

Major Project Report
on
THE IMPACT OF CUSTOMER RELATIONSHIP
MANAGEMENT (CRM) AND PERFORMANCE OF
RELIANCE RETAIL STORES

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DECLARATION

We hereby declare that the project entitled “**THE IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM) AND PERFORMANCE OF RELIANCE RETAIL STORES**” submitted for the MBA degree is our original review work and the project has not formed the basis for the award of any other degree, associate ship, fellowship or any other similar titles.

Mayank Kimtani

Place: DSM, Delhi

Date: 22/ 05/ 2018

Certificate

This is to certify that the project entitled '**THE IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM) AND PERFORMANCE OF RELIANCE RETAIL STORES**' has been successfully completed by Mayank Kimtani – 2K16/EMBA/517

This is further certified that this project work is a record of bonafide work done by him under my guidance. The matter embodied in this report has not been submitted for award of any degree.

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I also take this opportunity to convey sincere thanks to all the faculty members for directing and advising during the course.

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ABSTRACT

In the highly increasingly today's competitive environment, it is very tough to make customer, as customers are not just making their buying decisions on the product categories but also on product comparisons. Gone are the days when they were easily available. Due to the arrival of various companies, Indian and foreign operators it is very easy for the customer to have the comparative market research and analysis, what to buy, where to buy and, how to buy. Retail industry is at crossroads and building customer relationship has become an essential tool in retailing. Retailer is very much focused in understanding the customer needs, designing a customer-driven marketing strategy and constructing marketing programs, which lead up to building profitable Customer-relationships. The simple answer to it is effective CRM.

In this study I demonstrate that customer satisfaction research is not only a tool to measure consumer attitudes but can also be a proactive tool for managing customer relations. The study also aimed to know the part of CRM in Reliance retail. It also includes the effort, benefits to clients, internal employees reference with reference Reliance retail's CRM implementation. For this purpose, different type of data has been collected, studied and analyzed.

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INTRODUCTION

Customer Relationship Management (CRM)

Today, retailers are just looking for the quick hits of CRM, like screen pops for call centers, and email campaigns to drive store traffic.

Research Objective

- To study various relationship marketing techniques and methods used by Reliance Retail
- To analyze the gap between the proposed and delivered customers and services by Reliance Retail
- To identify the main parameters which will help Reliance Retail build and reserve long term relations with their stakeholders.
- To determine challenges faced by Reliance Retail in implementing CRM activities
- To provide solutions for improving CRM strategies for the growth of Reliance retail.

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LITERATURE REVIEW

Research Objective

The Project will cover objectives of supply chain infra, with world class strategies and standards. Through huge categorization of products and services, Reliance retails wants to touch every customer and supplier in India.

To provide western-style retail facility “Reliance Mart” will sell a range of 95,000 types of items includes consumer durable products (clothing, stationery, toys, medicines, home furnishings, footwear etc.), FMCG, IT, automotive accessories, apparel accessories, fine jewelry and fashion jewelry under one roof.

They will be better than the best in the market. We would ensure that our products would be cheapest on the consumers wallet and would match the lowest price in the market with the best quality as benchmark”, said Pillai. Reliance has set up the first hypermarket in 1,65,000 sq. ft area worth Rs. 4.25 crore approximately for selling groceries to general merchandising in Reliance Mart.

Reliance had announced last year to invest Rs. 25,000 crore in its retail store and expected to spend Rs. 2,500-3,000 per square fit for establishing 500 hypermarkets in 784 towns by next five years. Since then Reliance has been looking for deserving lands across the country to fulfill its dream project.

Mukesh Ambani, the Chairman and Managing Director of Reliance Mukesh Dhirubhai Group said, “Organised retail has the potential to trigger socio-economic transformation on an unprecedented scale in our country and will bring about enormous spin-off benefits to the Indian economy and its various constituents. The launch of ‘Reliance Mart’ is yet another step by Reliance Retail towards providing an international shopping experience to all our customers at unmatched affordability,

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guaranteed quality and choice of products and services". He was speaking on inauguration ceremony of first ever hypermarket in Ahmedabad.

Reliance will provide some innovative services to the customers all within the store under one roof. The facility of owned fresh bakery service will be all time available under brand name of "hot off the oven".

Besides this, Reliance Retail is building a vigorous and state-of-the-art supply chain infrastructure in parallel to cover the entire country along with setting up its own cold storage chain discretely. "It is expected to generate direct employment for half-a-million people and indirect employment to two million", said Pillai.

Reliance Retail mulling new strategies for Bengal foray

Hamstrung by political controversy and non-availability of Agriculture Produce Marketing Committee (APMC) licenses to procure Agri-produce directly from farmers, Reliance is now considering the option of importing Agri-commodities from different States of India.

Admitting that the project was scheduled for a rollout in late 2006-07 and has been delayed, a Reliance group source said: "We have already presented our case before the Chief Minister. We may approach him on the issue once again, shortly. Following which we have to take a call on our future strategy." The company is now aiming to roll out stores by June 2007.

Distribution Centres

The controversy has been kicked up by a section of the ruling Left Front, especially the All India Forward Bloccontrolling the West Bengal State Marketing Board. The latter, which is the State APMC authority, has rejected Reliance's application for trading licenses in 15 APMC markets.

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According to the official, Reliance is setting up six distribution centres — comprising multi-product cold storage facility of Rs 300 crore each and sorting and packaging facilities — in West Bengal.

Regulatory Market

Rejecting the claims of the marketing board that the project would endanger the livelihood of vast majority of farmers and middlemen, the official said: "On the contrary our activity will free the farmer from the clutches of private money lenders and provide access to better farming techniques."

He said that the total collection of one per cent regulatory market transaction fee is only Rs 20-25 crore a year but there is a clear potential of collecting anything in the region of Rs 350 crore a year. This apart, organised trade will ensure higher collection of sales and other taxes, he added.

CUSTOMER EQUITY

It has been defined as "The total discounted lifetime value of all its customers". It has three major categories – brand, retention, and equity which help to retain customers and increase equity.

A firms' strategic opportunities might be best viewed in terms of the firm's opportunity to improve the drivers of its customer equity. Hence customer equity should be central in the thinking to the marketing managers of any type of a firm.

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BRAND EQUITY

It is the first point that needs to be studied for customer equity which is “The added value a brand name identity brings to a product or service beyond the functional benefits provided”.

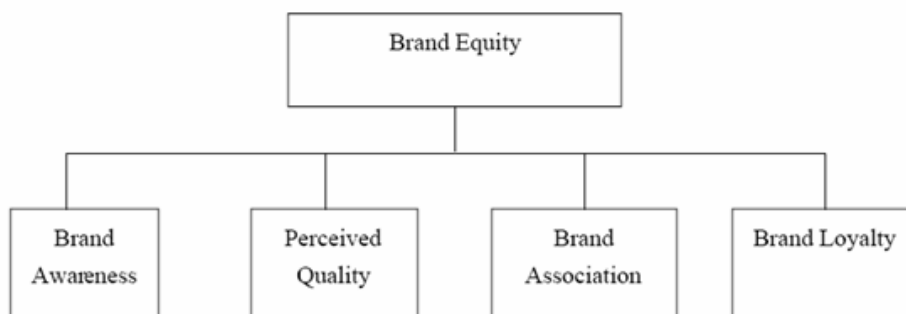
Brand Loyalty has two components: brand loyal behavior and brand loyalty attitudes. The attitude behind the purchase is important because it drives behavior. While brand Loyalty behavior is partly determined by situational factors such as availability, attitudes are more enduring. Unfortunately, despite its importance, brand attitudes have not attracted a corresponding degree of research interest.

With its help, a lot of things can be achieved like acquiring new customers, more sales, premium pricing, revenue profits and gain, reduce marketing cost, pull marketing, and many more benefits.

CATEGORIES OF BRAND EQUITY

Brand equity is trust and willingness of the customer without catering cost and benefits. The 5 main parts of brand equity are Brand loyalty, brand awareness, perceived quality and brand association.

Brand equity categories



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It is defined as “A deeply held commitment to rebuy or re patronize a preferred product service consistently in the future, thereby causing repetitive same brand or same brand set purchasing despite situational influences and marketing efforts having the potential to cause switching behavior”

Brand association is that which allows customers to relate or connect themselves to the brand. This association can be brought forward through a products quality and innovation, good advertising campaigns.

Perceived quality is the quality through which customers associate with a brand. This factor is of great importance because it affects profitability. Prices are also associated with the quality so therefore once a brand is established, premium prices are charged so as to increase profits and the customer perception.

Today brands are viewed as an asset. The real asset is brand loyalty. Without loyalty a brand is like a trademark with little value. It is loyalty that the consumers express or show their satisfaction towards a particular product.

Main focus is loyalty of brand and to achieve that following is the criteria: -

- Word of Mouth
- Customers who are loyal are price sensitive
- Customers who are loyal are less admired by competitors’ promotions
- Customers promote brand extension
- As a result, high returns and hence, market share

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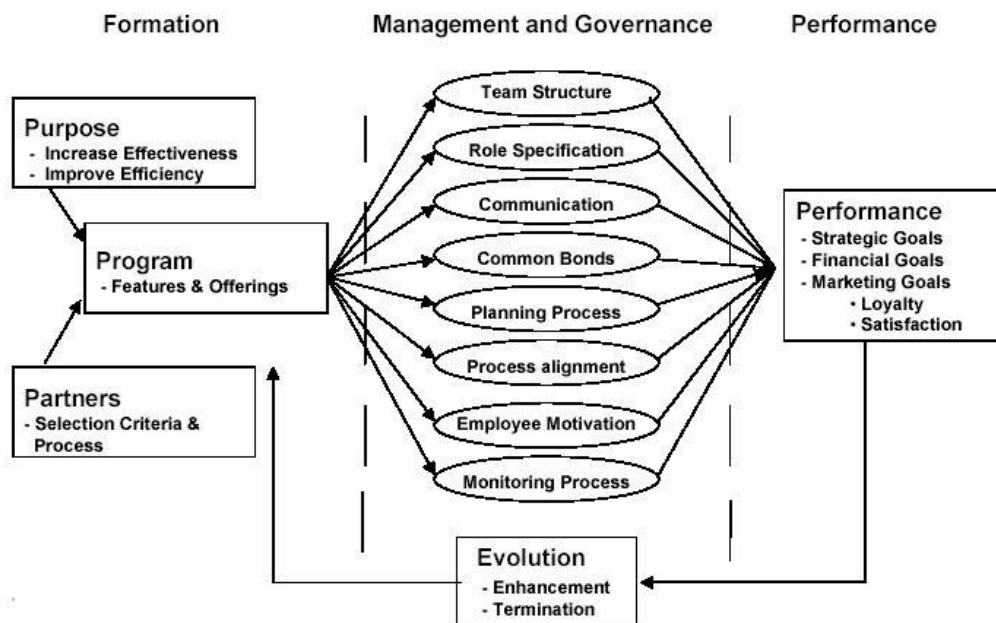
Customer Relationship Management (CRM)

CRM is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the customer. In the marketing literature the terms customer relationship management and relationship marketing are used interchangeably.

The core theme of all CRM and relationship marketing perspectives is its focus on a cooperative and collaborative relationship between the firm and its customers, and/or other marketing actors.

Another important facet of CRM is “customer selectivity.” As several research studies have shown, not all customers are equally profitable for an individual company. However, the objective of a company is not really to prune its customer base but to identify the programs and methods that would be the most profitable as it creates value for the firm and the customer.

Figure 1: The CRM Process Framework



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Customer Relationship Management marketing can be defined as “an integrated effort to identify, maintain and build up a network with the individual customers and to continuously strengthen the network for the mutual benefit of both parties, through interactive, individualized and value-added contracts over a long period of time.

Customer Relationship Management has following objectives

1. To study the current practices of CRM.
2. To find out the impact of CRM on the profitability of the organization.
3. To study the factors affecting the CRM practices.
4. To study the role of information technology in CRM.

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RESEARCH METHODOLOGY

Introduction

Research is an organized, systematic, data-based investigation into a specific critical, objectives, scientific inquiry or problem undertaken with the purpose of finding answers of solution of it Research design is the blue print for the collection measurement and analysis of data.

Type of research

Descriptive research

Sample selection

A survey would be conducted in Reliance Retail in Delhi and NCR region. Customers will be interviewed through an unstructured open-ended list of questions.

Sample technique

Convenience sample technique will be used here for this study. Random sample of the total population will be used as it is meant for a specific category only.

Sample size

50 respondents

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TOOLS FOR ANALYSIS

Excel Sheets, pie charts and bar diagrams

Sources of data collection

Primary data is collected with specific objective, especially to address the research problem. The data is gathered by distributing a questionnaire to the customers who visit Reliance Retail and through personal interview.

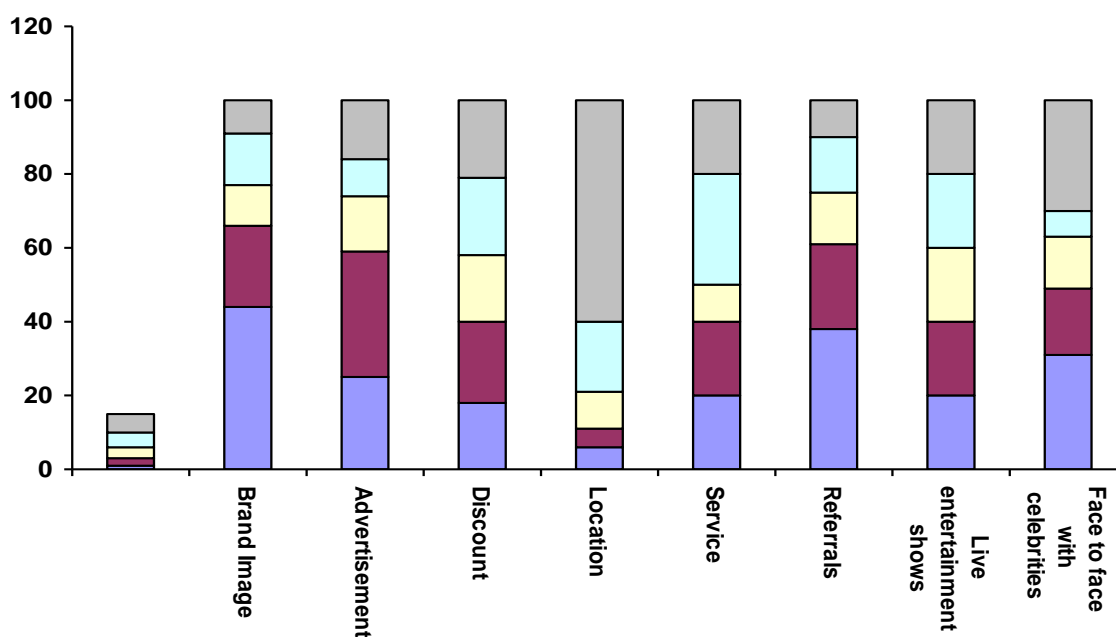
Secondary data includes books, journals, magazines, newsletters of the Reliance Retail, and internet.

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Data Analysis

Are you aware about Reliance Retail?

Attributes	Respondents Count
Yes	50
No	0

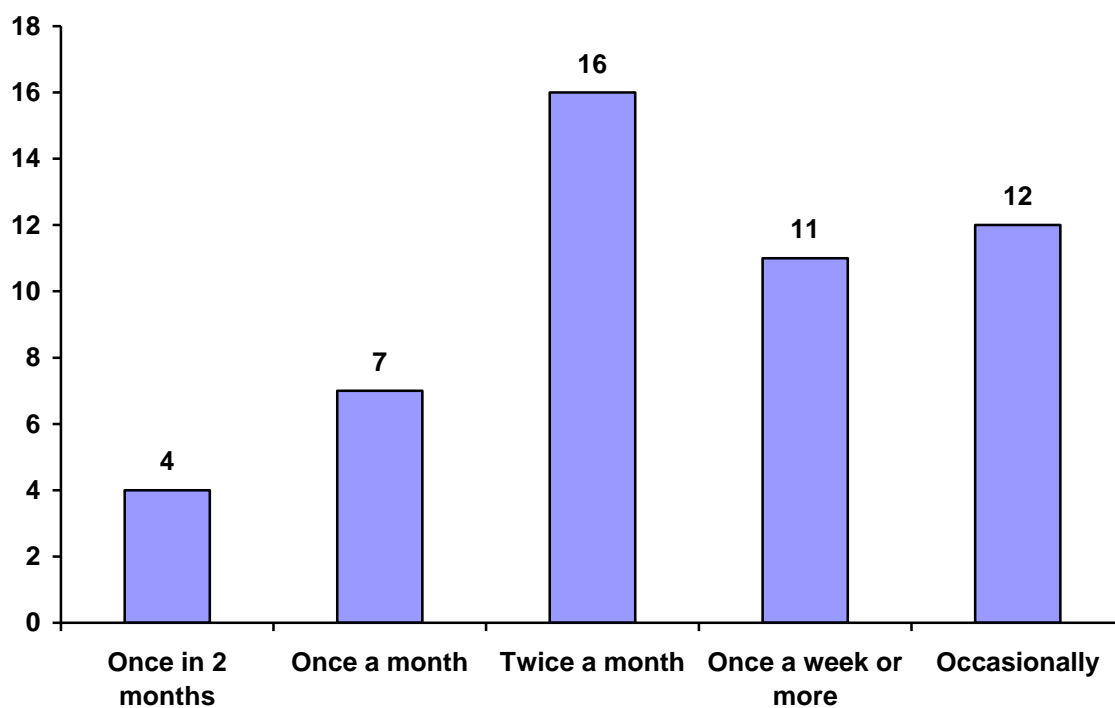


All respondents are aware about Reliance Retail products. Reliance Retail at the higher end of the market is using this approach and may continue to do so with the new categories they are entering in the form of brand extension. This approach is used to create awareness about the sub-category of Reliance Retail.

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How many times do you visit retail stores?

Attributes	Respondents Count
Once In 2 months	4
Once In a month	7
Twice a month	16
Once a week or more	11
Occasionally	12

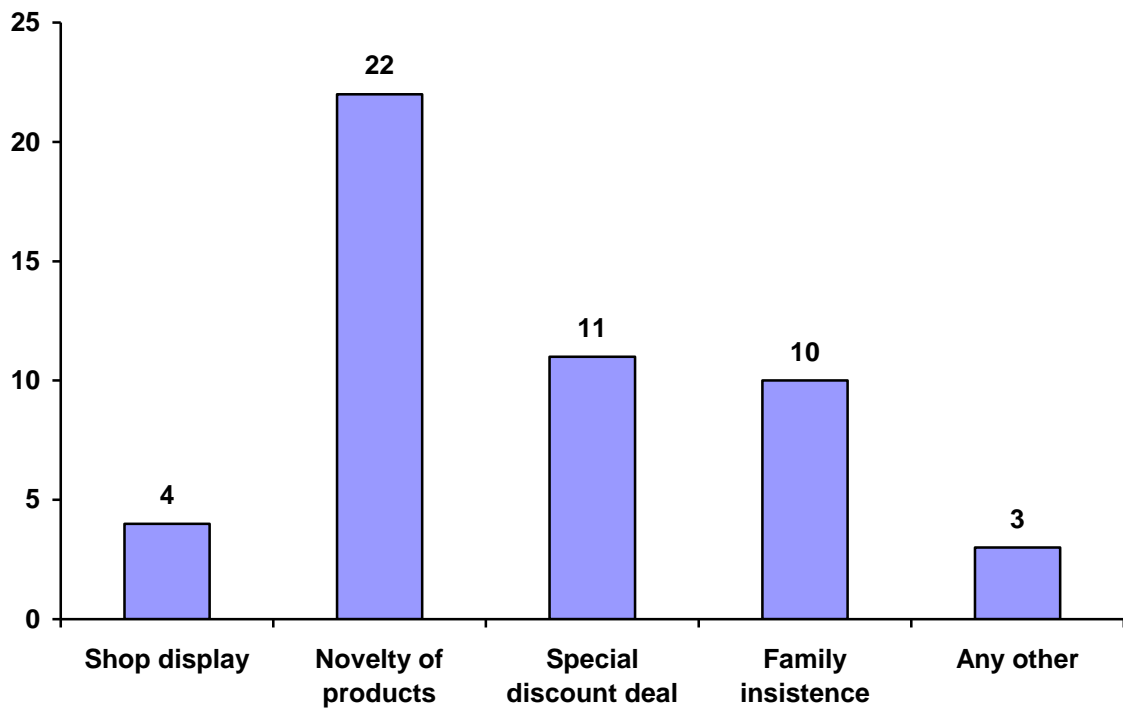


The respondents are mostly middle-class family members who have taken the survey and it has been found that the trend is of going for shopping every fortnightly is maximum. Followed by occasionally are the youngsters group and once week for house wives.

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What are the factors of influence for shopping?

Attributes	No. of Respondents
Shop display	4
Novelty of products	22
Special discount deal	11
Family insistence	10
Any other	3



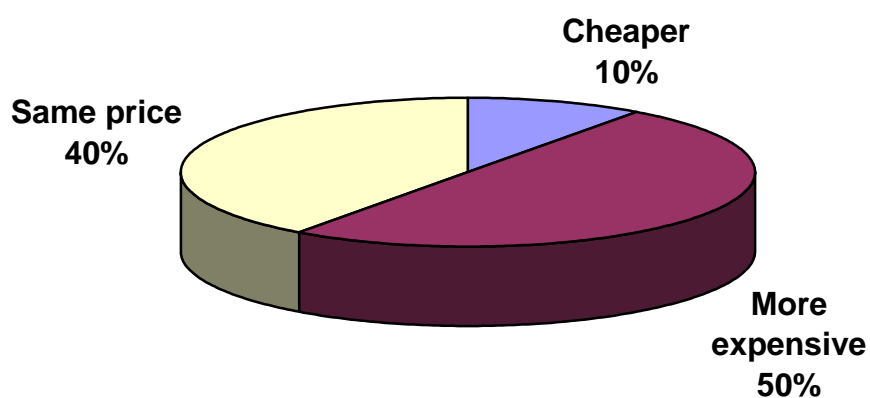
Highest preference of the customers in the choice of attributes is Novelty of Products which drives a consumer. Personal care, and pampering to the consumers are treat of retailers and shop owners today.

With 11 respondents who opted for discount as an attribute has also created a water mark for the retailers and shop owners.

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Are the prices of products available in Reliance Retail more or less than other competitors?

Attributes	No. of Respondents
Cheaper	5
More expensive	25
Same price	20



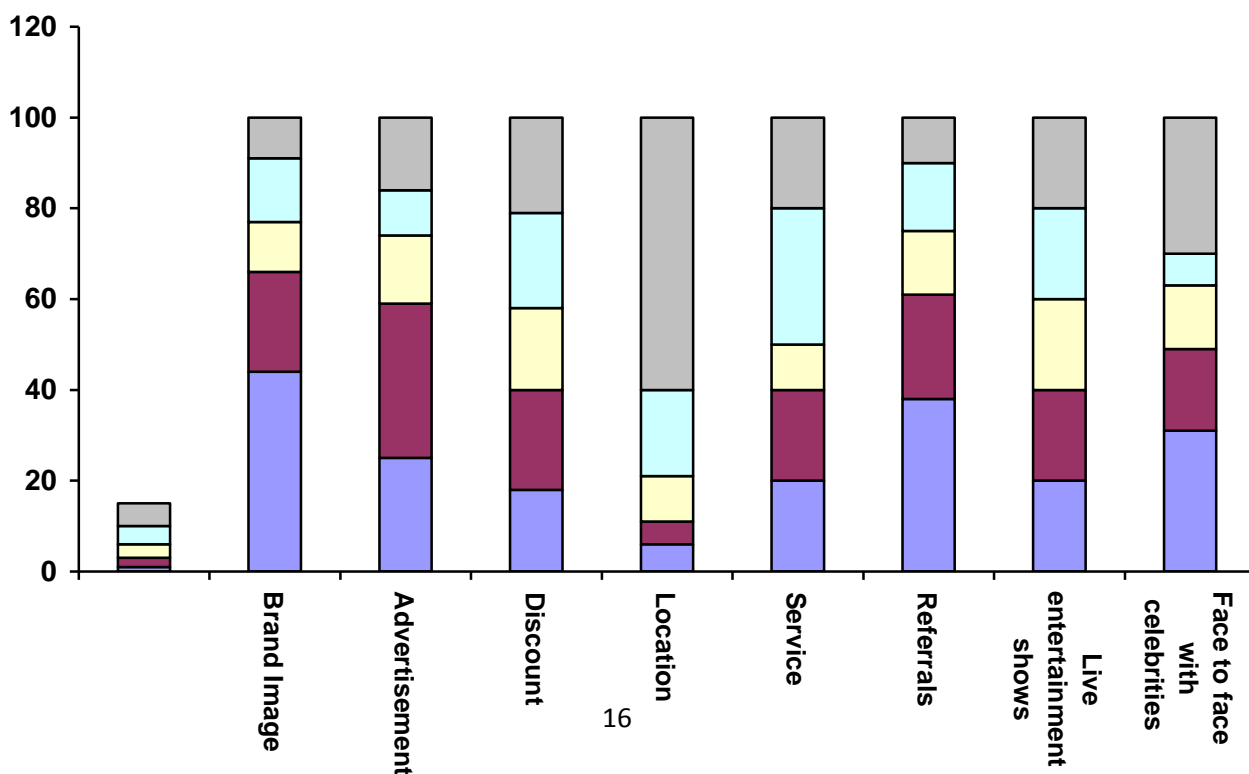
Though the correspondents have opted for expensive category more than other but it is to be noted that another higher category of people has also opted for similar price range as compared to others.

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How influenced are you to visit different retail Stores based on given attributes?

(5 - Not Important, 4 – Less Important, 3 - Neutral, 2 – Important, 1 – More Important)

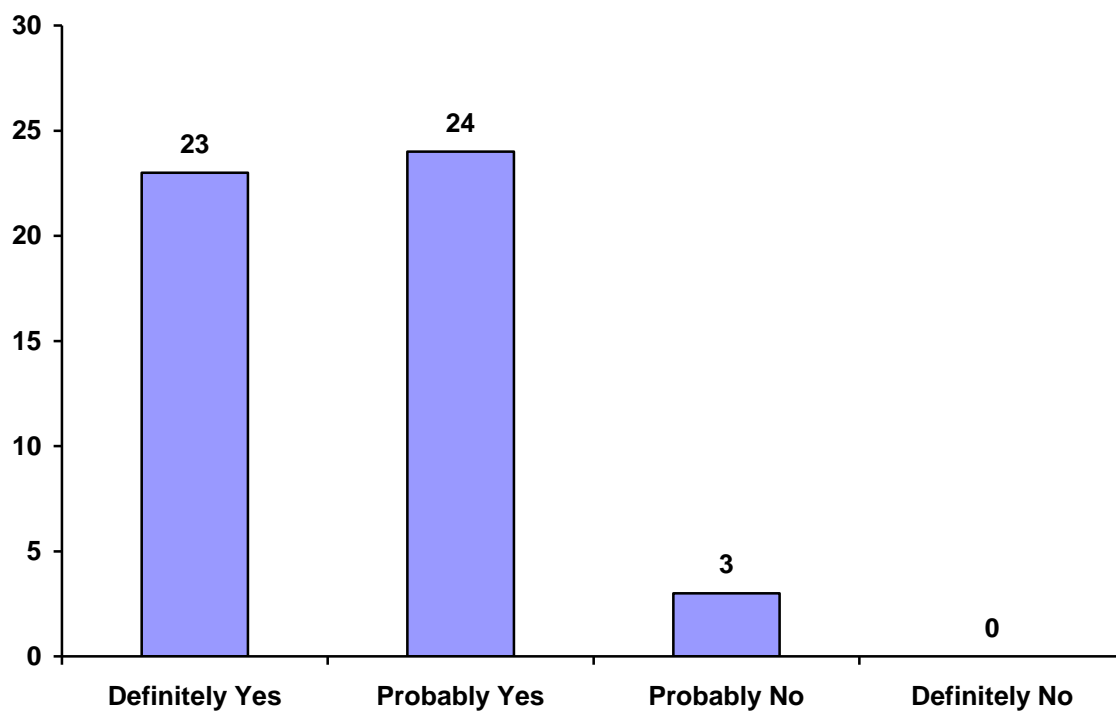
	Big Bazaar	Pantaloon	Reliance Retail	Shoppers Shop	Vishal Megamart
Brand Image	43	21	10	13	8
Advertisement	24	33	14	9	15
Discount	17	21	17	20	20
Location	5	4	9	18	59
Service	19	19	9	29	19
Referrals	37	22	13	14	9
Live entertainment shows	19	20	19	19	19
Face to face with celebrities	30	17	13	6	29



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Would you recommend Reliance Retail to your friends and relatives?

Attributes	No. of respondents
Definitely Yes	23
Probably Yes	24
Probably No	3
Definitely No	0

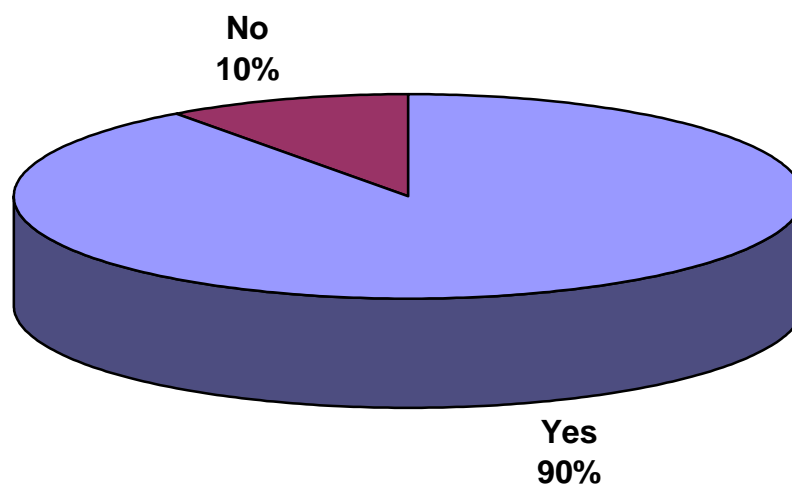


The graph shows that out of 50, 24 respondents said that they are probably refer Reliance Retail for relatives and friends. Best form of getting increase in business is making use of the existing customer base to promote the brand. Word of mouth communication between the shoppers and prospective shoppers is the cheapest way to increase the footfall in a shopping mall.

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Does Brand name influence purchase behavior?

Attributes	No. of Respondents
Yes	45
No	5

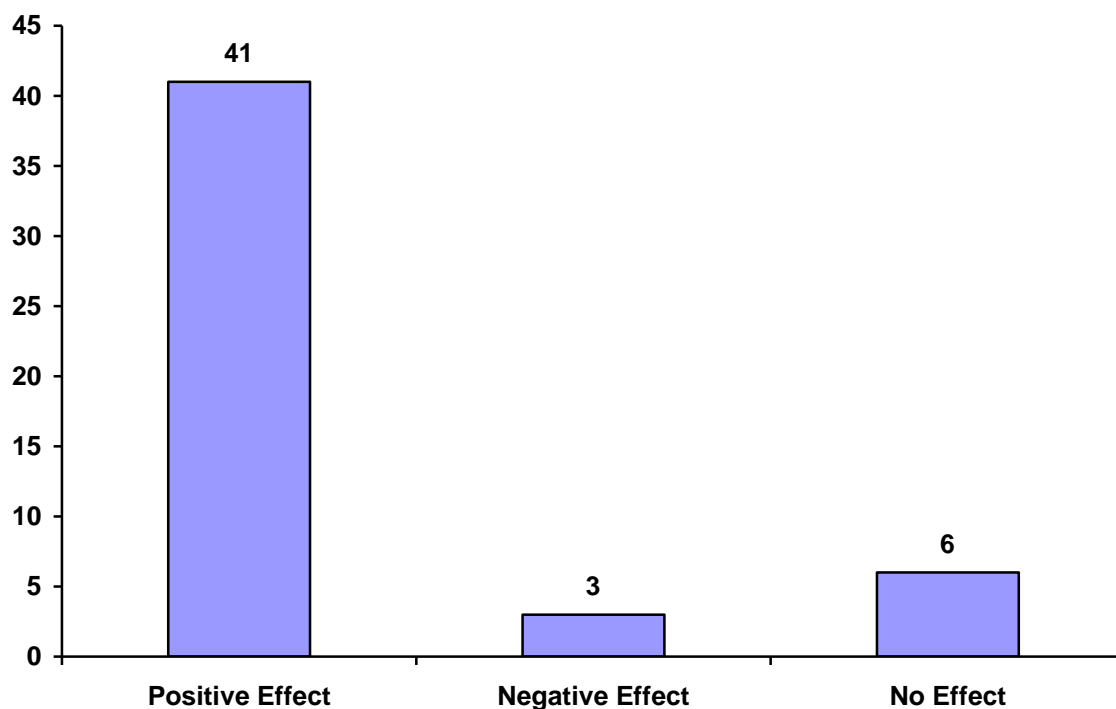


Analysis suggests that brand name and brand image does play a major role. Hence, Reliance will get biggest advantage in the retail sector to attract new customers and retain them.

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How does sales promotion schemes effect the image of the brand in your mind?

Attributes	No. of respondents
Positive Effect	41
Negative Effect	3
No Effect	6



It analyzes the kind of sales promotion schemes liked by consumers. The sales promotion schemes have a positive effect on the sales and brand image in the short run. But regularity of schemes with a brand creates a negative impression, in the long run.

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Findings

- Customer relationship management (CRM) applications improves customer and company relationship.
- Through study, it is learnt that timely service provisioning, response to customer queries, and reporting on network performance are aspects of CRM.
- The customer for retail Services is found to be very price sensitive, which has made the competition among Companies a more of a Price War.
- Retail companies major focus is on Customer Retention. As it is understood that the new customer acquiring cost is almost or more than 5 times that of retaining the customers. To attain this Reliance retail has used a no. of value added services, to increase the stickiness of the customer.
- The CRM is understood to be strengthened by Relationship Building tactics, which are continuously measured through time.

Limitations

- Time Constraint.
- Less no. of correspondents than an average of count required for research.
- The surveyors attitude may or may not align with the content of the researcher and the research.
- Due to lesser no. of correspondents, the sample may not align with the exact finding and there is a chance of higher variations.

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CONCLUSION AND RECOMMENDATIONS

Each and every organizations' strategy may or may not match the other organizations strategy. The variation may be due to nature of business, size, share of the market, CSR activity involvement, lifestyle, customers, vendors, suppliers and partners count.

Reliance should have a focus on their competitors' strategy, performance, style of work, operations, logistics, etc. and must try to comply with them. It helps to perform future purchases, increase its strength, reduce its weakness, do a detailed SWOT analysis. As result the Reliance will be step ahead of their competitors, which their customers will also feel the difference, understand and agree with better relationship and continue to exist.

The following approaches serve important parameters to the Reliance Retail for planning a customer relationship.

- **Friendly Treatment** – Warmth, pampering and delight are most important in services industry. A small automotive repair business in Mexico has blazed a new trail in service leadership by treating customers as 'friends'.
- **Customers as Guests** – It is important to analyze the customers pain point, quality, experience, testing more than design. The ultimate goal is to retain customers by catering their needs, and expectations and still make profit.

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The Customer behavior and customer retention goes hand in hand and hence, drive each other. The basic philosophy of retention, and researches, strongly suggest that past purchase of customers are better predictors of their future purchase behavior than demographics. Retailers provide unusually high-quality customer service to build and maintain their loyalty through promotions that includes high discounts, freebies, loyalty points, thanks notes to birthday cards, etc. Allocating marketing resource to some strategies used in marketing programs and thus, it will help to get more profits than their competitors. That is continuously allocating high amount of budgets in high profit making activity and campaigns, as compared to lower profit making activity and campaigns.

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**THE IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM)
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Questionnaire

1. Are you aware about Reliance Retail?

- Yes No

2. How many times do you visit retail stores?

- Once in two months Once a month
 Twice a month Once a week or more
 Occasionally

3. What are the factors of influence for shopping?

- Shop display Novelty of product
 Special discount deal Family's insistence
 Any other_____

4. Are the prices of products available in Reliance Retail more or less than other competitors?

- Cheaper
 More expensive
 Same priced

5. The Most Important motivational factor for customers is:

- Cost Effectiveness Discount offers
 Convenient access Variety

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6. Does Brand name influence purchase behavior?

Yes

No

7. How does sales promotion schemes effect the image of the brand in your mind?

Positive Effect

Negative Effect

No Effect

8. How influenced are you to visit different retail Stores based on given attributes?

(5 - Not Important, 4 – Less Important, 3 - Neutral, 2 – Important, 1 – More Important).

	Vishal Mega mart	Big Bazaar	Shoppers Shop	Reliance Retail
Brand Image				
Advertisement				
Discount				
Display				
Location				
Ambience				
Service Quality				
Referrals				
Live entertainment shows				
Face to face with celebrities				
Playing arena for kids				
Membership privilege				

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9. Would anyone recommend Reliance Retail?

Attributes	No. of respondents
Definitely Yes	
Probably Yes	
Probably No	
Definitely No	