

# A Study on Role of Information Technology (IT) in Retail Business Create Long Term Relationship with Customers

Sumathi Rani Manukonda<sup>1</sup> and Dr. G. China Babu<sup>2</sup>

<sup>1</sup> Bandari Srinivas Institute of Technology

*Received: 6 December 2017 Accepted: 2 January 2018 Published: 15 January 2018*

## Abstract

Customer relationship management (CRM) is an approach to accomplish a company's interaction with current and potential customers. It uses data analysis about customers' history with a company to improve business relationships with customers, specifically concentrating on customer retention and ultimately driving sales growth. Customer relationship management (CRM) is becoming a key practice for retailers looking to increase sales and profitability. As more and more organizations understand the significance of becoming customer-centric into day's competitive era, they adopted CRM as a core business strategy and invested profoundly. CRM, integration of information technology and relationship marketing, provides the infrastructure that facilitates long-term relationship building with customers at an enterprise-wide level. Researchers and retailers have recognized the importance of providing a high level of service to customers. The management should emphasis on gaining customer loyalty by attractive customer perceptions of service quality and increasing the professed consumer value. With the help of information technology, retailers try to maintain a good relationship with customers and make them satisfy that leads to create customer loyalty.

**Index terms**— information technology, CRM, retailing, relationship management, loyal.

## 1 Introduction

The Retail industry in India is undoubtedly one of the fastest growing industry in the world. to the entry of several new players. It accounts for over 10 per cent of the country's Gross Domestic Product (GDP) and around 8 per cent of the employment. India is the world's fifth-largest global destination in the retail space.

Indian Retail Industry has enormous potential as India has the second largest population with prosperous middle class, speedy urbanization and solid growth of internet. India's retail market is expected to increase by 60 % to reach US\$ 1.1 trillion by 2020, on the back of factors like rising incomes and lifestyle changes by middle class and improved digital connectivity.

Technology is essential for modern organized retailing business. Technology proves beneficial in creating and maintaining customer relationships.

Latest technological strategy for retails is Omni channel (also spelled omni-channel) is a multichannel approach to sales that seeks to provide the customer with a seamless shopping experience whether the customer is shopping online from a desktop or mobile device, by telephone or in bricks and mortar store. Omni comes from the word Omnis which can mean all or universal. The way that many are explaining Omni channel today is 'cross channel being done well'. There is true integration between channels on the back end. For example, when a store has implemented an Omni channel approach, the customer service representative in the store will be able to instantly reference the customer's previous purchases and preferences just as easily as the customer service representative on the phone can do the customer service web chat representative can. Or the customer can use a desktop

computer to patterned inventory by the store on the company's website, purchase the item later with a smart phone or tablet and pick up the product at the customer's chosen location. Examples are often that the mobile app should match the responsive design of the website which should thematically reflect the look and feel inside the store. Omni channels, India's leading modern retailer Shoppers Stop Ltd is hoping to be ready with its Omni-channel project by 2017-18. Lifestyle has announced the launch of a new gift card that offers an improved shopping experience to its customers. Redeemable online, offline, on the official apps and in over 270 stores across 80 cities, the new Lifestyle Gift Card gives one countless gifting options.

These technology tools are highly essential for any retail organization to survive in the present competitive techno world. All these technology devices simplify the business task and help to maintain a good T relationship with customers. More authentic and useful data can be collected at the retail point of sales (POS) which helps to understand customer's preferences, buying habits, spending budgets and their individual family needs. Relationships are maintained by utilizing IT for periodical e-mailing, SMS, greetings, promotional letters and personal calling, etc. Retailing growth has demanded IT deployment to broaden its arena and overcome challenges namely business optimization increasing Supply Chain Management (SCM) efficiency, innovating shopping experience and other manual limitations. Present decade has witnessed tremendous growth in online shopping. Indians are very familiar with technological practices now. The current study has tried to find the online customers behavior of web shopping. All the selected four stores have online technology services. Customers of these four stores are using online shopping transaction. The following section discusses the types of technological practices in selected retail stores and its customer's approach.

Customer Relationship Management is an upright concept or strategy to solidify relations with customers and at the same time reducing cost and enhancing productivity and profitability in business. An ideal CRM system is a centralized collection of all data sources under an organization and provides an atomistic real-time vision of customer information. A CRM system is vast and significant, but it can be implemented for small business, as well as enterprises, the main goal is to assist the customers efficiently.

The fundamental intention of a CRM is based on the awareness, understanding and serving the customer in best possible manner is the method of developing the long-term relationship and compete in the market. The following points have to possess the relationship in a framework. They are: CRM is a business approach that integrates people, processes, and technology to maximize the relations of an organization with all types of customers. CRM helps in understanding the customer better, which enable organizations to effectively customize their products and service offerings according to the customer needs to retain customers and increase customer loyalty and satisfaction. Many organizations are embracing customer relationship management strategies to reap benefits such as enhanced revenues and high profits.

## 2 II.

## 3 Literature Review

There are many CRM definitions were proposed by marketing practitioners and scholars. CRM managing the customers has become one of the central ways to make the companies' operations more effective and profitable (Raulas, 2005). Customers should be seen as an investment, because without customers a company will not have any profits, no revenues and consequently no market value. "While some of these conceptualizations are similar, there is definitely a lack of consensus as to the most appropriate way in which this emerging phenomenon should be defined" (Zablah et al. 2004b).

Atul Parvatiyar and Jagdish N Sheth, (2001) describe CRM refers to a conceptually broad phenomenon of business activity. They attributed the development of CRM to the changes of business circumstances with IT, especially innovation of firms, interfaces with customers and total quality philosophy associated with cost reduction efforts. They paid attention to customer selectivity and the simultaneous realization of efficiency, instead of viewing CRM in a narrow sense of data marketing.

## 4 Acquire New Customers Customer Retention Repeat Buying

Increasing Loyalty

## 5 Customer Relationship Management

Duane Harp (2003) explained Corporate CRM strategies are dependent on an information infrastructure comprised of various technologies that enable organizations to store, access, analyze, and manipulate large amounts of customer data. Most organizations with large number of customers to manage, frequently in the thousands or millions, require a combination of sophisticated technologies to implement CRM. Four major areas of technology contribute to a successful CRM project: 1. Data warehousing 2. Database management systems 3. Data mining 4. Business analysis software. Within each of these major technology areas, there are subsets of system and application software to handle a range of CRM-oriented functions, such as: queries on the database, value analysis, and mathematical models for predictive analysis, as well as other mathematical data analysis techniques referred to as "analytics". All of these applications contribute to the CRM solution by enabling organizations to analyze data based on a wide range of parameters.

---

V. Venkataramana and G. Somayajulu (2003) have observed that CRM as a business strategy has radically transformed the way of organizations operate. There has been a shift in business focus from transactional to relationship marketing where the customer is at the center of all business activity. Organizations are now trying to restructure their processes around the needs of their strategically significant customers. The critical driver of such a significant shift towards customer orientation is the realization that customers are a business asset that when managed effectively can derive continuous and sustainable economic value for an organization over their lifetime.

Due to e-CRM, you can interact with customer's right at your site through phone, chat, email, collaboration or forwarding of pages back and forth between the Representative and the Customer. According to Harris, E. K. (2000) e-CRM customers will have any service available anytime throughout the year and can assist the customer in any way he required and pass on any information about your company's product or service, right then and there with the prior permission when the customer is browsing through pages at your site. e-CRM maintains long-term relationship with the customers by providing trust, ethics and friendship.

The first requirement for the successful implementation of CRM is clarity regarding CRM terminology. From the many approaches available, the distinction between the following three areas has become accepted which are: a) Operational CRM: Supports front office processes, e.g. the staff in a call center. Operational integration points exist to human resource systems for user data and ERP systems for transferring order information which was captured e.g. from a call center representative. From an operations perspective, Bose [28] pointed out that CRM is an integration of technologies and business processes that are adopted to satisfy the needs of a customer during any given interaction.

b) Analytical CRM: Builds on operational CRM and establishes information on customer segments, behavior and value using statistical methods. It is useful for management and evaluation purposes, the operational customer data are integrated with a centralized data warehouse which is consolidated data based on certain criteria (e.g. sales, profits).

Here the data mining tool analyses defined dimensions e.g. compares the characteristics of one customer with another, leading to the determination of a customer segment and thus providing the basis for targeted marketing campaigns.

c) Collaborative CRM: Concentrates on customer integration using a coordinated mix of interaction channels (multi-channel management), e.g. online shops, and call centers. Approximately 60% of the companies surveyed use internet portals in their customer communication for selected or suitable activities. CRM is therefore understood as a customer-oriented management approach where information systems provide information to support operational, analytical and collaborative CRM processes and thus contribute to customer profitability and retention. While potential benefits are attractive, CRM implementation must be managed carefully to deliver results.

III.

## 6 Methodology a) Objectives of the Study

The main objective of the study is to examine the Information Technology (IT) infrastructure in retail business effects on customer satisfaction with reference to organized retailing.

## 7 To analyze the information technology infrastructure

in retail business helps to create a good customer relationship. 2. To study the retailer's information gives more awareness to customers about the store. 3. To understand the customer loyalty with retailer's communication channels.

## 8 b) Hypothesis

H1: An Information Technology (IT) infrastructure in retail business helps to maintain the good relationship with customers.

H2: Communication channels which are used by retailers give more information/awareness to the customers.

H3: Wishes and Greetings send by retails won't impact in terms of create loyalty among customers.

## 9 c) Sample Size

The customer sample size is 760 from selected four cities for the study.

## 10 d) Research Tool

The research tool is essential to collect the data from respondents. A questionnaire is the prime data collection tool to what this study is intending to achieve. Survey method with structured questionnaire for Consumers.

## 11 e) Data Collection

Data has been collected based upon two broad approaches i.e. Secondary data and Primary data. Secondary data is data that already exists and that has been collected for another purpose (Churchill, 1996) and in this

research it is consists of books, articles, journals, retail companies report and web/internet. Primary data are collected through observation, interviews and/or questionnaires ??Hair et. al., 2003).

## 12 f) Tool for Data Collection

The questionnaire comprised of two sections. First section deals with the demographics. Second section related to 15 factors. The questionnaire had given five-point scales rating highly satisfied (1) to highly dissatisfied (5), where five is the lowest rank. The data collected from respondents later classified on the basis of age, education, sex, income, location and occupation.

## 13 g) Tools for Data Analysis

Data has been analyzed using the statistical package (SPSS 17.0) and MS-Excel.

## 14 IV.

## 15 Data Analysis

H1: An Information Technology (IT) infrastructure in retail business helps to maintain the good relationship with customers.

To test above mentioned hypothesis the study has identified different areas which are part of technology (IT) practices used by these four retailers. The study is mainly focused on customer satisfaction level on technology services provided by the stores, use and effectiveness of communication channels like SMS's, E-mails, Phone calls etc., wishes/greetings sends by retailers to the customers, web shopping practices etc. It has applied customer cross tabulation method to find the outcome of the data. Customers of selected stores have responded differently from the four cities.

## 16 a) Customer Satisfaction of Technology Services

To understand the customer satisfaction of the technology services provided by the Life style, Pantaloon, Shoppers Stop, and Westside malls located in Delhi, Hyderabad, Kolkata, and Mumbai, information has been collected from the customers. A total of 760 respondents are surveyed. The level of satisfaction is analyzed on scale of "Highly Satisfied, Moderately Satisfied, Neither/nor, Moderately Dissatisfied, and Highly Dissatisfied."

## 17 Source: Authors -Primary Data Analysis

In general, companies send information about "new product arrivals, new prices, offers, discounts, loyalty points redeemable etc." to their membership card holders through SMS's, e-mails, phone calls etc., to the customers. In this study, 414 membership customers were questioned. Remaining 20 out of 434 customers are not membership card holders but they are registered with companies through online. The table 5.68 shows the importance of products/prices information shared by the outlets. Among the 760 respondents, 57.1% agreed on products/prices information sharing by the outlets. From the four malls, the Shoppers Stop shared maximum information on products/prices with their customers. The position of the Lifestyle outlet and Pantaloon outlet is approximately similar (50%). Whereas Westside is ahead of rest of the three outlets in sending the products, price, etc. related information to the customers.

## 18 Source: Authors -Primary Data Analysis

Communication is an essential activity for any business. Retailers communicate their business information like latest events in the outlet to customer through different communication channels. Usually, retailers send information to the customer by weekly an SMS and an e-mail. The table-4 provides information on the most preferred way of communication adopted by the malls to share information with their customers.

The maximum numbers of respondents are from Shoppers Stop and Pantaloon. Out of total 434 respondents, 55.3% respondents are communicated through SMS services and, only 4.6% is through Phone calls. Lifestyle used maximum SMS services to communicated to their customers. E-mail is the second most preferred mode of communication by the listed malls in Delhi, Hyderabad, Kolkata, and Mumbai. Companies get almost 30% sales growths through this method. The table-5 infers that majority of the 434 respondents found the shared products/prices information by the malls is very useful. Pantaloon and Shoppers Stop customers reacted as highly useful information by 86.0% and 87.1% respectively. So, the technology aids are useful to customers as well as companies. It is one of the methods to create long-term relationship with customers. Through this method, companies are promoting products to their membership card holders. It is the easiest and latest technique for every retail organization. The asymptotic value is 0.03 which is lower than 0.05 and affirm the Chi-square value as greater than table value which highly strengthens the alternative hypothesis statement and rejects the null hypothesis. Hence it is concluded that there is a significant relationship between Effectiveness of received Greeting/ Wishes from the stores creates loyalty and emotional sensitivity towards the retails stores.

V.

## 19 Conclusion

Based on the study, it can be concluded that customer satisfaction is an important for any business for their survival in current competitive market. By understanding the needs of their customers, companies develop a long-term relationship with their customers. Thus, CRM earns customer loyalty which in turn increases its revenue. CRM strategies must begin by understanding customer-satisfaction drivers and explicitly tying business and technology initiatives to these levers. Information Technology (IT) is an essential tool in maintaining the relationship with customers and retains them. By taking such an approach, retailers can create a fantastic "total experience e"that results in highly satisfied customers and highly profitable businesses. The execution was determined by the business users, with IT playing a enabling role, thereby making sure that users derive maximum value from implementation. After successful implementation, the CRM system may get into an impact manner, which may challenge business approach. Wish/Greeting the customer is a kind of CRM strategy which creates optimistic and emotional relationship with customers. IT helps to maintain long-term relationship with customer, particularly in retail business.

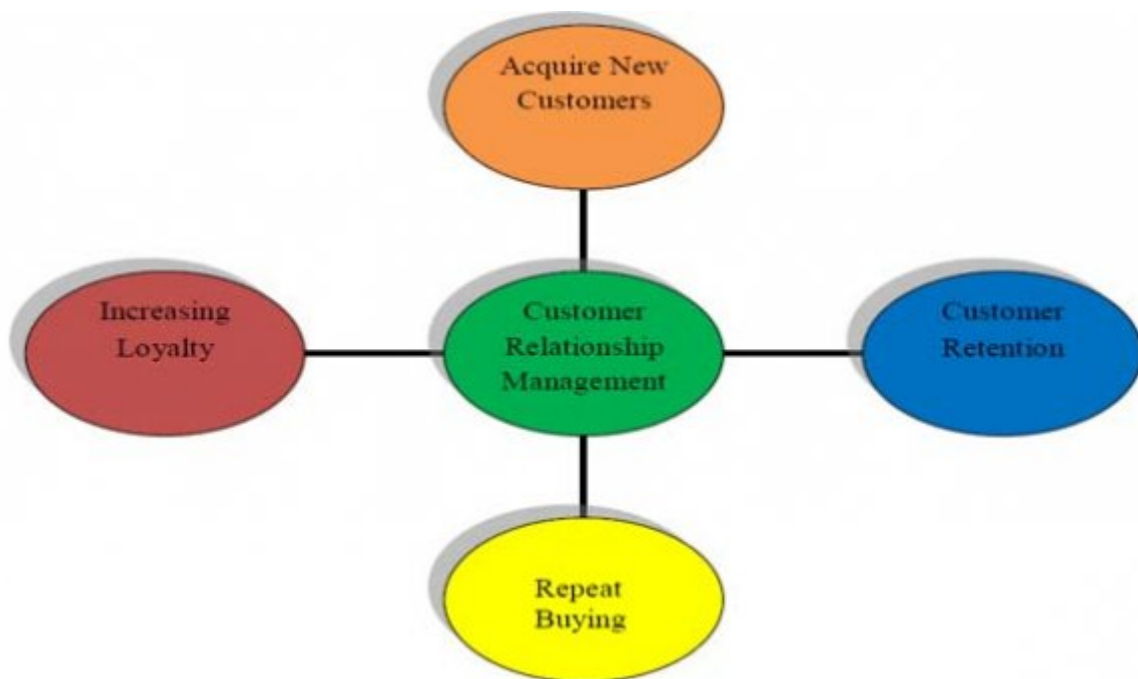


Figure 1: Figure 1 :

Figure 2: Table 1 :

<sup>1</sup>© 2018 Global Journals 1

<sup>2</sup>A Study on Role of Information Technology (IT) in Retail Business Create Long Term Relationship with Customers

<sup>3</sup>© 2018 Global Journals

**2**

Name of the City	Highly Satisfied	Moderately Satisfied	Neither/Nor	Moderately Dissatisfied	Highly Dissatisfied	Total
Delhi	37(19.7)	129(68.6)	16(8.5)	5(2.7)	1(0.5)	188(100)
Hyderabad	42(19.9)	128(60.7)	34(16.1)	5(2.4)	2(0.9)	211(100)
Kolkata	33(21.7)	104(68.4)	11(7.2)	1(0.7)	3(2.0)	152(100)
Mumbai	39(18.7)	144(68.9)	20(9.6)	5(2.4)	1(0.5)	209(100)
Total	151(19.9)	505(66.4)	81(10.7)	16(2.1)	7(0.9)	760(100)

[Note: Source: Authors -Primary Data Analysis]

Figure 3: Table 2 :

**3**

Figure 4: Table 3 :

**4**

Name of the Outlet	SMS	Emails	Phone Calls	Mobile/Email etc.	Mobile/Email	Total
Lifestyle	66(62.9)	16(15.2)	3(2.9)	10(9.5)	10(9.5)	105(100)
Pantaloon	51(47.7)	15(14.0)	4(3.7)	16(15.0)	21(19.6)	107(100)
Shoppers Stop	91(55.8)	28(17.2)	9(5.5)	16(9.8)	19(11.7)	163(100)
Westside	32(54.2)	9(15.3)	4(6.8)	7(11.9)	7(11.9)	59(100)
Total	240(55.3)	68(15.7)	20(4.6)	49(11.3)	57(13.1)	434(100)

Figure 5: Table 4 :

**5**

Name of the Outlet	Yes	No	Total
Lifestyle	83(79.0)	22(21.0)	105(100)
Pantaloon	92(86.0)	15(14.0)	107(100)
Shoppers Stop	142(87.1)	21(12.9)	163(100)
Westside	48(81.4)	11(18.6)	59(100)
Total	365(84.1)	69(15.9)	434(100)

Source: Authors -Primary Data Analysis

Figure 6: Table 5 :

## 6

Name of Outlet	New Arrivals	Latest Price	Offers	Scheme Available	loyalty points and others	Total
Lifestyle	22(21.0)	19(18.1)	25(23.8)	6(5.7)	33(31.4)	105(100)
Pantaloon	19(17.8)	11(10.3)	31(29.0)	6(5.6)	40(37.3)	107(100)
Shoppers Stop	46(28.2)	38(23.3)	31(19.0)	6(3.7)	42(25.8)	163(100)
Westside	14(23.7)	5(8.5)	16(27.1)	1(1.7)	24(39.0)	59(100)
Total	101(23.3)	73(16.8)	103(23.7)	19(4.4)	138(31.8)	434(100)

Source: Authors -Primary Data Analysis

Companies send information to membership customers about their new programs, arrivals, schemes etc.

Figure 7: Table 6 :

## 7

Name of the Outlet	Yes	No	Total
Lifestyle	77(43.5)	100(56.5)	177(100)
Pantaloon	81(44.8)	100(55.2)	181(100)
Shoppers Stop	127(57.0)	96(43.0)	223(100)
Westside	54(52.4)	49(47.6)	103(100)
Total	339(49.6)	345(50.4)	684(100)

Source: Authors -Primary Data Analysis

The above table-7 shows the frequency of receiving Wishes/Greetings by customers from the four mentioned outlets. Companies send greetings/wishes on customer's birthday, festivals etc. It is an emotional kind of technique to build a relationship with customers. The frequency of receiving and not receiving the Wishes/Greetings from the mall outlets is almost 50% for both variables. Out of 177 respondents from Lifestyle mall, 43.5% percent reported Yes" and 56.5% reported No on receiving Wishes/Greetings from the outlet.

The respondents from Pantaloon reported 55.2% No and 44.8% Yes out of 181 respondents receiving Wishes/Greetings. Shoppers stop received maximum 57.0% Yes out of 223 respondents. It is maximum among all the four studied malls. Westside respondents reported 52.4% for Yes and 47.6% for No receiving and not receiving Wishes/Greetings respectively.

Figure 8: Table 7 :

## 8

Name of the Outlet	Yes	No	Total
Lifestyle	47(62.7)	28(37.3)	75(100)
Pantaloon	51(62.2)	31(37.8)	82(100)
Shoppers Stop	86(67.7)	41(32.3)	127(100)
Westside	44(80.0)	11(20.0)	55(100)
Total	228(67.3)	111(32.7)	339(100)

Source: Authors -Primary Data Analysis

Figure 9: Table 8 :

9

	Chi-Square Tests			
	Value	df	Asymp.	Sig.
			(2-sided)	
Pearson Chi-Square	29.709 a	12	.003	
Likelihood Ratio	30.096	12	.003	
Linear-by-Linear Association	.637	1	.425	
N of Valid Cases	760			
a. 5 cells (25.				

Figure 10: Table 9 :

5

Figure 11: Table 5 .



- [Taylor and Baker ()] 'An assessment of the relationship between service quality and customer satisfaction in the formation of consumers' purchase intentions'. S A Taylor , T L Baker . *J. Retailing* 1994. 70 (2) p. .
- [Parvatiyar et al. ()] *Conceptual Framework of Customer Relationship Management*, Atul Parvatiyar , N Jagdish , Sheth . 2001. New Delhi: Tata McGraw-Hill Publishing Company Limited.
- [Nair and Suja ()] *Consumer Behavior. Himalaya Publication House Delhi*, R Nair , Suja . 2008. p. .
- [Anderson and Jacobsen ()] 'Creating Loyalty: Its Strategic Importance in Your Customer Strategy'. H Anderson , P N Jacobsen . *Customer Relationship Management*, S A Brown (ed.) (Ontario) 2000. 2000. John Wiley. p. .
- [Mendoza et al. ()] *Critical Success Factors for a Customer Relationship Management Strategy, Information and Software Technology*, L-E Mendoza , A Marius , M Perez , A-C Griman . 2007. 2007. 49 p. .
- [Ghosh et al. ()] 'Customer Expectations of Store Attributes: A study of organized retail outlets in India'. Piyali Ghosh , Tripathi , & Vibhuti , Anil Kumar . *Journal of Retail & Leisure Property* 2010. 9.
- [Venkata et al. ()] *Customer Relationship Management-A Key to corporate Success Excel Books*, V Venkata , Ramana , G Somayajulu . 2003.
- [Fingar et al. ()] *Enterprise E-Commerce: The Software Component Break through for Business -to -Business Commerce*, P Fingar , H Kumar , T Sharma . 2000. Tampa: Meghan-Kiffer Press.
- [Karimi et al. ()] 'Impact of Information Technology Management Practices on Customer Service'. J Karimi , T M Somers , Y P Gupta . *Journal of Management Information Systems* 2001. 17 (4) p. .
- [Piyush et al. ()] *Managing Retailing*, Kumar Piyush , Sinha , Prasad Dwarika , Uniyal . 2009. Oxford University Press p. p. .
- [Kotler ()] *Marketing Management*, P Kotler . 2000. New Jersey: Prentice-Hall. 10. (th ed.)
- [Goyal and Aggarwal ()] 'Organized Retailing in India-An Empirical Study of Appropriate Formats and Expected Trends'. B B Goyal , Meghna Aggarwal . *Global Journal of Business Research* 2009. 3 (2) .
- [Kotler et al. ()] *Principle of Marketing*, Kotler , Philips , Armstrong Gray . 2008. p. . (Pearson Education 12th edition Delhi)
- [Ptak and Scharagenheim ()] C A Ptak , E Scharagenheim . *ERP: Tools, Techniques, and Applications for Integrating the Supply Chain*, 1999. CRC Press-St. Lucie Press.
- [Sheth et al. ()] 'Relationship marketing in consumer markets: antecedents and consequences'. N Sheth , Jogdish , A Parvatiyar . *Journal of the Academy of Marketing Science* 1995. 23 (4) p. .
- [Jagdish et al. (ed.) ()] *Relationship Marketing in Consumer Markets: Antecedents and Consequences. Handbook of Relationship Marketing*, N Jagdish , Sheth , Parvatiyar Atul . Jagdish N Sheth and Atul Parvatiyar Response Books (ed.) 2002. New Delhi. p. .
- [Rosemary et al. ()] *Retail change: contemporary issues*, D F Rosemary , Bromley , J Colin , Thomas . 1993. UCL Press.
- [Berman et al. ()] 'Retail management'. Barry Berman , R Joel , Evans . *Upper Saddle River*, (NJ) 2001. Prentice Hall. (th edition)
- [Bajaj et al. ()] *Retail Management*, Chetan Bajaj , Rajnish Tuli , V Nidhi , Srivastava . 2005. Oxford University Press.
- [Gupta ()] *Retail Management: An Indian Perspective*, S L Gupta . 2007. Wisdom Publication.
- [Meuter et al. ()] 'Self-service technologies: Understanding customer satisfaction with technology-based service encounters'. M L Meuter , A L Ostrom , R I Roundtree , M J Bitner . *J. Marketing* 2000. 64 (3) p. .
- [Sheth et al. ()] 'The Antecedents and Consequences of Customer-Centric Marketing'. J N Sheth , R S Sisodia , R S Sharma . *Journal of the Academy of Marketing Science* 2000. 28 (1) p. .
- [Gustafsson et al. ()] 'The effects of customer satisfaction, relationship commitment dimensions, and triggers on customer retention'. A Gustafsson , M D Johnson , I Roos . *Journal of Marketing* 2005. 69 (4) p. .
- [Reichheld ()] *The Loyalty Effect: The Hidden Force Behind Loyalty*, F F Reichheld . 1996. Boston, Harvard Business School.
- [Sureshchandar et al. ()] 'The relationship between service quality and customer satisfaction-a factor specific approach'. G S Sureshchandar , C Rajendran , R N Anantharaman . *J. Serv. Marketing* 2002. 16 (4) p. .
- [Gomez et al. ()] 'The role of loyalty programs in behavioral and affective loyalty'. B G Gomez , A G Arranz , J G Cillan . *Journal of consumer marketing* 2006. 23 (7) p. .
- [Turner and Borch ()] 'Wham, bam, thank you scan: An analysis of customer satisfaction with self-scan checkouts in IKEA, Germany'. J J Turner , K Borch . *J. Marketing Retail* 2012. 1 p. .