

A Study on CRM in Apparel Retail Sector

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Introduction

The retail sector in India is witnessing a huge revamping exercise as traditional markets make way for new formats such as departmental stores, hypermarkets, supermarkets and specialty stores. Western-style malls have begun appearing in metros and second-rung cities alike introducing the Indian consumer to a shopping experience like never before.

The Indian Retail Sector

The Indian Retail Sector is at an inflexion point, with changing demographics driving growth of organized retailing and driving growth in consumption. With an expanding economy, the country's overall retail sector will become a \$450 billion (Rs20.85 trillion) business by 2015. At present India's modern retail business accounts for only about 5% of the country's annual retail business. Along the way, the modern retail business will create about 1.6 million jobs in the next five years according to McKinsey. Modern retailers will not only create employment opportunities but also would help raise India's overall economic productivity and could also result in lowering prices of goods. With changing demographic and economic profile of the Indian population, it is believed that India is expected to experience accelerated consumption over the next few years. Further, it is also believed that increase in consumer spending would be driven by nuclearisation of families, increasing population of working women and new job opportunities in emerging service sectors such as IT Enabled Services. With declining interest rates an average Indian is not averse to taking loans. Not only are the demographic factors becoming more favorable but also the growing media penetration is leading to a convergence of aspirations of various classes of consumers. Food and beverages, apparel and consumer durables are the top three categories of consumer spend and form 87% of the total retail sales in India.

Customer Relations Management (CRM) and Technology in Retail

Over the years as the consumer demand increased and the retailers geared up to meet this increase, technology evolved rapidly to support this growth. The hardware and software tools that have now become almost essential for retailing can be into 3 broad categories.

Customer Interfacing Systems

Bar Coding and Scanners

Point of sale systems use scanners and bar coding to identify an item, use pre-stored data to calculate the cost and generate the total bill for a client. Tunnel Scanning is a new

concept where the consumer pushes the full shopping cart through an electronic gate to the point of sale.

Operation Support Systems

ERP System

Various ERP vendors have developed retail-specific systems which help in integrating all the functions from warehousing to distribution, front and back office store systems and merchandising. An integrated supply chain helps the retailer in maintaining his stocks, getting his supplies on time, preventing stock-outs and thus reducing his costs, while servicing the customer better.

CRM Systems

The rise of loyalty programs, mail order and the Internet has provided retailers with real access to consumer data. Data warehousing & mining technologies offers retailers the tools they need to make sense of their consumer data and apply it to business. This, along with the various available CRM (Customer Relationship Management) Systems, allows the retailers to study the purchase behavior of consumers in detail and grow the value of individual consumers to their businesses.

Advanced Planning and Scheduling Systems

APS systems can provide improved control across the supply chain, all the way from raw material supplier's right through to the retail shelf. These APS packages complement existing (but often limited) ERP packages.

Strategic Decision Support Systems

Store Site Location

Demographics and buying patterns of residents of an area can be used to compare various possible sites for opening new stores. Today, software packages are helping retailers not only in their locational decisions but in decisions regarding store sizing and floor-spaces as well.

Literature Review:

Kincade, Doris H.; Woodard, Ginger A.; Park, Haesun (2002) studied Buyer-seller relationships for promotional support in the apparel sector which is critical for success. The purpose of the study was to define promotional support categories offered to apparel retailers by manufacturers, to identify the retailer's perceptions of the offering frequency and importance of the promotional support, and to investigate the relationship between offering frequency and perceptions of importance. Results indicated that monetary support was regarded as the most important promotional support. A positive and significant correlation was found between items the buyers perceived as important and the frequency of offerings of these items.

Research Objectives

To find the impact of demographic factors on purchase of apparels

To analyze the impact of gender on loyalty cards

To study the perception of customers towards the CRM strategies implemented by the different Lifestyle Stores.

To get an insight of the customer's expectation in terms of CRM

The Research Instrument

Structured questionnaires, to measure the respondents' perceptions and expectations, were distributed to the people in a mall. A total of 200 questionnaires were distributed to the people. The survey was conducted among the customers shopping in the mall.

Statistical analysis

Frequency table and cross tabulation was applied in this study

Data Analysis

1.Frequency of purchase of apparels Vs Occupation

How often do you make your purchase of Apparels? Cross tabulation						
Count		How often do you make your purchase of Apparels?				Total
		Weekly	Monthly	Twice in a Month	Occasionally	
Occupation	Business	8	24	6	25	63
	Service	7	53	21	6	87
	Student	4	9	2	35	50
Total		19	86	29	66	200

Occupation

	Frequency	Percent
Business	63	31.5
Service	87	43.5
Student	50	25.0
Total	200	100.0

Results

- The service class people prefer to make the purchase of apparels monthly i.e. 44%.
- The business class people prefer to make the purchase of apparels occasionally but sometimes monthly too.i.e.31%
- While a student prefer to make the purchase of apparels occasionally.i.e.25%

2. Frequency of purchase of apparels Vs Income

1) Income * How often do you make your purchase of Apparels? Cross tabulation						
Count		How often do you make your purchase of Apparels?				Total
		Weekly	Monthly	Twice in a Month	Occasionally	
Income	<12 K	3	5	2	29	39
	12-18 K	2	20	2	6	30
	18-30 K	6	34	19	3	62
	>30 K	8	27	6	28	69
Total		19	86	29	66	200

Income

	Frequency	Percent
<12 K	39	19.5
12-18 K	30	15.0
18-30 K	62	31.0
>30 K	69	34.5
Total	200	100.0

Results:

- People from income group of 18-30 K prefer to make the purchase of apparels monthly i.e. 31%.
- People from income group of >30 K prefer to make the purchase of apparels occasionally.i.e.34%
- People from income group of <12 K prefer to make the purchase of apparels occasionally i.e.20%.

- People from income group of 12-18 K prefer to make the purchase of apparels monthly.i.e.15%

3.Loyalty cards Vs Gender

2) Gender * Do you owe Loyalty Cards? Cross tabulation				
Count		Do you owe Loyalty Cards?		Total
		Yes	No	
Gender	Male	74	30	104
	Female	69	27	96
Total		143	57	200

Gender

	Frequency	Percent
Male	104	52.0
Female	96	48.0
Total	200	100.0

Results:

- Out of 104, 74 Male respondents have the loyalty cards of different lifestyle Stores.
- Out of 96, 69 Female respondents have the loyalty cards of different lifestyle Stores.

4.Customer perception towards CRM strategies

	Frequency	Percent
Good	104	52.0
Average	60	30.0
Poor	36	18.0
Total	200	100.0

Results:

Most of the customers feel good about CRM strategies implemented by retail stores. 18% of the customers feel poor about CRM strategies.

5.Customer's expectation in terms of CRM

	Frequency	Percent
Satisfied	104	52.0
Not satisfied	96	48.0
Total	200	100.0

Results:

52% of the customers are satisfied with CRM and 48% of the customers are not satisfied with CRM.

Finding:

Frequency of purchase is high for service class people

Frequency of purchase is high for income < 30 k

Females are prone to shopping that is why maximum females have loyalty cards.

Most of the customers feel good about CRM strategies implemented by retail stores

Most of the customers are satisfied with CRM

Conclusions

The luxury goods industry is unique in a sense that it relies solely on promotion and marketing to sell products and not so much on product attributes but on the individual images certain brands convey. It is also an industry that is well guarded and difficult to find any information on. However the lifestyle stores are very fascinating and the products themselves signify prestige and status. But every customer has a different perception although a select few are able to afford luxury goods, the vast majority of people who are exposed to advertisements for certain products generally have aspirations of being able to own these products someday.

The demand for Apparels are affected by general economic trends The lifestyle stores find customer loyalty to be of utmost importance and would do almost anything to attract new customers while trying to keep existing customers. In the past three years, luxury

goods brands have been broadening their appeal to a wider consumer base. An example of this would be the Consumer's make a use of internet, companies have realized the importance of e-commerce and how the Internet can be advantageous for Lifestyle Stores to create and reinforce their brand image and at the same time increasing brand awareness.

It is an idea of status and exclusivity that makes these brands sought-after by people from many different walks of life. For the wealthy, luxury goods reinforce their status as a member of the upper class, but for everyone else luxury goods are items that many aspire to be able to own someday. The allure for many designer products is people's desire for wealth and status, which is ultimately the end product that is consumed.

References

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