30(60%)	8(16%)	1(2%)	1(2%)

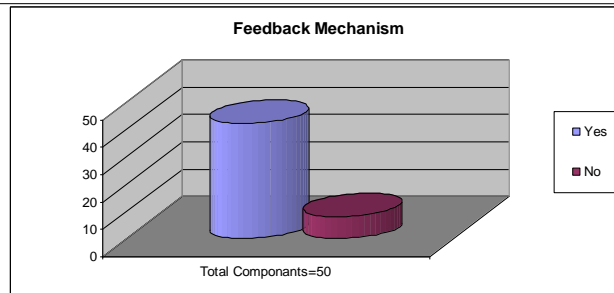
SOURCE: Field survey

Interpretation: 60% of the respondent’s opinion is agreeing with customer loyalty as the key to the company’s success & every company should strive to build customer loyalty which is 30 respondents.

Whether the company has a feedback mechanism

Table No: 05

Yes	No
42 (84%)	8 (16%)



SOURCE: Field survey

Interpretation: Out of 50 respondents there are 42 respondents who have feedback mechanism. And except 8 respondents who have not feedback mechanism. Overall 84% of respondents who have feedback mechanism

VI. MAJOR FINDINGS

52 % of the respondents believe that the Cost of getting a new customer is higher than retaining the existing customer. 68% of the respondents have difficulty in implementing CRM due to financial resources. From the respondents, 44% do not have any preferential customers. On the statement Customer loyalty is the key to the company's success & every company should strive to build customer loyalty, 60% of the respondents are Agree. 84 % of the companies have a feedback mechanism. The major problem for the implementation of CRM practices in SSI units is Financial Resources Unavailability & Software/Hardware unavailability.

VII. CONCLUSION AND SUGGESTIONS

The companies should try to identify their preferential customers & then focus on those customers for long term relationship. The companies should try to maintain the existing customer since the cost of getting a new customer is much more comparatively. The companies should include all the activities which can build up the customer loyalty.

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