CHAPTER 2
REVIEW OF LITERATURE
2.1 INTRODUCTION

Continuous changes in the economy and intense competition are causing businesses of today to undergo radical changes in the approach to business. A number of new technologies are being incorporated in the infrastructure to create a more profitable status. Unlike before, today everything begins and ends with the customer.

Sarathi T.P., Subrahmanyam S.E.V. and Narayana Reddy T. (2014) ascertained that the ability to maximize customer loyalty through close and durable relationships is critical to retail banks’ ability to grow their businesses. As banks strive to create and manage customer relationships, several emerging trends affect the approach and tools banks employ to achieve sustainable growth. CRM is highly exercised in the industry like hospitality, services industry etc. but it is having equal importance in the retail industry also. The results of this research paper shows that the customers don’t take a single second when it comes to change the preference and break the loyalty for an organization, in such a situation it the CRM of the organization which will compel the customers to visit the retail outlet again and again¹.

Dinesh and Bhakkad D (2013) in his article, “A CRM Model Design for Customer Service in Banking Sector” stresses the fact that effective and efficient service is essential not only to attract and efficient service is essential not only to attract new customer but also to retain existing customers. Banks are realizing that CRM is the magic bullet that helps financial institutions to build stronger relationship

because CRM in banking is concerned with attracting, maintain and enhancing customer relationship.\(^2\)

Devaraja T.S. (2012) in his article, “Customer Relationship Management as a Potential Tool for Sustained Competitive Advantage: A Study on Indian IT Industry” reveals that the Information Technology industry is one of the most successful and profitable industry in India. As it continues to grow, industry is faced with the challenges of maintaining its customer relationships along with meeting demands and requirements of its customers. The goal of an IT company is to provide customers with their technology as well as customer service needs. Therefore it is extremely important for the firms to retain the customers and grow the business generated from the customers. This Study shows that, IT firms develop financial, social, customization and structural bonds with customers towards strengthening the relationship. IT forms concentrate on customer acquisition, maintenance and retention. From the study it is also clear that, CRM practices of software service firms are more structured and organized. Whereas the CRM practices of training and hardware firms are not formal.\(^3\)

Archana and Subha (2012) examine the underlying force of service quality influence on passenger’s satisfaction in aircraft transport. A positive organize on service quality through which dimensions have the most and least important force on service quality in international air travel. The passengers of three classes economy,


business and premium. There are different factors of in-flight service quality to be important according to the customer class. The majority important dimensions as supposed by airline passengers in In-flight digital service quality. Those passengers’ satisfactions on different airline company on source of the service delivered.\(^4\)

Dr. H.S. Sandhu and Ms. Neetu Bala (2011) concluded in their study that the service quality has become a highly instrumental co-efficient in the aggressive competitive marketing. For success and survival in today’s competitive environment, delivering quality service is of paramount important for any economic enterprise. Life Insurance Corporation of India, the leading insurance company has set up ‘benchmarks’ in enhancing the whole concept of service quality.\(^5\)

Ms. Babita Yadav (2011) in her study reveals that LIC is the leading brand in life insurance sector but its market share is declining after privatization. LIC needs to improve its service quality to meet changing demands and expectations of customers. These are some of the major findings of the study. The study is significant also because it will help LIC to create a positive impact on its customer by working on the qualities it lacks. Customers are the main pillars of any business and customer service is the critical success factor in a company and providing outstanding customer service differentiates great customer service from indifferent customer service.\(^6\)

Dr. Rajeswari K and Mrs. Kartherswar S (2011) found in their study customer satisfaction is the perception of customer on the service whether that service has met


his need and expectations. Service quality, personal factors, perception of equity and fairness, price product quality, situational factors and attributions for service success or failure are the factors that influence the customer’s satisfaction. However, the perceptions and expectations of the policyholders who have taken the polices from Life Insurance companies vary from person to person.7

Hugar and Nancy vaz. (D’ Costa) observe that India is on the threshold of stark global competition, especially so for the banking sector with the likelihood of the economy opened for global banks soon. The Indian public sector banks which have come face-to-face with competition just since last decade are found wanting both with regard to performance as well as their customer orientation. This paper, first of all, evaluates the need for CRM implementation in the Indian Public Sector (PSBs) through the study of secondary as well as primary data. With the insight received from the exercise and the review of other implementation models found in CRM and related Information Technology literature, an optimum model for CRM implementation for Indian PSBs has been suggested in the second part.8

Jawaharalal. U (2010) in this article “CRM in insurance: same priorities”, highlights the important things to be kept in view while planning CRM. It discusses the increasing usefulness of CRM as a management tool. It again highlights the need for insurance companies to focus on pragmatic CRM solutions rather than participating in mad race of technology. It also advices that, one should aim at searching for customized solutions rather than high technical funds. The importance of proper segmentation, understanding the insurance orientation of the customer,

importance of long term association with the customer, need-based selling, proper training inputs for distributor and claims Management have been emphasized adequately by the author.9

E.Q.T. Ngai, Li Xiu and D.C.K. Chau (2009) in their study despite the importance of data mining technique to customer relationship management (CRM, provide an academic data base of literature during the period 2000-2006. They identified four CRM dimensions. (Customer identification, Customer attraction, Customer retention and customer development and seven data mining functions association, classification, clustering, forecasting, regression, sequence, discovery and visualization). This paper resents a comprehensive review of literature related to application of data-mining techniques in CRM published in academic journals between the periods 200-2006. The main aim of the study is to give a research summery on the application of the data – mining in the CRM domain and techniques which are most often used. Although this review cannot claim to be exhaustive, it does provide reasonable insights and shows the incidence of research on this subject.10

Manoj Patwardhan and Pankaj Srivastave (2009) points out that Customer Relationship Management (CRM) is no longer a new term but a reality for many organizations. Banking is a prime candidate for CRM transformation, as competition in this sector increases; an excellence in service becomes a critical success factor. The study discovers the factors that influence CRM in Indian Banking Sector and evaluates the current CRM implementation process. Respondents are form both

private and public sector banks. Findings of this study have relevance for managers as these findings provide them with the current scenario of CRM. Further, managers learn to identify CRM-related factors that could contribute to CRM implementation.\textsuperscript{11}

Narayana. H Jai (2009), in an article has made an emphasis on importance of customer in the business of insurance. He explained in phase of growing market competition, there is an intense need to go beyond mere efficiency in designing products. To understand the customer’s needs and to convey what they have to offer would perhaps bring in higher efficiencies in customer service. Insurance business revolves around the customer and fair treatment to customers is need of an hour to win their loyalty and trust. In a service based organizations, customer service is the most dominating feature that differentiate and gives good return to the insurers. Proper dealing with customer complaints, effective customer grievances handling mechanism and fast claim settlement procedure are some of the ways through which satisfaction level of customers can be increased. Hence to serve the customers promptly and effectively is the key success of a life insurance business.\textsuperscript{12}

Sarangi Prakash Kumar (2008) in his thesis on “Customer Delight Management: A Case Study on LIC” addresses the importance of customer delight in the insurance industry and its role in the business registered by LIC. Further, the Strategic implications of different problems and relevant suggestions are also discussed. Product innovation and availability of a variety of products of the LIC to suit the needs of the customers delighted them to some extent.\textsuperscript{13}

\textsuperscript{13}Sarangi Prakash Kumar, “Customer Delight Management: A Case Study on LIC”, Ph.D., Thesis submitted to the Department of Management, Sambalpur University, Jyothi Vihar, Sambalpur, 2008.
Jelsy Joseph, Uma Maheswari and Ethirajan (2007) in their article entitled, “CRM in Life Insurance Corporation of India”, portray that quality efficiency at pre and post sale service activity influence at pre and post sale service activity influence customers satisfaction; constant surveillance on the process – response time and consistency – grievances redressal and customer relation enriching systems enhance the level of customers’ satisfaction.\textsuperscript{14}

Paromita Goswami (2007) explores that, the insurance industry in India was opened up to private sector participation in the year 2000. Prior to this, Life Insurance Corporation (LIC) of India was the sole player in the life insurance in India. In six year since the entry of private players in the insurance market, LIC has lost 29 percent market share to the private players, although both, market size and the insurance premium being collected, are on the rise. In 2005, Life Insurance accounted for 79 percent of the total insurance market in India. In view of the increasing competition, this paper attempts to understand the dimensions of service quality which helps ensuring maximum customer satisfaction and hence helps life insurers to acquire a larger share of the market. The study was done on systematic sampling design. SERVQUAL scale was used to discern the different dimensions of service quality and stepwise multiple regressions was run with the scores on tangibility, reliability, responsiveness, assurance and empathy as independent variables and customer satisfaction as the dependent variable. It was found that the responsiveness dimension of service quality provides maximum customer satisfaction in the life insurance industry in India.\textsuperscript{15}


Anil Chandhok (2006) in his article discussed on the applications of customer relationship management in the insurance sector. This article focuses its attention of customer relationship management with the greater emphasis on an individual and personalized basis. The article highlights the fact that a loyal customer advocates the company’s products much better than the organization. The author recommends that to survive and to have an upper hand over the competitors, insurance companies bound to implement customer relationship management not as the demand of all the tome but as the demand of our culture.16

Tapan K. Panda and Bivraj Bhusan Parida (2005) highlighted the Importance of CRM in financial services industry and suggest a set of growth drivers through effective implementation of CRM in retail banking Industry. A model for implementation of CRM initiatives in Financial Services Industry out of the research work conducted in two Indian Banks (Punjab National Bank and HDFC Bank) has been suggested. The study has made an attempt to evaluate the issue of customer retention and rational behind the strategy of customer relationship management.17

Saumithra Bhaduri (2005) has stated in an article entitled “CRM in banks serve the customer” the according to a RBI road-map India will have a competitive banking market after 2009. As one of the most attractive emerging market destinations, India will see foreign banks come in, grow and acquire. A greater focus on CRM, the only way the banking Industry can protect its market share and boost growth. CRM would also make Indian bankers realize that the purpose of their

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business is to create and keep a customer” and to “view the entire business process as consisting of tightly integrated effort to discover, create and satisfy customer needs.  

Gole (2004) explained the critical aspects of CRM and E-CRM or Digital CRM. He exhibited comparison between, the two on various parameters. Further, he focused n the opportunities and advantages of applying CRM digitally. He concluded that the holistically CRM will never vanish; it will just become e-enabled.  

Kaushik Mukerjee (2004) provided useful insights into the Concepts and Practices of Customer Relationship Management. The essential elements of CRM like contact audits, channels, personalized services etc., are explained which can be useful while creating winning CRM strategies. The article describes the concept using several cases and real life examples. They have concluded that the companies in India are also getting CRM – Savvy.  

Alok Mittal, et al., (2003) presented an article on “An Exploratory study of CRM Orientation Among Bank Employees”, the paper aimed at exploring the aspect of the CRM orientation among bank employees of both the public and private sectors banks. The findings of the research highlighted that there is need for improvement on some of the component of the CRM such as customer communication, customer orientation, customer care and handling of complaints in both public and private sector banks. The aged employees in the public and the private banking institutions need to improve their CRM skills in order to compete with their younger counterparts.

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18 Saumithra Bhaduri, Associate Professor, Madras School of Economics, Chennai “CRM in Banks – serve the customers”, The Hindu Business Line, November 4, 2004. 
20 Dr. Kaushik Mukerjee, “CRM Strategies in Action”, marketing mastermind, the ICFAI University Press, August 2004, pp. 31-33. 
Frank Siderio (2003) in the article “CRM for Insurance” explained that to maintain competitive edge and viability, insurance companies are focusing intently on delivering superior customer service. A comprehensive customer relationship management (CRM) strategy addresses three imperatives: sum providing a unified enterprise customer view; sum retaining customers with great services; and sum controlling costs as the insurance company in questions expands. These there imperatives from a unique interplay that maximizes sales while reducing operational costs-the equation for improved revenue growth and profitability.22

Ramachandra (2002) made a study on “Customer Relationship Management Emerging Strategies”, the main objectives of the study was to develop a scale to measure the depth of relationship and stages of relationship development. Further this study also attempted to identify effective and timely cross-selling and up-selling of the products and the services. The study concluded that for laying the right foundation for a better CRM, the banks should be customer centric and give importance to the retention of existing customers than acquiring new ones for it promote cross-selling and re-purchase of products.23

Day (2000) pointed out that the enterprise has to develop some key marketing competencies for the smooth implementation of the CRM. A relationship orientation is the first among such things. Relationship orientation should permeate the mindset, values and norms of the organization. Further, the enterprise needs to continue to increase its knowledge of the customers and ensure that it flows all over the organization finally there is a need for alignment and integration of process.24

Cost to serve existing satisfied customers is always very less for the supplier as they know and understand customers. Customers never come back with complaints and queries because they know the actual business flow and completely rely on the relationship with supplier.\textsuperscript{25}

Retention involves ensuring that the customer remains loyal to the organization and in so doing both parties are able to receive substantial benefits. Organizations can increase their profitability by between 20\% and 125\% if they boost their retention rate by five percent. Customers who receive excellent service remain loyal and provide free advertising by talking about the organization’s products and services. An organization with a primary focus on customer retention should have information about the customer retention rate and the aspects that affect possible customer defection and migration. \textsuperscript{26}

In an organization customer service is the process of delivering information and services regarding all the products and brands. Customer satisfaction depends on quality of service provided to him by the supplier. The organization has not only to elaborate and clarify the details of the services to be provided to the customer but also to abide with the conditions as well. If the quality and trend of service go beyond customer’s expectation, the organization is supposed to have a good business with customers.\textsuperscript{27}

The emergence of CRM as a management approach is a consequence of a number of important trends. These include:

The shift in business focus from transactional marketing to relationship marketing.

- The realization that customer are asset of the business and not simply a commercial audience.
- The transaction in structuring organizations on a strategic basis from functions to processes.
- The recognition of the benefits of using information proactively rather than solely reactively.
- The greater utilization of technology in managing and maximizing the value of information.
- The acceptance of the need for trade-off between delivering and extracting customer value.
- The development of on-to-one marketing approaches.

The objective of customer relationship management is to turn new customers into regularly purchasing clients and then to progressively move them through being strong supporters of the company and its products and finally to being active and vocal advocates for the company thus playing an important role as a referral source.

Customer service has a pivotal role to play in achieving this progression up the ladder of customer loyalty. It should be obvious that traditional marketing mix elements of product, price, promotion and place are the principle elements like customer service, people and process are those which are used to move customer into clients, supporters and ultimately advocates for company’s products and services. In moving clients up the ladder it is essential to understand in an in-depth and explicit manner exactly what the customer is buying and how can offer augmentation or differentially improve the offering to the customer. To achieve the transition
from customer to advocate to advocate, one has to go beyond more “customer satisfaction” to “customer delight” by delivering products or services that exceed expectations.  

In this new millennium, organizations can improve their “customer ownership” by creating a feeling of trust and confidence about the organization and its products in the minds of the customers. There is an enormous opportunity for organizations to improve their bottom-line by addressing all the strategic elements, customer interactions, front and back office integration, CRM culture, change management etc., to attract new customer and hold on to the old ones. Ultimately, however, to be successful in CRM implementation an organization must have a clear strategic vision that fosters the CRM culture and practices.

The organization must selectively choose appropriate analytical tools and techniques to utilize the data and should also select the right vendor for supplying technology solutions. As CRM progress, vendors predict that the near future will see the sharing of common customer interaction channels, with a greater thrust on customization and personalization.

Companies interact with their customer in a number of ways including marketing and advertising, direct mail campaigns, websites, call centers, mobile sales force, brick-and-mortar stores. The CRM is an organizational strategy to develop mutually profitable life long relationship with the customers. The goals of the CRM are:

- Using technology and human resources to gain understanding of needs and behavior of present and potential customers.

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• Acquiring, retail and establish mutually rewarding one to one relationship with customers.
• Providing better customer service to customer.
• Identifying high value customers so that the organization can serve them better with different service.
• Collecting customer information at all possible points and making this information available to the entire organization wherever and whenever needed, so that the customer could be served better.
• Getting maximum “Wallet Share” of the customer.
• Increasing customer revenue by Cross selling and Up selling.
• Simplifying marketing and sales process.
• Providing the level of service required to be to high level customers.
• Integrating all customer related activities like marketing, sales, service in such a way that highest value is provided to customers.  

Early researchers had hypothesized that CRM benefits varied by industry as the process and technologies associated with CRM were tailored to specific industry structures (Lemon and Zeithaml, 2001). However, findings in cross cultural, multi-industry study of CRM done by Thomas and Kumar (2004) supports the notion that desired CRM benefits do not vary across industries or cultures as stipulated by earlier thoughts. The latest findings were associated to three components including relationship, value and brand equity (Richar and Jones, 2008). The list of desired benefits will be used as the critical link between CRM initiatives and the development of customer equity. These core benefits of CRM will be linked theoretically to the

• Improved ability to target profitable customers.
• Integrated offerings across channels
• Improved sales force efficiency and effectiveness
• Individualized marketing messages
• Customized products and services
• Improved customer service efficiency and effectiveness and
• Improved pricing.  

According to Swift (2001), companies gain many benefits from CRM. He states that the benefits are commonly found in one of these areas:

  Lower cost of recruiting customers: The cost for recruiting customers will decrease since there are savings to be made on marketing, mailing, contact, follow-up, fulfillment and service and so on.
• No need to recruit so many customers to preserve a steady volume of business: The number of long-term customers will increase and consequently the need for recruiting many customers decreases.
• Reduced costs of sales: The costs regarding selling are reduced owing to that existing customers are usually more responsive. In addition with better knowledge of channels and distributors the relationships become more effective, as well as that costs for marketing campaigns is reduced.
• Higher customer profitability: The customer profitability will get higher since the customer-wallet share increases, there are increases in up-selling, cross-selling and follow-up sales and more referrals comes with higher customer satisfaction among customers.

Increased customer retention and loyalty: The customer retention increases since customers stay longer, buy more and buy more frequently. The customer also more often takes initiatives, which increases the bonding relationship and as a result the customer loyalty increases as well.\(^\text{32}\)

Keith Fletcher (2003) in his study entitled “Consumer Power and Privacy: The Changing Nature of CRM” pointed out the difficulties that privacy concerns are creating for the growth of e-business and customer relationship management (CRM). The paper introduces the concept that the changing nature of customer power is an essential element in ensuring the success of relationship building. The paper argues that customers should be studied using two dimensions of knowledge and attitudes towards CRM to create a privacy grid. Four segments are discussed in terms of customers reactions to information exchange and CRM activities. This grid is then translated into four distinct types of market situations and marketing strategies to be considered by CRM practitioners and recommendations made.\(^\text{33}\)

Thomas et al. (2004) in their study entitled “Recapturing Lost Customers” highlighted that for both academics and practitioners, the dominant focus of customer relationship management has been customer retention. The authors assert that customer win-back should also be an important part of a customer relationship management strategy. Customer win-back focuses on the reinitiating and management of relationships with customers who have lapsed or defected from a firm. In some cases, firms engage in extensive efforts to reacquire lapsed customers or defectors and a common tactic is lowering the price to reacquisition pricing.


strategy and also examines the optimal pricing strategy when the customer has decided to reinitiate the relationship. By simultaneously modeling reacquisition and duration of the second tenure with the firm, the authors determine that the optimal pricing strategy for their application involves a low reacquisition price and higher prices when customers have been reacquired. In addition to pricing strategy, they also discussed the implications of their findings for targeting lapsed customers for reacquisition.34

Mary Conway et al. (2006) in their study entitled “Creating Effective Customer Relationships in Not-for profit Retailing” highlight that Ten Thousand Villages (a not-for-profit organisation with retail operations in US and Canada that pays Third World artisans fair market value for their works in terms of its retailing and customer relationship management (CRM) strategies. The authors present an analysis of Ten Thousand Villages’ retail stores to assess if and how CRM might be successfully implemented. The analysis considers the use of a volunteer retail sales force and how volunteers might successfully interface with customers.35

Meyer-Waarden et al. (2006) in their study entitled “The Impact of Loyalty Programmes on Repeat Purchase Behaviour” highlighted how to contribute to a better knowledge about the impact of retailing loyalty programmes on repeat purchase behavior. It is based on the Behaviours Scan single-source panel which has been crossed with the store data base of a French retailer. They implemented the multinomial Dirichlet model, in order to test the impact of loyalty programmes on the general market structure. The double jeopardy phenomenon is present and loyalty


programmes do not substantially change market structures, when all companies have loyalty programmes, the market is characterized by an absence of change of the competitive situation.\textsuperscript{36}

Baohong (2006) in his study entitled “Technology Innovation and Implications for Customer Relationship Management” highlight that the recent development of CRM technology calls for rigorous research to better understand the nature of this emerging industry and to help design the best marketing programmes. A better understanding of the development of demand has important implications for design of cross-selling campaign strategy. The emergence of data-mining technology calls for a substantial amount of research to develop statistical learning rules for adaptive machine learning and automated implementation of CRM. For a firm with the goal of maximizing long-term profit. CRM should be formulated as a stochastic dynamic control problem under demand uncertainty with the firm as the decision maker which makes dynamic marketing intervention decisions such as pricing, channel strategy or cross-selling campaign.\textsuperscript{37}

Dale Wilson (2006) in his study entitled: Developing New Business Strategies in B2B Markets by Combining CRM Concepts and Online Databases” illustrates how online databases, available from commercial vendors, can be used as the foundation for developing new business strategies. Emphasis is placed on the use of customer relationship management (CRM) ideas to identify new prospective customers for a high-tech B2B firm. Specially, the concept of customer lifetime value was used to evaluate current customers and match their profiles with the profiles of new prospects from the database. Once high-quality new prospects were identified and prioritized,

the company’s sales force had a much clearer path to follow towards success. This study contributed to the competitive strategy literature by documenting the successful use of a CRM approach to develop marketing strategies and tactics for a B2B firm that is seeking growth by acquiring new customers.38

Wann Yih Wu, His – An Shih and Hui – Chun Chan (2008) in their study entitled “A Study of Customer Relationship Management Activities and Marketing Tactics for Hypermarkets on Membership Behaviour” highlighted that in the current retail environment, relationship management activities and marketing tactics play a predominant role because of the increased importance that consumers attach to the relational properties of their interactions with retailers. As a result, substantial competitive advantage development is required in order to establish effective membership relations. Further, as a result of the vigorous development, establishment of the extant membership relationship becomes a key method of building competitive advantage in the hypermarket. Therefore, this study investigates the interaction of membership relationship management activities and marketing tactics in the hypermarket through perceived relationship investment linking; understood member’s psychological factors that promote customer value; allowing industries and customers to establish a good membership relationship; and finally, the influence of relationship quality and membership behavior.39

Mc Dermott et al. (1997) in their study entitled “The Distribution of Fast-Moving Consumer Goods in the People’s Republic of China” highlighted that the article looks at the distribution of fast-moving consumer goods (FMCG) and the

inefficient marketing and distribution of products. The traditional distribution system of China was known as a “fenpei” or allocation system. China’s retail trade was also dominated by state owned stores which were supplemented on a limited scale by small private and individual retail operators. China’s Ministry of Commerce managed and controlled distribution channels for all types of consumer products. The authors note that since China’s department stores have enjoyed greater autonomy in matters of merchandising, more domestic and foreign funded factories are selling directly to them.\textsuperscript{40}

Castelo, Pita and Jose (2004), in their study entitled “An Empirical Examination of the Antecedents of Customer Loyalty in Retail Banking in Spain” highlight that Customer Loyalty, Customer Satisfaction/Dissatisfaction (CS/D) and Service Quality (SQ) are some of the most substantial concepts in Marketing. Although there has been extensive research relating to these concepts, this has been irregularly discussed. Thus, CS/D research to date has almost entirely concentrated on products, fundamentally low-involvement, non-durable, while almost no attention has been paid to services in general, not to financial services and retail banking in particular. Customer loyalty is an underlying objective for marketing, and the casual relationship between customer loyalty and profits has been widely recognized. These findings considerably help towards an understanding of the complex process of customer loyalty determination for services, and retail banking in particular. They also have significant implications for bank managers.\textsuperscript{41}

Gyan Prakash and Pramod Pathak analysed the Rural Buying Behaviour with special reference to FMCG products. Rural India has become a massive consumer


\textsuperscript{41}Castelo, Pita and Jose (2000), Unpublished Thesis, Universidad Complutense de Madrid, Spain, p. 211.
goods market and FMCG products have emerged as a major product category giving a huge market potential for MNCs and other foreign investors to explore rural regions for marketing opportunities. The present study focuses on the important factors that affect the rural purchase behaviour of FMCG products. Various factors like price, quality, brand name, packaging, quantity, sales promotion, and availability influenced the purchase behaviour of rural consumers. Garrett’s ranking technique was used to find the most significant factors which influenced the buying behaviour of rural consumers. The primary data were collected through a survey with the help of a structured questionnaire. Survey approach is used by the researcher to obtain broad and representative overview of situation.

The study was conducted in the rural areas of Dhanbad, which is located in the eastern part of Jharkhand. The sample size of the current study was 107 respondents consisting of the rural population living in the rural areas of Dhanbad. The respondents were both buyers and consumers of FMCG products. The analysis of data has revealed that the rural consumers are more aware about the brands and products of companies. They make an effort of search for the products of their choice. There are various factors which influence the buying behaviour of rural consumers. The results of the study indicate the price is the most important factor which highly influenced the buying patterns of the rural consumers. So, it is inferred that rural consumers are still price sensitive. Brand name was also a very important factor ranked by Respondents, so it is also inferred that rural consumers are more loyal to their brand preferences. The result also showed that quality is an important factor for rural consumers.42

Smiths Siji analysed the factors influencing buyer behaviour across various product categories in FMCGs. FMCGs are not a single product, it is an umbrella term that hold together a number of different products. It includes toiletries, personal care products, household fabric care products and so forth. All theories and model in consumer behaviour are applied to this sector considering it to be as one product category. But is it really like that? Does the consumer show the same kind of behaviour while buying a perfume and while buying a toilet cleaner? Hence an attempt has been made to find answers to these questions. A sample of 600 questionnaires were collected. The method of sampling adopted was convenience sampling. The factors identified are price perception, loyalty to local retailer and purchase decision involvement. ANOVA was used to find out the differences among these factors across the various sub-categories in FMCGs. The study proves that cosmetics cannot be treated by the way the other three product categories in FMCGs are treated by marketers, academicians also need to investigate the product category separately. Most of the variables included in the study behave different product categories in FMCGs.43

Meera Mathur & Sumbul Samma (2009) investigated CRM practices of selected Organised retail outlet of Udaipur city. They tried to identify the CRM practices and techniques by organized retail firms and stores and also they studied the various benefits of CRM to the retailers and the customers. They used a descriptive research by taking 30 organised retail stores as the sample population. The sampling technique used in the survey is non-probabilistic judgemental sampling using a structured questionnaire, interviews and observation methods to collect data from the

Customer. They found that customers don’t hesitate to change the preference and break the loyalty for an organization, in such a situation it is the CRM of the organization which compels the customers to visit the retail outlet again and again.\textsuperscript{44}

Kamaladevi Baskaran (2012) opines that an appropriate regulatory framework for the organized retail sector is India has to be framed keeping in mind the Indian specificities.\textsuperscript{45}

Krutika (2014) believes that people these days spend their free time shopping in person or on the internet. This increased awareness in the minds of the consumers makes more demand for what they want. In such a case it is the convenience store that faces challenges of the modern retail scenario.\textsuperscript{46}

Dineshkumar & Vikraman (2012) both investigated the Customers’ Satisfaction towards organized retail outlets of Erode city. They tried to identify the determinants of customer satisfaction in organized retails of Erode city, they also tried to identify the attitude and behaviour of customers in organized retail outlets. A convenient sampling method was used taking the sample size as 200. The survey is conducted among all class of customer who are the regular purchasers and occasional buyers in the organizer retail outlets in Erode city. A standard questionnaire is prepared for the collection data from various respondents. The result of the analysis suggests the degree of customer satisfaction in terms of services provided by


organized retail outlets in Erode. The study concludes that most of the customers prefer purchasing from organized retail outlets than unorganized outlets.\textsuperscript{47}

Dheeraj Verma, Devendra Singh Verma both investigated the Customer Relationship Management Practices of selected organized retail outlets of Indore city. They tried to understand the CRM systems used, analyses the importance and its benefits to retailers. They also tried to identify the various levels of satisfaction with a product, purchase decision experience, performance attributes and satisfaction with a Pre Purchase experience. Research Method here is a descriptive in nature The research is done on the sampling retail outlets in different segments like footwear, clothing and apparels etc. A structured questionnaire was prepared for Retailer respondents and retail outlet customer respondents. The research concludes that CRM helps companies understand as well as anticipate the needs of current and potential customers. CRM is thus a very important tool to understand the customer in a better way and know about the customer expectations and demands.\textsuperscript{48}

Shruti Sharma, Dr. Atul Dhingra, studied the Customer Relationship Management Systems - A Study of select organized retail companies of NCR Region. The research work is an atttendance, significance and usage of CRM systems in retail companies of Delhi- NCR Region. A pre-field study of retail sector with a focus on customer satisfaction, application of information technology and major business application has been conducted. A detailed study has been conducted by using a structured questionnaire. Factor analysis was then used to generate findings. The


implementation of CRM solution is not sufficient to create a true learning in organization finds the study.\textsuperscript{49}

Mayur Kumar (2014), investigated Customer relationship Management practices in organized retail shopping malls in Bengaluru city. The study is undertaken to identify the CRM practices on the customer satisfaction and retention in organized retail shopping malls in Bengaluru city. Further it identifies the various categories of demographic factors and variables impacting on CRM practices towards organized shopping malls. The required data of study was collected from both primary as well as secondary sources. Liker scale was used in designing the questionnaire. A sample of 142 respondents was taken from different malls located in Bengaluru city has been selected for the reliability of the analysis. The hypothesis has been tested by using ANOVA. The result is that the retailers should see in implementing the activities of shopping mall employees and the loyalty programs variable for enhanced satisfying to go for shopping to build a long-term relationship.\textsuperscript{50}

Ayan Chattopadhyay analysed Consumer shopping behaviour in the new era of retailing. His research study aims to understand and analyse the ever changing consumer behavioural patterns while shopping. The study involves comparing how the consumer characteristics vary while shopping food and grocery items and apparel in four state capitals of West Bengal, Bihar, Orissa and Jharkand. The behaviour of consumer towards purchase is influenced by a host of factors that include personal needs, economics, marketing, branding, advertising, climate and weather, culture.


society, peer pressure, leisure time, commitments, personal taste, ethics, morality, religion, disposable income, discretionary spending, age and sex of the consumer, family responsibilities, awareness of health issues, and so forth. Simple random sampling method was employed to collect data from the respondents. Composite score analysis, chi-square test, coefficient of variation and analysis of variance were used as the research tools to analyse the data. The observation made are: for food and grocery purchase, location (nearness to home) was the prime consideration for the respondents from Kolkata and Bhubaneswar, while it was range for both respondents from Patna and Ranchi. Ambience was the least important parameter for the respondents of all the four locations. For apparel purchase, range was the most important parameter for the respondents of all the 4 locations.  

Smitha analysed the factors influencing the buying behaviour of organized Retail consumers of food and general stores in Visakhapatnam. An attempt was made to analyse the buying behaviour of the people with respect to organized retail outlets; and to establish the potential of Visakhapatnam for the growth of organized retailing. As data collection was not possible from the entire city of Visakhapatnam, the researcher concentrated only on five main constituencies of Visakhapatnam district. A sample of 200 customers of organized retail were selected for the study taking equal representation of 40 each from the five selected constituencies. Chi-square and ANOVA were used for the study. The result of the study indicate that there is a clear, distinct space for organized and unorganized retailers to operate in Visakhapatnam. The current study indicates that the organized and unorganised retailers target the specific needs of the consumers. Products like staples are the strongholds of the

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unorganized retailers, whereas household cleaning products and packaged foods are the much sought-after products at organized outlets.\textsuperscript{52}

Rama Mohana Rao & Ratna Manikyam evaluated Customers’ opinion on small scale retail stores. The Indian retail sector is dominated by small scale retailers. In the light of severe competition from the fast growing and more challenging big retailers, the survival and growth of small scale retailers depends upon their ability to provide customer satisfaction. The customers opinion on facilities ambience factors, communication, sales promotion techniques and service performance of small-scale retailers are ascertained and analysed. The study covers small-scale retail units in different retail categories food and grocery, textiles and apparel, electrical and electronics, jewellery and footwear. A sample of 450 customers was selected from three regions of the state viz, Costal Andhra, Telangana and Rayalseema. Scaling technique was used to ascertain the opinion. The data were obtained by using the Likert scale and converted into weighted scores. The findings of the study indicate the fact that the small-scale retailers are the key players in the Indian retail sector and continue to offer services to the satisfaction of the customers. The small-scale retailer is the preferred choice of the customers in all the product categories.\textsuperscript{53}

Garden (2001) in his study entitled “Retailers say CRM is crucial but few are implementing Initiative Anonymous” suggests that Retailers consider CRM initiative crucial to the success of their business, but few retailers are implementing CRM strategies survey reports.


Fifty-two percent of respondents rated CRM as their highest priority, and 43 per cent rated CRM as a moderate business priority and 5% per cent rated it as a low priority. But on the whole, only 34 per cent of respondents acknowledged deploying a CRM initiative.\textsuperscript{54}

**RESEARCH GAP**

From the available literature review, there was no earlier research on retail outlet in Indian context particularly in Puducherry region. Moreover there was no any study evaluating the perception of both the retailer and the retail consumer about CRM in organized retail outlet. Hence the present study is carried out to fill this gap.

1. The study of similar nature can be carried out in other regions of Union territory of Puducherry.
2. Both organized and unorganized retail outlet can be considered together in respect of CRM.
3. Within organized retail outlet, study can be undertaken with various categories like Malls and Hypermarkets etc.
4. The study of similar nature can be done across different states.

\textsuperscript{54}Garden (2001), Direct Marketing Garden City: October, Vol.64, Issue 6, p.12.