CHAPTER 3
CUSTOMER LOYALTY PROGRAMMES IN THE MENSWEAR FASHION INDUSTRY AND ITS IMPLICATIONS

INTRODUCTION
This particular chapter focuses on the customer relationship management in the fashion retail sector and sets a guideline for the apparel retailers in the process implementation of CRM.

Customer Focus Issues:
• Costs increase by six times to sell to a new customer than to sell to an existing.
• One dissatisfied customer will tell 8-10 others about their experience.
• Company profits may be boosted 85% by increasing annual customer retention by a mere 5%.
• There is 50% chance of making a sale to an existing customer whilst only a 15% chance of selling to a new customer.
• 70% of customers will do business with the company again if their complaint is successfully resolved.
• 90% of companies (in 2000) didn't have the necessary sales and service integration to support e-commerce.

(Source: Kalakota & Robinson)

CRM: The Payoff
On the plus side, customers with successful CRM systems report higher profits; lower costs to attract and retain customers; greater customer loyalty; and smoother, more streamlined workflows. Specific benefits cited include:
• More timely and targeted customer services
• Increased per-customer revenues
• Greater cross-sell and up-sell success
• Trimmed sales cycles
• More-efficient call center operations
• Improved sales forecasting
• Better-informed marketing decisions
Purposes of Customer Relationship Management

CRM, in its broadest sense, means managing all interactions and business with customers. A good CRM program will allow a business to acquire customers, service the customer, increase the value of the customer to the company, retain good customers, and determine which customers can be retained or given a higher level of service. A good CRM program can improve customer service by facilitating communication in several ways:

- Provide product information and product specialties information on web sites that are accessible 24 hours a day, 7 days a week.
- Identify how each individual customer defines quality, and then design a service strategy for each customer based on these individual requirements and expectations.
- Provide a fast mechanism for managing and scheduling follow-up sales calls to assess post-purchase cognitive dissonance, repurchase probabilities, repurchase times, and repurchase frequencies.
- Provide a mechanism to track all points of contact between a customer and the company, and do it in an integrated way so that all sources and types of contact are included, and all users of the system see the same view of the customer (reduces confusion).
- Help to identify potential problems quickly, before they occur.
- Provide a user-friendly mechanism for registering customer complaints (complaints that are not registered with the company cannot be resolved, and are a major source of customer dissatisfaction).
- Provide a fast mechanism for handling problems and complaints (complaints that are resolved quickly can increase customer satisfaction).
- Provide a fast mechanism for correcting service deficiencies (correct the problem before other customers experience the same dissatisfaction).
- Use internet cookies to track customer interests and personalize product offerings accordingly.
- Use the Internet to engage in collaborative customization or real-time customization.
- Provide a fast mechanism for managing and scheduling maintenance, repair, and ongoing support (improve efficiency and effectiveness).
The CRM can be integrated into other cross-functional systems and thereby provide accounting and production information to customers when they want it.

A Case:

In a nutshell let’s calculate the starting point of CRM through this hypothetical case:

Suppose average annual expenditure of an individual on branded apparel is Rs. 5000.00 for individual consumption. Within which he may be spending Rs. 2000.00 annually on shirts only. That means if he is starting purchasing shirts at the age of twenty and his life span is up to sixty years, he is a Rs. 80000.00 worth of customer in current valuation.

Suppose the same customer’s average annual expenditure on branded apparel is Rs. 3000.00 for gift purpose to his family members, relatives or friends and out of which he is purchasing only shirts worth Rs. 1500.00. For the said purpose if he is shopping for even thirty years in his life that means he is worth again Rs. 45000.00 in current valuation.

Suppose the same customer is acting as an influencer or as a reference to some other shoppers and he is effecting a total transaction of Rs. 4000.00 in the branded apparel sector, out of which Rs. 1000.00 on shirts only. Even if he is playing this role for thirty years in his life span, that means he is the key person who is affecting a total sales of another Rs. 30000.00 in present valuation.

As a result, the total worth of the same customer is Rs. 155000.00 in his lifetime to the retailer only for the shirt market. And if we go on calculating his total worth in the branded apparel market it will come up to whopping Rs. 410000.00.

Now suppose the shopper is moving into a multi brand outlet, there is a huge probability of certain extent of cross shopping. Even if he is doing a cross shopping of Rs. 3000.00 per annum that means to his total worth he is adding up Rs. 90000.00 more in his lifetime.

The focus of the retailers should not be to sell a shirt worth Rs. 500/- to the customer. If the retailer wants to exist in this competitive market and wants to have a brand loyal customer then the retailer must try to grab the entire worth of the customer. If he is creating a satisfied customer then the retailer is going to get a hefty sale all through and if he is creating a dissatisfied customer then he is going to make a sell of Rs. 500/- only.

So the monetary effect is cumulative and will be multiplying with the passage of time. Now if the retailer is interested to grab a customer for lifetime then with the quality merchandise, brands and excellent shopping ambience he has to practice a proper technique of customer relationship management. The retailers have to be ahead of the competition and have to
provide the customer something extra and a more value addition on their assortments, which the competitors are not providing or will not be able to provide so that that particular individual customer turns up as the outlet's lifetime customer.

**Customer Relationship Management in Retail**

Retail industry in India is at the crossroads. One of the major factors playing a role is income – Increase in Disposable incomes of customers across various sectors. Every retailer today is aiming at an attempt to make a casual customer into a loyal customer who develops a bond with the retail store he or she visits. Customer relationship management as a transactional exchange helps the marketer to understand the customer's sentiments and buying habits so that the customer can be provided with products and services before he starts demanding them. A successful and effective CRM program results in increase of Customers Lifetime Value for the store. A good CRM strategy should focus on building dynamic relationship with the customer, making CRM the key element to building customer loyalty to a store brand and to build a significant competitive advantage.

Customer Relationship Management is "a way of differentiation between customers to provide greater value to more valuable customers. The meaning of more valuable would be in terms of the monetary spending received from the customer along with recency and frequency of visit.”

Customer relationship management in its broadest sense simply means, “Managing all customer interactions”.

In practice, this requires using information about the customers and prospects to more effectively interact with one’s customers in all the stages of relationship with them. We refer to these stages as “the customer lifecycle”.

The customer lifecycle has three stages:

- Acquiring customers
- Increasing the value of the customers
- Retaining good customers

**Role of CRM in the Retail Industry**

Expectations of customer is increasing and they asks for more and more value for the same price, and whoever provides him increasing value for money, he buys products from that marketer. Every retailer today is aiming at an attempt to make a casual customer into a loyal customer who develops a bond with the retail store he or she visits.
Customer relationship management is ahead of the transactional exchange and facilitates the marketer to understand the customer's sentiments and buying habits so that the customer can be provided with products and services before he starts demanding. This is possible through the integration of four important components i.e. people, process, technology and data.

Today the term CRM has become a buzzword in the Indian retail world. There are a host of reasons, which can be attributed to the changing consumer paradigm and the role played by the organised retailers in making CRM a happening phenomenon. Every retailer in India today is looking at some or the other form of CRM or its prime constituent loyalty based program.

In the retail milieu, where generating and retaining footfalls is the greatest impediment to success, the challenge lies in constantly innovating methods of attracting new customers and keeping there interests alive. Loyalty programs as part of CRM based activity are one of the ways of overcoming this challenge.

The CRM Process in the Retail Industry

CRM is an alternative process that turns customer data into customer’s loyalty through some activities like:

1. **Collecting customer data**

The first step in the CRM process is constructing a customer database, referred to as a customer data warehouse, which contains all of the data the retailer has collected about its customers and is the foundation for subsequent CRM activities.

**Customer database**

Ideally, the database about the customer should contain the following information.

- **Transaction**-a complete history of the purchases made by the customer, including the purchase date, the price paid, the SKU's purchased, and whether or not the merchandise was purchased in response to a special promotion or marketing activity.

- **Customer contacts**-a record of the interactions that the customer has had with the retailer, including visit to the retailer’s website, inquiries made through in store kiosks, and telephone calls made to the retailer’s call centre, plus information required by the retailer by using catalogs and direct mail sent to the customer.

- **Customer preferences**- what the customer likes, such as favorite colors, brands, fabrics, and flavors as well as apparel sizes.

- **Descriptive information**-demographic and psychographic data describing the customer that can be used in developing marketing activities.
Responses to marketing activities- the analysis of the transaction and contact data provide information about the customer's responsiveness to marketing activities. A number of different members of a household might have interaction with a retailer. Thus, to get a complete view of the customer, retailers need to be able to combine the individual customer data from each member of a household. For example, without this household-level data, a supermarket retailer might under estimate the importance of a household with several people who shop at the store.

**Identifying Information**

Constructing this database is relatively easy for catalog shoppers and customers who use the retailer's credit card when buying merchandise in stores like in Big Bazaar. Since some retailers issue their own credit card, they can collect the contact information for billing when customers apply for the card. In these cases, the identification of the customer is linked to the transaction. However, identifying most customers who are making in-store transactions is more difficult because they often pay for the merchandise with cash, or a third-party credit card such as Visa and MasterCard. Three approaches that store-based retailers can use to overcome this problem are:

- Asking customers for identifying information.
- Offering a frequent shopper cards
- Linking, checking account numbers and third-party credit card to customer names.

**Asking for identifying information:**

Some retailers have their sales associates who ask customers for identifying information such as their phone number or name and address when ring up a sale. This information is then used to create the transaction database for the customer. This approach has two limitations:

- Some customers may be reluctant to provide the information and feel that the sales associates are violating their privacy.
- Sales associates might forget to ask for the information or decide not to spend the time getting and recording it during a busy period.

**Offering a Frequent Shopper Card** in Frequent shopper programs, also called loyalty programmes, are programs that identify and provide rewards for customers who patronize a retailer. When customers enroll in one of these programmes, they provide some descriptive information about themselves or their household and are given incentive to show the card when they make purchases from the retailer.
From the retailer’s perspective, frequent shopper programs offer two benefits:

- Customers provide demographic and other information when they sign up for the program and then are motivated to identify themselves at each transaction.
- Customers are motivated by the rewards offered to increase the number of visits to the retailer and the amount purchased on each visit.

The major problems with using frequent shopper cards for identification are that the card is often squeezed out of the customer’s wallet by the other cards, the customer might forget to bring it to the store when shopping, or the customer might decide not to show it if he or she is in a hurry. Retailers have developed innovative approaches for overcoming these problems. Other retailers are experimenting with cardless ways of identifying customers. Sometimes it has also been seen that the customer don’t even encash their reward points at the end of the stipulated time.

Linking Checking Account Numbers and Third Party Credit Cards

Rather than asking for identifying information or requiring a frequent shopper card, some retailers unobtrusively collect enough information about the customer to link transaction to the individual.

2. Analyzing Customer Data and Identifying Target Customers

The next step in the CRM process is analyzing the customer database and converting the data into information that will help retailers develop programs for building customer loyalty. Data mining is one approach commonly used to develop this information. Data mining is a technique used to identify patterns in data, typically patterns that the analyst is unaware of prior to searching through the data.

- Market basket analysis is a specific type of data analysis that focuses on the composition of the basket, or bundle, of products purchased by a household during a single shopping occasion. This analysis is often useful for suggesting where to place merchandise in a store.

Identifying market segment

Traditional, customer data analysis has focused on identifying market segments – groups of customers who have similar needs, purchase similar merchandise; respond in a similar manner to marketing activities. Eddie Bauer discovered two types of shoppers. One group is called “professional shoppers” – people who love fashion and value good customer service. The other group is called “too busy to shop people” – people who want the shopping experience over as quickly as possible. He also discovered that morning shoppers are more price sensitive.
sensitive and like to buy products on sale more than evening shoppers. Evening shoppers tended to be in the professional shopper segment. Using this information, in the morning he displayed lowered priced merchandise and items on sale on the electronic window poster, while in the evening, the more expensive and fashionable merchandise was displayed.

**Identifying best customers**

Using information in the customer database, retailers can develop a score or indicating how valuable they are to the firm. This score can then be used to determine which customer to target.

**Lifetime value:** A commonly used measure to score each customer is called lifetime customer value. Lifetime customer value (LTV) is the expected contribution from the customer to the retailer’s profit over his or her entire relationship with the retailer (see the above case).

**Customer pyramid:** Most retailers realize that their customers differ in terms of their profitability or LTV. In particular, they know that a relatively small number of customers account for majority of their profits.

A commonly used segmentation scheme divides customers into four segments. This scheme allows retailers to develop more appropriate strategy for each of the segment. Each of the four segments is described below (Source: Marketing Management by Philip Kotler).

- **Platinum segment** – these are most loyal customers who are not overly concerned about merchandise price and place more value on customer service.

- **Gold segment** – these customers have a lower LTV than platinum customer because they are more price-sensitive.

- **Iron segment** – these customers do not deserve much special attention from the retailers due to their modest LTV.

- **Lead segment** – they often demand a lot of attention but do not buy much from the retailers.

**RFM Analysis**

RFM (recency, frequency, monetary) analysis, often used by catalog retailers is a scheme for segmenting customers according to how recent they have made a purchase, how frequent they make purchases, and how much they have bought.

**3. Developing CRM programs**

Having segmented customers according to their future profit potential, the next step in the CRM process should be to develop programs for the different customer segment. The programs are used by the retailers for:
(1) Retaining their best customers,
(2) Converting good customers into high-LTV customers, and
(3) Getting rid of unprofitable customers.

**Customer Retention**

Four approaches that retailers should practice to retain their best customers are:

(1) Frequent shopper programs,
(2) Special customer service,
(3) Personalization, and
(4) Community.

**Frequent shopper programs:**

These programs are used to build a customer database by identifying customers with transactions and to encourage repeat purchase behavior and retailer loyalty. Retailers provide incentives to encourage customers to enroll in the program and use the card. These incentives are either discount on purchases made from the retailers or points for every rupee of merchandise purchased. The points are then redeemable for special reward.

**Four factors** limit the effectiveness of frequent shopping programs.

- They can be expensive sometimes.
- It is difficult to make corrections in programs when problems arise.
- It is not clear that these programs increase customer spending behaviour and loyalty towards the retailer.
- The difficulty of gaining a competitive advantage based on frequent shopper programs.
- Sometimes the customers do not encash their reward points.

**Special customer services:**

Retailers should provide usually high quality customer service to build and maintain the loyalty of platinum customers like valet parking etc.

**Personalization:**

An important limitation of CRM strategy that is developed for market segments, such as platinum segment in the customer pyramid or early repeat customers in the RFM analysis, is that each segment is composed of a large number of customers who are not identical. Thus, every strategy would be appealing for only the typical customers in the segment, and not as appealing to majority of customers in the segment.
With the availability of customer level data and analysis tools, retailers can now economically offer unique benefits and target messages to individual customers. They now have ability to develop programs for small groups of customers and even specific individuals. Developing retail programs for small groups or individual customers is referred to as one-to-one retailing. Many small, local retailers have always practiced one to one retailing. They know each of their customers, greet them by name when they walk in the store, and then recommend merchandise they know the customer will like. These local storeowners do not need customer databases and data mining tools. They have the information in their heads. But most large retail chains and their employees do not have this intimate information about their customers. Thus the CRM process enables larger retailers to efficiently develop relationships similar to those that many small local retailers have.

The internet channel provides an opportunity for retailers to automate the practice of one-to-one retailing. When registered customers log on to amazon.com, the first page they see is personalized for them. Their name is displayed in a greeting, and the products are displayed based on an analysis of their past purchase behavior. Pantaloons futurebaazar.com is creating a niche for them in the apparel web marketing already. These personalized rewards or benefits that the customers receive are based on unique information possessed by retailers and their sales associates. This information in the retailer's customer database cannot be accessed or used by competitors. Thus, it provides an opportunity to develop a sustainable competitive advantage.

The effective use of this information creates a positive feedback cycle in the CRM process increasing repeated purchases with the retailer increases the data collected from the customer, which enables the retailers to provide more personalized benefits that in return increase the customer's purchases from the retailer.

**Community:**

A fourth approach for building customer retention and loyalty is to develop a sense of community among customers. For example, in addition to offering merchandise for sale, a sportswear apparel retailer could provide an opportunity for organizers for local sporting events to post information about these events on its website. The volunteers organizing youth soccer and cricket leagues and tennis and golf tournaments could provide information about meetings and game dates, time and places. Then the retailer could collect information about the
participants in local league and offer discounts to encourage the teams to buy their uniforms and equipment and facilitate their transactions.

Converting Good Customers into Best Customers

In context of the customer pyramid, increasing the sales made to good customers is referred to as "customer alchemy"-converting iron and gold customers into platinum customers. Customer alchemy involves offering and selling more products and services to existing customers and increasing the retailer's share of wallet with these customers.

The first tier has a traditional design to gather customer data.

The second tier targeted as its better customers, is more innovative. Customers earn a "key" when they spend Rs.100 or more in a single transaction. Fifty keys make the customer a "keyholder" 100 keys a "premium keyholder." When customers achieve these higher levels, they get discounts on popular entertainment events, theater tickets, sporting events, and hotel vacations. The key program seeks to convert iron and gold customers into platinum customers. In the four years since starting the key program, Tesco has raised its market share from 13 percent to more than 17 percent on the basis of this key programme. Many Indian retailers like Pantaloons and Shoppers' Stop are already practicing this method.

The retailer's customer database reveals opportunities for cross selling and add-on selling. Cross selling is selling a complementary product or service in a specific transaction, such as selling a customer a shirt when he or she has decided to buy a trouser. Add-on selling is selling additional new products and services to existing customers.

Dealing with Unprofitable Customers

In many cases the bottom tier of customers actually has negative LTV. Retailers actually lose money on every sale they make to these customers. For example, catalog retailers have customers who repeatedly buy three or four items and return all but one of them. The cost of processing two or three returned items is much greater than the profits coming from the one item that the customer kept. The process of no longer selling to these unprofitable customers can be referred to as "getting the lead out," in terms of the customer pyramid.

Two approaches for getting the lead out are:

- Offering less costly approaches for satisfying the needs of lead customers
- Charging the customers for the services they are abusing.

4. Implementing CRM programs
Increasing sales and profits from the CRM programs is a challenge. The effective implementation of CRM programs requires the close coordination of activities by different functions in a retailer's organization. The MIS department needs to collect, analyse, and make the relevant information readily accessible for employees implementing the program - the frontline services provider and sale associates and the marketers responsible for communicating with customers through impersonal channels (mass advertising, direct mail and e-mail). Store operations and human resource management needs to hire, train and motivate the employee who will be using the information to deliver personalized services. Most retailers are product-centric, not customer-centric. Buyers in a retailer firm are organized by type of product. Typically, there is no area of a retail firm organized by customer type - responsible for delivering product and services to types of customers. Perhaps in the future, retailers will have market managers to perform this coordinating function.

**Improving customer relationships**

CRM programs also are able to improve customer relationships. Proponents say this is so because:

- CRM technology can track customer interests, needs, and buying habits as they progress through their life cycles, and tailor the marketing effort accordingly. This way customer get exactly what they want as they change.
- The process can track customer product use as the product progresses through its life cycle, and tailor the service strategy accordingly. This way customer gets what they need as the product ages.
- In institutional selling, the technology can be used to micro-segment the buying centre and help coordinate the conflicting and changing purchase criteria of its members.
- When any of the technology-driven improvements in customer service (mentioned above) contribute to long-term customer satisfaction, they can ensure repeat purchases, improve customer relationships, increase customer loyalty, decrease customer turnover, decrease marketing costs (associated with customer acquisition and customer "training"), increase sales revenue, and thereby increase profit margins.
- Repeat purchase, however, comes from customer satisfaction - which in turn comes from a deeper understanding of each customer, their individual business challenges and proposing solutions for those challenges rather than a "one size fits all" approach in the apparel retail industry.
• CRM software enables sales people to achieve this one on one approach to selling and can automate some elements of it via tailor able marketing communications.

**Tangible and Intangible Benefits**

Tangible benefit + Intangible benefit = Loyalty to Brand

**The Tangible Value**

**Discounts, Offers, Promotions, Payback**

**Discounts**

There are regular discounts offered by a store either as a special scheme, yearly sale discount, mark down discount etc. Over and above such schemes when a store offers additional offer to certain customers selected on certain specific criteria that would become a part of a CRM initiative. Such offers would be any new scheme which is being launched for any particular product or a group of products for e.g. offer can be made of a product bundling to the customers, wherein two products together are clubbed at a special price.

Promotion would indicate stress on any or a group of products for its maximum sale. These are footfall drivers to the store and store keeps on launching some or the other promotion schemes from time to time.

Payback can be linked to the parking fee. There are some stores and malls, which charge a token fee for vehicle parking; however the same is reimbursed against any purchase (as specified) at the store.

**Loyalty point redemption system**

The loyalty points earned by the customers can be reimbursed any time after the customer generates minimum specific points.

**Exclusive offers**

These are offers either designed for the loyal customers to make them come back or may even be designed for all to showcase and differentiate their offerings from that of the competitors.

**Card Upgradation**

The loyal customers are generally automatically upgraded as per the purchase habits and number of points generated.

**Exclusive Invites to get-togethers and events**

These are invitations meant for loyal customers to make them feel special. Lot of times customers are invited when any celebrity comes to the store for any new launch at the store. Or these may be invitations sent to customers for any event happening in their city or town.
Differentiated offers (linked to behavior)
These are offers, which are linked to behaviour of any particular set of customers depending upon a mix of their demographics and previous purchase habits. Lot of times product bundling is done as per the area where the store is located since it catches a specific catchment’s area.

Recommendations
The customers are invited to provide their suggestions and recommendations for improvement of their shopping experience.

External offers
This would mean a retail store offering another discount coupon or some freebie, which is connected to a different brand. For e.g. Pantaloons store offering a discount to any merchandise purchased from Liberty.

Free Home delivery of altered merchandise
This would be an add-on service to loyal customers by delivering their altered clothes as per their convenient time any day in a week.

Reserved Car Parking
Offering them space for car parking is like inviting people with arms wide open. The reason for this is the increasing inconvenience customers face to shop on weekends due to non-availability of parking when the stores are huge crowd pullers.

Special Counters
To facilitate and serve the loyal customers better, stores designate special counters both for cash and customer service so that the premium customers can be attended with ease. Like Shoppers Stop the retailers should make arrangement for special sitting lounge for special cardholders near the payment counter.

Birthday and Anniversary Greetings
To make the customer feel special the stores send greetings and special customized offers to these customers on their birthdays, anniversaries or in some other occasions.

Special movie shows
Customers are sent passes of movie shows from time to time and some time tickets are given for the whole family members.
The Intangible Value

The Emotional Connect

This implies the homeliness aspect, which the customer feels for the time he/she spends inside the store. It is the inner feeling, which they develop for the store. The reasons for visiting may not always be purchase, however if emotional connect is developed with the store then as and when need arises the stores enjoy top of the mind recall from the customers. The emotional connect coupled with strong functional value creates a long lasting relationship with the customer for e.g. the experience with the local grocer and the experience at supermarket. At the grocer's the customer has to be clear with the requirements and there is little scope for too many questions. However at a supermarket, the customer is at ease to choose products without any limited time frame.

With the fast changing retail scenario in the country, the role, which the entire CRM team plays, has changed dramatically. It is quite often also linked to strategy.

The reason for linking the CRM to the overall strategy is to

- Build dynamic relationship with the customer
- To make CRM the key element to building customer loyalty to a store brand
- To Build a significant competitive advantage

CRM Technology

Customer Relationship Management (CRM) includes the methodologies, strategies, software, and web-based capabilities that help an enterprise organize and manage customer relationships. It is the collection and distribution of all data to all areas of the business. The general purpose of CRM is to enable organizations to better manage their customers through the introduction of reliable systems, processes and procedures for interacting with those customers.

In today's competitive business environment, a successful CRM strategy cannot be implemented by simply installing and integrating a software package designed to support CRM processes. A holistic approach to CRM is vital for an effective and efficient CRM policy. This approach includes training of employees, a modification of business processes based on customers' needs and an adoption of relevant IT systems (including software and maybe hardware) and/or usage of IT services that enable the organization or company to follow its
CRM strategy. CRM services can even replace the acquisition of additional hardware or CRM software licences.

The term itself is meant to describe the whole business strategy (or lack of one) oriented on customer needs. The main misconception of CRM is that it is only software, instead of whole business strategy. To be effective, the CRM process needs to be integrated end-to-end across marketing, sales, and customer service. A good CRM program needs to do the following:

- Identify customer success factors
- Create a customer-based culture
- Adopt customer-based measures
- Develop an end-to-end process to serve customers
- Recommend what questions to ask to help a customer solve a problem
- Recommend what to tell a customer with a complaint about a purchase
- Track all aspects of selling to customers and prospects as well as customer support.

Major areas of CRM focus on service automated processes, personal information gathering and processing, and self-service. It attempts to integrate and automate the various customer serving processes within a company.

Architecture of CRM

There are three parts of application architecture of CRM:

- Operational - automation to the basic business processes (marketing, sales, service)
- Analytical - support to analyze customer behavior, implements business intelligence alike technology
- Collaborative - ensures the contact with customers (phone, email, fax, web, sms, post, in person)

1. Operational CRM

Operational CRM means supporting the so-called "front office" business processes, which include customer contact (sales, marketing and service). Tasks resulting from these processes are forwarded to employees responsible for them, as well as the information necessary for carrying out the tasks and interfaces to back-end applications are being provided and activities with customers are being documented for further reference.

Operational CRM provides the following benefits:

- Delivers personalized and efficient marketing, sales, and service through multi-channel collaboration
• Enables a 360-degree view of the customer while the retailer is interacting with them
• Sales people and service engineers can access complete history of all customer interaction with the company, regardless of the touch point

According to Gartner Group, the operational part of CRM typically involves three general areas of business:

Sales force automation (SFA)
SFA automates some of the company's critical sales and sales force management functions, for example, lead/account management, contact management, quote management, forecasting, sales administration, keeping track of customer preferences, buying habits, and demographics, as well as sales staff performance. SFA tools are designed to improve field sales productivity. Key infrastructure requirements of SFA are mobile synchronization and integrated product configuration.

Customer service and support (CSS)
CSS automates some service requests, complaints, product returns, and information requests. Traditional internal help desk and traditional inbound call-center support for customer inquiries are now evolved into the "customer interaction center" (CIC), using multiple channels (Web, phone/fax, face-to-face, kiosk, etc). Key infrastructure requirements of CSS include computer telephony integration (CTI) which provides high volume processing capability, and reliability.

Enterprise marketing automation (EMA)
EMA provides information about the business environment, including competitors, industry trends, and macroenvironmental variables. It is the execution side of campaign and lead management. The intent of EMA applications is to improve marketing campaign efficiencies. Functions include demographic analysis, variable segmentation, and predictive modeling occurs on the analytical (Business Intelligence) side.

Integrated CRM software is often also known as "front office solutions." This is because they deal directly with the customer.

Many customer call centers use CRM software to store all of their customer's details. When a customer calls, the system can be used to retrieve and store information relevant to the customer. By serving the customer quickly and efficiently, and also keeping all information on a customer in one place, a company aims to make cost savings, and also encourage new customers.
2. **Analytical CRM**

In analytical CRM, data gathered within operational CRM and/or other sources are analyzed to segment customers or to identify potential to enhance client relationship. Customer analysis typically can lead to targeted campaigns to increase share of customer's wallet. Examples of campaigns directed towards customers are:

- Acquisition: Cross-sell, up-sell
- Retention: Retaining customers who leave due to maturity or attrition.
- Information: Providing timely and regular information to customers.
- Modification: Altering details of the transactional nature of the customers' relationship.

Analysis typically covers but is not limited to:

- Decision support: Dashboards, reporting, metrics, performance etc.
- Predictive modelling of customer attributes
- Strategy and research.

Analysis of Customer data may relate to one or more of the following analyses:

- Campaign management and analysis
- Contact channel optimization
- Contact Optimization
- Customer Acquisition / Reactivation / Retention
- Customer Segmentation
- Customer Satisfaction Measurement / Increase
- Sales Coverage Optimization
- Fraud Detection and analysis
- Financial Forecasts
- Pricing Optimization
- Product Development
- Program Evaluation
- Risk Assessment and Management

Data collection and analysis is viewed as a continuing and iterative process. Ideally, business decisions are refined over time, based on feedback from earlier analysis and decisions. Therefore, most successful analytical CRM projects take advantage of a data warehouse to provide suitable data.
3. **Collaborative CRM**

Collaborative CRM facilitates interactions with customers through all channels (personal, letter, fax, phone, web, e-mail) and supports co-ordination of employee teams and channels. It is a solution that brings people, processes and data together so companies can better serve and retain their customers. The data/activities can be structured, unstructured, conversational, and/or transactional in nature.

Collaborative CRM provides the following benefits:

- Enables efficient productive customer interactions across all communications channels
- Enables web collaboration to reduce customer service costs
- Integrates call centers enabling multi-channel personal customer interaction
- Integrates view of the customer while interaction at the transaction level

**CRM Programmes of Various Retail Stores in India**

**Shopper's Stop**

Shoppers' Stop is positioned as a family store delivering a complete shopping experience defined by its mission, vision and values. Setting up shop in 1991 with its flagship store in Mumbai, Shoppers' Stop is a member of the K. Raheja Corp. of Companies. Shoppers' Stop was the first retail venture by the K. Raheja Corp.

With its wide range of merchandise, exclusive shop-in-shop counters of international brands and world-class customer service, Shoppers' Stop brought international standards of shopping to the Indian consumer providing them with a world class shopping experience. With a customer entry of about 50,000 customers a day nationwide, a national presence with over 6,00,000 square feet of retail space and stocking over 250 brands of garments and accessories, Shoppers' Stop has clearly become a one stop shop for all customers.

**Customer Profile**

Shoppers' Stop's core customers fall between the age group of 16 years to 35 years and the majority of them being families and young couples with a monthly household income of above Rs. 20000 and an annual spend of Rs.15000. A large number of Non - Resident Indians visit the shop for ethnic clothes in the international environment they are accustomed to.

**Range of Merchandise**

The stores offer a complete range of apparel and lifestyle accessories for the entire family. From apparel brands like Provogue, Color Plus, Arrow, Levi's, Scullers, and Zodiac to cosmetic brands like Lakme, Chambor, Le Teint Ricci etc., Shoppers' Stop caters to every
lifestyle need. Shoppers' Stop retails its own line of clothing namely Stop, Life, Kashish, Vettorio Fratini and DIY. The merchandise at Shoppers' Stop is sold at a quality and price assurance backed by its guarantee stamp on every bill.

Their Motto: "We are responsible for the goods we sell".

Customer Rewards

The First Citizen

Shoppers' Stop's customer loyalty program is called "The First Citizen". The program offers its members an opportunity to collect points and avail of innumerable special benefits. Currently, Shoppers' Stop has a database of over 2.5 lakh members who contribute to nearly 50% of the total sales of Shoppers' Stop. Shopping becomes rewarding when one is a First Citizen at Shoppers' Stop. The name "First Citizen" reflects Shoppers' Stop's commitment to offering one the ultimate shopping experience.

As a First Citizen, one enjoys the following privileges:

- Reward Points for every time one shops at Shoppers' Stop.
- Exclusive offers ever so often.
- Updates on what one can look forward to shop for at Shoppers' Stop.
- Exclusive cash counters at Shoppers' Stop so one can spend more time shopping than waiting in a line.
- And a host of other benefits, all of which are provided by the First Citizen Program.

Exchange Policy

Exchanges are accepted within 14 days from the date of purchase on providing proof of purchase (cash memo) if the merchandise is returned undamaged and in saleable condition except for items made to order or cosmetics, jewellery, watches, sunglasses, fragrances, lingerie, undergarments, hosiery which cannot be exchanged for hygiene reasons. Electronic items are not exchanged.

Offers & Promotions

Being a First Citizen is about much more than just earning Reward Points because there are numerous offers and discounts open to First Citizens. In fact, every year, Shoppers' Stop organizes a shopping festival that's open exclusively to its First Citizens. These festivals see First Citizens win exquisitely crafted Mont Blanc pens and diamond pendants from Carbon.
**Reward Points**

Staying in touch with First Citizen Reward Points at any time during one’s membership period requires calling the First Citizens’ Desk at any Shoppers’ Stop store. The reward points also appear on the cash memo of one’s purchase. On every purchase that one makes, a person earns reward points according to one’s tier, as described below:

**Classic Moments First Citizens:**
One First Citizen reward point is awarded to the shopper for every Rs 100 worth of merchandise purchased.

**Silver Edge First Citizens:** One First Citizen Reward Point for every Rs. 50 worth of merchandise purchased. Customers also earn 1% extra Reward Points every time they purchase their in-house labels, like STOP, LIFE or Kashish.

**Golden Glow First Citizens:**
One First Citizen Reward Point for every Rs. 34 worth of merchandise purchased. Customers also earn 2% extra Reward Points every time they purchase in house labels, like STOP, LIFE or Kashish.

**Redemption Points**
Reward Points are valued at Re.0.70. One can redeem ones Reward Points for a First Citizen Reward Points Redemption Certificate. For instance, if one has 100 Reward Points, one can redeem them for a Reward Points Redemption certificate worth Rs. 70, which can be used to purchase select merchandise at the various outlets of Shoppers Stop.

**Wills Lifestyle**
Over the last five years, ITC’s Lifestyle Retailing Business Division has established a nationwide retailing presence through its Wills Lifestyle chain of exclusive specialty stores. Beginning with its initial offering of Wills Sport relaxed wear from the first store at South Extension, New Delhi in July 2000, it has expanded its basket of offerings to the premium consumer with Wills Classic formal wear, Wills Clublife evening wear and a tempting range of Designer accessories that complete the Look.

With a distinctive presence across segments at the premium end, ITC has also established John Players as a brand that offers a complete fashion wardrobe to the youth of today. With its brands, ITC aspires to build a dominant presence in the apparel market through a robust portfolio of offerings.
ITC's Wills Lifestyle believes in the philosophy of 'Enjoying the Change' - the change that comes through actively exploring one's own multifacetedness and stretching one's limits.

Wills Lifestyle has been established as a chain of exclusive specialty stores providing the Indian consumer a truly 'International Shopping Experience' through world-class ambience, customer facilitation and clearly differentiated product presentation.

At Wills Lifestyle, customers can browse at leisure, and shop in a relaxed and pleasing atmosphere. The use of space is refreshing, which is reflected even in the spacious changing rooms. Every store offers an international retailing ambience with the extensive use of glass, steel and granite, reflecting the most contemporary trends in store design, thereby creating a splendid backdrop for the premium offerings.

At the Images Fashion Awards 2001 & 2003, Wills Lifestyle was declared 'The Most Admired Exclusive Brand Retail Chain of the Year'. Hrithik Roshan, Superstar and Youth Icon, with his innate style, vibrancy and playfulness best personifies the core attributes of the brand as its ambassador.

Customer Loyalty Programmes and other attractions:

About Club Wills

Club Wills, the lifestyle privileges program of Wills Lifestyle provide the customers with special offers.

It offers its members:

1. Reward points on every purchase at Wills Lifestyle that can be redeemed against exciting lifestyle reward options.

2. Personalized "Smart Chip" enabled card that allows instantaneous earning and redeeming of points.

3. Host of lifestyle privileges from Wills Lifestyle and premium partners

4. Exclusive in-store service privileges for a shopping experience that is refreshingly international.

Membership Eligibility

Club Wills membership is offered at two levels-Gold and Silver.

The eligibility is based on purchases made till date.

Silver

1. On accumulated spend of Rs. 5000 at Wills Lifestyle

2. Members can earn 2 reward points for every Rs 100 spent
Gold
1. On accumulated spend of Rs.15000 at Wills Lifestyle
2. Members can earn 5 reward points for every Rs 100 spent

Lifestyle Rewards
Club wills members can redeem their points against a host of lifestyle reward options
1. Fine fashion wear from wills lifestyle
2. Luxurious stay at ITC welcome group hotels
3. Exiting packages from ITC ltd
4. Gourmet delicacies from Kitchen Of India
5. Premium stationary from ‘Expressions Papercraft’
6. World class leisure facilities at the classic golf resort

Lifestyle Privileges
Club wills members enjoy a bouquet of privileges designed to complement their taste for fine living
1. Exclusive invites to fashion shows, musical concerts, theater premiers and art exhibitions
2. Exciting packages on exotic holiday getaways and leisure destination

Gold card members shall receive a limited edition of fashion and lifestyle magazine featuring the latest fashion trends, updates on art, travel and leisure

Pantaloons
Pantaloons is the flagship company of Pantaloons Group. With more than 14 Megastores across the country, it is India’s largest retail chain. In all together, it has an estimated retail space of 1,50,000 sq. ft and expecting to double it in the next 12 months.

Company Profile
Incorporated in October 1987, Pantaloons ranks amongst the top five retailers in India. Pantaloons Retail (India) Limited (PRIL) was incorporated on October 12, 1987 as Manz Wear Private Limited under the stewardship of Mr. Kishore Biyani. The Company was converted into a public limited company on September 20, 1991 and on September 25, 1992 the name was changed to Pantaloon Fashions (India) Limited and the same time it went public and today it has approximately 14,000 shareholders. It later changed its name to Pantaloon Retail (India) Limited on 7th July 1999. Now from 2006 it has renamed itself to Future Group.

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Customer Loyalty Programmes

Green Card

Every departmental store or retail chain worth its salt now offers a loyalty card. Pantaloons for instance, have a loyalty program called ‘Green Card. Pantaloons’ Green Card automatically extends benefits to the entire family.

Pantaloons, also offer upgrades in their rewards program, where a certain amount of purchases will entitle a person to a higher level of benefits.

If one is a Green Card Five Star member, one can earn one reward point for every Rs 25 spent as against one for every Rs 50 spent at the entry level.

But reward points alone are certainly not incentive enough to get one to purchase such a card. After all, credit cards offer a person both reward points as well as the option to redeem them across any retailer or restaurant of one’s choice.

If one is tired of the mad rush during a sale, a person can benefit by being a Pantaloons Green Card member. In that case, a person gets to enjoy exclusive shopping hours two days before a sale is thrown open. Besides getting to shop in peace, one also gets to grab all the goodies before the rest.

Pantaloons have special billing counters for card members. Green Card Three Star and Five Star members also get free delivery of their purchases.

Kids Bank

Pantaloons, India’s Family Store unveiled a new customer loyalty program ‘The Kids Bank’ in an informal function organized at its Flagship store in the city of Begumpet. It was launched with an objective to encourage Kids to realize the value of Money. The idea behind the concept is to encourage them to save it and plan for the future. Through this new program, the India’s largest retail chain proposes to convey an important social message to the young children - "Learn to Earn".

Kids Bank is a Bank for the Kids. Kids have their very own Bank account, Bank Card, Wallet and Money to save or spend on products of their choice.

Kids will be eligible to become a member of the Bank upon shopping for Rs 800/- at Kids Section of Pantaloons at certain outlets. However, as an introductory offer membership is offered on any purchase in the Children’s Section. 10 per cent of the money shopped by their parents goes into the Child’s Account in the Kids Bank in the form of Kids Money (KM). Kids currency is available in the denominations of 5KM, 10KM and 50KM. KM is issued on every Rs
50 spent in the Kids Section. This can be redeemed to buy toys of his/her choice. Further they can save to buy big products too.

To mark the occasion both the stores at Begumpet and Himayatnagar are decked up with danglers, posters, balloons and an Earnie mascot. Pantaloons got a special area designed and flown from Mumbai for the purpose. Bank has specially designed Kids Bank Table and stool for children to fill in their application and sign on it. All these are done to make them feel the importance of what he/she is doing. More than 1000 kids are expected to be roped in to become a member in the Kids Bank in the first three months of its launch. EARNIE, a character is specially created for the Kids Bank, which teaches children the benefits of saving with the Kids Bank. The main aim of the company is to catch the young generation of the country from very young stage so that when they grow up they become loyal customers of the outlets and as kids if the child prefer certain brand or store then they will be obviously accompanied by their parents to the store who can also continue with their shopping in the mean time and thus the kids help to increase the loyalties among their parents also.

**Westside**

Style, affordable prices, and quality — these are the factors that have shaped Westside's success story in the retail fashion stores business. Launched in 1998 in Bangalore, the Westside chain has, ever since, been setting the standards for other fashion retailers to follow. The Westside story really began in 1997, when the Tatas sold Lakme, their cosmetics business, to Hindustan Lever and acquired the Britain-based Littlewoods retail chain. A new entity called Trent Limited emerged from this move and Littlewoods was renamed Westside. Today Westside has outlets almost in all the big cities of the country.

Westside stands out from the competition for a variety of reasons. One is that a majority of the brands the chain stocks and sells are its own, unlike retailers who store multiple labels. About 90 per cent of Westside's offerings are homegrown, and they cater to different customer segments. The other 10 per cent includes toys, cosmetics and lingerie.

Repeat customers, those who keep coming back to Westside, are another vital element in the chain being a winning proposition. Each outlet blends products, ambience, customer service and facilities to create a standout shopping experience. The stores are spacious (10,000 to 20,000 square feet each), designed to look and feel international, and products are displayed attractively.
Westside has recently expanded its range of merchandise by offering outfits from some of India's best-known fashion designers, among them Wendell Rodericks, Anita Dongre, Krishna Mehta and Mona Pali.

**Club West**

Another winning Westside idea is Club West, a customer loyalty programme launched in May 2001. The 30,000-plus members of this club get rebates at restaurants and on holiday packages from the Taj Group of Hotels, home delivery of alterations, and best of all, special shopping hours on the first day of any discount sales event organised by the chain.

A purchase of Rs 2000 on the same day entitles you to a complimentary membership into Clubwest Classic. Alternately, you can enroll by paying a nominal one-time fee of Rs 150.

A purchase of Rs 5000 on the same day entitles you to a complimentary membership into Clubwest Gold.

**Return and Exchange Policy**

An assured return-and-exchange policy reinforces customer confidence in the chain. No questions are asked and a bill is not necessary.

**Festival Offers**

While Westside does its regular brand building through advertisements in the media, more important are its in-house promotions, which peak during the three main festive seasons: summer, Diwali and Christmas. The promotions are mostly theme based, with decorations to match, live bands and other attractions.

**Bi Annual Sales**

Westside holds two sales annually. And shoppers can avail upto fifty per cent off on high quality merchandise, including smart n' trendy apparel, footwear and accessories for men, women and children to household accessories, artifacts and furnishings in these promotions.

**'Navroj Mubarak' by Westside**

Westside presents a great collection of gifts at affordable prices for Parsi New Year. Boasting of an eclectic mix of designs and styles, the gift options sure make this day special for all.

From Rs 75/- onwards, the collection includes wooden photo frames, glass decanters, and decorative vases to flare mugs with creative designs, placemats in trendy colors, pitchers, vibrant cushion covers and more.

**“Non-stop hungama” at Westside's Summer Carnival ’06:**
In 2006, Westside has launched its most awaited Summer Carnival '06, which promised loads of fun and free goodies for an entire month.

Westside introduced exciting contests like Guess 'n Win, where the customer can win an entire wardrobe, a lucky draw where the customer can win complete holiday packages to an exotic international destination like Macau, and the Beyblade championship, magic show, face painting, hair braiding and bead making for kid

Shopping for Rs 1,000 at Westside will give a shopper a chance to participate in the lucky draw and win a grand prize — a complete holiday package for two to Macau! One could also win holiday packages to breathtaking beach destinations in India including Goa, Kovalam, Puri and Pondicherry.

In the kidswear segment also Westside has got separate promotional offers. For the adventurous kids, Westside host the exclusive Beyblade Championship. Kids can just drop in with their Funskool Beyblades every weekend from 3:30p.m. to 6:30p.m. and fight it out. They can keep playing from the preliminaries to the quarterfinals and from the semifinals to the grand finale. The winner will walk away with the Grand Prize sponsored by Funskool. In addition, there are magic shows, face painting, nail art, hair braiding, balloon / clay modeling and bead making to keep the little' ones busy from 11:30a.m. - 2:30p.m. and from 5:30p.m. - 8:30p.m. on weekends while the parents can shop to their heart's content.

This is a very innovative mode of promotion from the Westside where they get two advantages; one they are trying to catch the kids as their consumers from very early stage of their life-cycle and secondly they can’t come alone, the parents will obviously accompany them to the stores and in the process the store is getting them also as their shoppers.

The Westside Summer Carnival '06 is being presented in association with Deutsche Bank and co-sponsored by TCI, the travel experts, and Macau Tourism Board. Westside’s 'Talk about luv' range of collectibles has something for all love bugs.

**Chandrani Pearls**

Chandrani Pearls is a retail chain of jewellery houses dealing with ornaments made of pearls and their presence is mostly felt at the Eastern Region of the country, headquartered at Kolkata. As strategies for their customer loyalty programme what they do are:

Firstly, they send special greetings to their customers on birthdays, marriage anniversaries, special occasions etc by post to make the customer feel someone special and remembered.
Secondly, they give special discount of 10% -- 15% to these customers on those special days, if they purchase any product on those days.

Thirdly, they calculate the total purchase made by a customer in a year, on the basis of customer identification number given to each customer on the first purchase and some complementary gifts is been send to the customer address directly by post.

**Colours of India (Authentic Lucknow Chikan)**

**Customer Loyalty Program**

Free gifts with purchase –

- A face towel worth Rs.30 with every purchase
- A pair of hand towel worth Rs.140 with purchase from Rs.1000 – Rs.3000
- A large bath towel worth Rs.325 above purchase of Rs.3000

Conditions for vouchers

- The next purchase must be of minimum amount of Rs.500
- One voucher valid against single purchase only
- Next purchase must be at a later date

**Special festival offer**

- Get a free voucher of Rs.150 on every Rs.1000 worth of purchase
- A short gifts on every purchase

**Exchange schemes**

- Within 7 days

**What drives customers to a store?**

- Exclusivity of merchandise

**Vermillion**

No specific customer loyalty program. No exchange policy. The motto of the company is best service and best product.

**Biba**

**Customer Loyalty Programs**

There are discounts available on selected merchandise bi annually i.e. From Jan-Feb end and Aug end till Puja. The rate of discount varies from 10% to 50%. Maximum sale takes place during festivals. The most popular product category includes wedding suits, which are intricately designed to meet the needs and tastes of customers. Exchange allowed within a
period of 15 days with the exception on discounted merchandise. It has decided to launch membership cards in the near future as part of their customer loyalty program.

**United Colours of Benetton**

Customer Loyalty Program

Provision of gifts to customers is there. The store in Kolkata is planning to launch membership cards soon although they already exist in the National Capital Region. Exchange allowed only if the item is genuinely defective. The motto of the company is to provide the customers with a quality product and excellent services.

**Lee**

Customer Loyalty Program

End of season sales during the months of July and February take place. Provision of membership cards is there along with point accumulation and redemption system. Gifts to customers are sent directly from the headquarters in Bangalore to customers. Exchange scheme is also very flexible.

**W**

Customer Loyalty Program

End of season sale takes place during August and February. The rate of discount is upto 50% on selected merchandise. Provision of membership cards is there. On collection of 100 points, the head office of the company sends gift vouchers to the concerned customer. Exchange is allowed within a period of 15 days.

**Zodiac**

Customer Loyalty Program

Discounts are given only during the month of March. The rate varies from 20-25% on selected items. If a customer purchases a package, which consists of a linen shirt and trouser, he can participate in a lucky draw and may stand the chance of winning a trip to Italy. This offer is valid from 15th April to 15th May on a minimum package purchase of Rs 3198. Exchange is permitted within a period of 15-20 days. However, for the exchange to take place the customer must be in possession of the bill.

**Blackberry's**

Customer Loyalty Program

The Company hold end of season sale 1 or 2 times a year. Exchange allowed within a period of 7-10 days. The motto of the company is to provide the shoppers good quality merchandise.
Allen Solly
Customer Loyalty Program
End of season discounts are given during the month of January and July-August. The rate of
discount varies upto 50% on selected merchandise. Membership takes place through point
system. On a purchase over and above Rs 3000, a customer gets 5 points per 100 rupees.
Collection of 500 points will entitle a customer to a gift voucher worth Rs 500 from the
company.

Suggestions and Recommendations
Many of the retailers in Kolkata still do not have customer loyalty programs and need to realize
the importance of customer relationship management if they are to thrive in an increasingly
emerging competitive market.
They should focus on providing the customers with the best merchandise, ambience, product
assortments and extended services to ensure greater loyalty and profitability.
In a world, which is being invaded by technology breakthroughs it would be greatly, beneficial if
the Kolkata retailers could incorporate the same for achieving a higher level of success.
Some extra facilities in the form of parking, hangout zones etc. would go a long way in
attracting more footfalls and thus greater sales.
During the sales or when the customer enters within the retail outlet the retailers should always
try to extend an excellent shopping environment to the shopper with the availability of the best
salespersons.
Most of the retailers in the apparel industry do not have proper feedback facilities from the
shoppers. If they implement a proper feedback facility then the retailers can avail the following
advantages:
Internet Facilities: The shoppers from the next generation are Internet savvy and like to shop
many items through internet portals because of their shortage of time. Every loyal customer
should be given an unique identity number so that they can log in the retailer’s official web site
and can order their preferred merchandise. Obviously, before that the product display facilities
should be there in the website through 3D focus and the company should provide the ordered
product in a stipulated time. This extra facility will not only create customer satisfaction but can
also create an extra customer segment and can retain those customers who drift away
because of their inability to go to a retailer for shopping due to shortage of time and
inconvenience.
Customer complaints and grievances can be handled in an efficient manner at the earliest. As a result, level of customer satisfaction will be increased and the customer loyalty can also be increased. The shoppers will feel important even if their minute complaints are well taken care off and important customer feedbacks give necessary information for changes in the offerings. Sometimes customers have very good suggestions to contribute for the better functioning of the store. So this can be a very good mean of communication between the retailers and the shoppers to have the real feeling of the customers' preferences and choices.

Some of the common feedback mechanisms, which can be implemented, are:

**Customer Care Cell:** All the retail chains should try to maintain a centralized customer care centre to take down the complaints of the customers and to get back to them at the earliest. For other retailers they can maintain a panel within the outlet. Although most of the outlets have customer cells but the functionality and the decision making power are very low at these points.

**Complain and Suggestions Box:** A complaints and suggestion box can be installed in a corner of the retail space, where it should be visible to the shoppers and the customers should be encouraged to give their feedback on any aspects and if its necessary the sales staff can help them to fill up the forms. When any complaints are there, proper authorities should cater it within a stipulated time or at the earliest so that the customer should feel important and should also feel that their grievances are important to the company. Shoppers who give important suggestions can also be rewarded by the company.

**Internet:** Customer complaints, suggestions and grievances can also be catered through internet facilities. Proper E-Mail addresses should be maintained and the customer care cell should take care of the complaints at the earliest.

**Phone:** Toll Free Phone customer care numbers should be maintained to have a proper communication with the shoppers regarding their grievances and suggestions. Obviously these can be suggested only to the big retail chains.

Firstly, the retailers should be ready to anticipate that complaints can be of any dimensions and can be from any area of operations. The feedback handler should treat all the feedback equally importantly.

Secondly, the shoppers should be encouraged to participate and contribute in this process and special awards or prizes can also be declared if the organization adopt any of their suggestions or rectify any of their problematic operative tool.
Another lagging has also been observed among the retailers in Kolkata regarding the proper exchange facilities. The exchange facilities regarding the merchandise should be made as flexible as possible considering the shoppers' convenience. Some of the suggested tactics can be as follows:

- **Inspite of the rush during occasions in any retail outlets the exchange timings should be kept flexible and exchanges should be allowed from the opening of the store till the closing of the store. No stipulated timings should be kept for the exchanges.**

- **If possible the retailers should always focus on separate exchange counters for smooth operations of the shoppers.**

- **The permitted time period for exchanges should be increased to twenty to twenty-five days. The general standard is from seven to fifteen days. Sometimes it has been seen that the customers don't even open up their shopping bag immediately, either because they have purchased the merchandise for gifts or they have purchased it for some occasion which may be is after some days.**

- **The retailers should be able to identify their own merchandise during the time of exchange of products. Making it mandatory for the shoppers to bring the bills during exchange, becomes a case of harassment and irritation. It has been seen most of the shoppers does not keep the bills with themselves even for a day after purchase, either they loose it or they throw it. Many shoppers don't go for exchange even if they want it as because they don't have the bills with them.**

- **Exchanges should be allowed for any reasons, for colour disliking, fittings mismatch or for new styles or designs. The retailers should even provide options for exchange of used products within a stipulated timeframe if the merchandise is not damaged intentionally. Here the leverage should be given to the customers and they should learn to believe the shoppers because after all “customer is the king” and their will be a very negligible percentage of customers who would like to take undue advantage of the scheme. This scheme can be introduced for a special category of customers.**
Satisfaction Measurement Attributes (MBOs)

Attitude to Customer Loyalty programs

NB: Amongst the respondents in Shopper’s stop 65% were card holders for >1 yr in Pantaloons 61 %, in Westside 50%
Satisfaction Measurement Attributes (EBCs)

Percentage of Respondents

Percentage of Card Holders

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Frequency of Conducting Customer Satisfaction Survey

- Yearly, 20
- Monthly, 20
- Half yearly, 10
- Quarterly, 50

Steps taken to make the Loyal customers feel privileged

- Pre sales notification (a)
- Updates regarding new merchandise (b)
- Flexible return policy (c)
- Special discounts and gifts (d)
- Exclusive cash counters (e)
CONCLUSION

It is not so that CRM did not exist ten years back in India. Some of the retailers always practiced it, may be not knowing the real meaning, like, inviting people to the outlets for evening snacks during "poila baisakh" or "akshaya tithia". Nowadays even small retailers in
the unorganised sector are also thinking of implementing CRM in their limited capacities, sometimes knowing the implications and sometime not knowing, like offering soft drinks, tea and coffee during shopping and obviously by offering an excellent store ambience with extended facilities for the shoppers.

Today it takes a lot of thought process and effective thinking to launch an effective and efficient CRM program. The various examples and the tangibles as well as intangibles point to the importance of the customers aspirations from the retailer. A shopper always wants to feel that he is an important person and more so when he enters a known retail outlet with his guests or relatives. Here CRM plays a major role in meeting customers’ expectations.

**Common Customer Complaint which have been noticed are as follows:**

- Dissatisfaction with the level of service;
- Dissatisfaction at the variety of merchandise;
- Unfair or too high prices;
- Out-of-stock situations;
- Too much crowd during peak periods;
- Inefficient Billing and long ques in front of the billing counters;
- Inconvenient store timings;
- Lack of proper car and two-wheeler parking facilities;
- Low quality merchandise;
- Poor replacement policy;
- Chaos during special promotion period;
- Impolite sales personnel who are unwilling to help;
- Limited modes of payment;
- Lack of a fixed pricing policy for national brands across stores;
- Lack of proper hygiene and cleanliness; and
- Poor shopping environment;

The following procedures should be followed in handling customer complaints:

1. Listen to the customer carefully and without any interruption;
2. Express sympathy for the inconvenience caused to the customer;
3. Create an immediate sense of confidence in the customer that one wish to attend to the complaint very fairly;
4. Discuss only those issues which the customer also agrees on;
5. Make a silence inquiry to examine the facts of the matter;
6. Take action as quickly as possible;
7. Ensure that the commitments made are honoured;
8. Do not pass on the complaint to another as a customer does not like being passed on to someone else and prefers to deal with the first person only.

**Basic Customer Expectations from a Retail Outlet:**

- Convenient car and two-wheeler parking;
- Extended working hours preferably early morning to late evening;
- Appropriate merchandising, which caters to all their needs;
- Availability of good quality products only;
- Convenient displays so that customers may locate their requirements with ease;
- Fair and value based pricing;
- Fast and efficient billing;
- Speedy exchange policy;
- Extended facilities;

**Differentiating between one Retailer and the other:**

Retail selling today is different than it was a decade ago. Competition is fierce, many stores carry similar merchandise, and more importantly, today’s consumer is much more educated. They know they have a variety of choices when it comes to deciding where they will spend their money. What really make the difference between one store and the one down the road are the retailer’s attitude. It is the retailer that can make the store a special place to shop where the customers will always want to come back to and tell others about, when they have a need for the type of merchandise the store carries. Customer service and communication skills are the key. There are a number of ways the retailer can enhance the store reputation as a professional salesperson and make customers want to shop in the store, rather than next door.

1. **The retailer’s objective should be to try to satisfy every single customer**

The retailer must be willing to “go the extra mile” to make sure that each and every customer that walks through the door walks out satisfied. Keeping this in mind, that customers are the only reason why the retailer has kept the doors opened for business every day. There is nothing more important than a customer. The stock work, the new displays, housekeeping duties, etc, can all wait but a customer won’t. For this reason, a customer should never be looked at as an interruption.
2. The retailers should learn to avoid their personal mood fluctuations
Every retailer will have days when they will be feeling great and days when they do not. The retailer can't let one's personal mood affect the way of treating a customer. Everyone expects and deserves to be treated promptly and courteously. The customers coming in the store have no idea of the mood fluctuations of the retailers neither he is interested to know about it. Conversely, they would have no idea that the sales person in the counter was just honoured with the salesperson of the month award. The point is that they should not be able to tell the difference by the service they receive. As the saying goes, “it's always showtime on the sales floor.” The sales person must always give each and every customer his or her top performance and priority.

3. The salespersons should try to avoid congregating on the selling floor
It's easy to get involved in conversations with other salespeople when the store is slow. But even if the conversation is business related, it should stop the second customers walk in. It is often intimidating for customers to see a group of salespeople gathered on the floor. Additionally, it gives customers the impression that they are second to the conversation. Instead of interrupting they end up feeling frustrated, ignored, even angry and will simply take their business elsewhere.

4. The salespeople should always acknowledge every customer
Regardless of whether the store is busy or slow, every customer that walks in should be greeted; a perfect example is Pantaloons and Shoppers Stop where even the security personals greet the customer when they enter the store. By at least acknowledging the customer, the retailer accomplishing two things, first and most important, the customer is assured there is someone there to assist them and secondly he or she is welcomed gladly in the store. Acknowledging the customer is also the number one deterrent to theft. People are less inclined to make an attempt at stealing merchandise if they know that someone is aware of their presence as every retailer looses a large chunk of merchandise for shop-lifting.

5. The retailers should never qualify customers by their appearance
Just because the sales person doesn't think the customer looks like they could afford to shop in the store, he should not make the mistake of believing it. The retailer can never judge what the customer can or will buy based on his or her appearance. Sometimes the sales people become very snobby in the large format retail outlets by seeing the appearance of the shoppers communicating a message to the customers that they are not eligible to shop here.
6. Let the customers have their space
Every customer wants a certain amount of “personal space” that he or she needs in order to feel comfortable in shopping. Some customers will be very friendly and open from the start, while others get uncomfortable if the salesperson tries to get too close. Some shoppers feel comfortable by going all around the merchandise and choose their preferences by themselves and as most of the merchandise in the branded sector have the price tags, so the customers can also decide whether their choice is within their price zone. On the other hand there are some shoppers from the premium category who wants lots of attention from the retailers, which make their ego boosting. While it is appropriate to offer the sales person’s name during the presentation, but the sales person should never ask customers theirs. If they offer their name, by all means, the sales person can call them by it but it is advised that the salesman should always address the customers by, “sir” or “ma’am”.

7. The Salespeople should not interrupt the customer in their shopping
The sales person must not interrupt the customers while they are talking. Many times it has been observed that the salespeople stop a customer in mid way to say something they feel is important. Regardless of how anxious he may be to bring up that point he know they'll just love, it is better to wait until they've finished talking. Every retailer should remember, when the customer is talking, the customer is buying.

8. The Salespeople should learn to adopt according to the situation
The salespeople should adapt the style to that of the customer. A lighter, more casual tone may be appropriate for some customers while others may respond better to one that is more formal. Great salespeople do not have only one style. They know how to do the waltz as well as the funky chicken and know that the customers are always right.

9. The Salespeople should look professional and dress the part
Upon entering the store, the customer begins to form an impression of the retailer and the store. There are many factors that affect their opinions, like their personal mood or frame of mind that the retailer cannot control. For this reason, it is especially crucial that the retailer should be at his best at what he can control, the appearance of the salespeople as well as the store’s. Let the image portray what they are selling. If the retailer is selling apparel, for example, it is extremely important that the salespeople should present themselves tastefully and in keeping with the fashions.

10. The Salespeople should show all merchandise
Personal preferences and tastes of the salespersons should never be thrust on the customers, what matters are what the customer wants, not what the retailer like or think is best. The salespersons’ level of taste or quality may differ from the customer’s. The retailers should listen to the customers and help them select the item that best meets their needs, and tastes. So all the merchandise of the store should be sown to the customers unless and until he becomes satisfied because the retailer does not know what the individual customer will like and what they dislike.

11. The Salespeople should learn to hold their patience:

Holding patience is one of the success factors for every salesperson. Some shoppers select their preferred merchandise within a very short span of time and some spend lots of time in selecting their product. The first category of customer is very much specific about their need and they know their need very well but the second category does not. They prefer to go for seeing all the various categories of merchandise and then they select their one. But the attitude of the sales person should remain very much consistent towards the customer. At any point of time he should not show his irritation if any. Sometimes it can also happen that even after seeing all the merchandise and consuming a good amount of time the shopper is not actually buying any product, then at that point of time also the salespersons behaviour should be very much pleasant towards the customer.