



Effect of Customer Relationship Management on Customer Satisfaction at Reliance Fresh Store, Vadodara

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Abstract — Customer relationship management plays a very important role in every field. The main purpose of enterprises performing CRM is to handle customer demand, satisfaction in order to maintain relationships and to create new business. The motive of this study is to find out the effect of customer relationship management on customer satisfaction and the research work has been carried out at one of the 'Reliance Fresh Store' in Vadodara (Gujarat). Research design for this project is based on the scientific method using deductive reasoning.

The research is based on primary data using questionnaires and interviews of 150 respondents of almost all age groups. The data is analyzed using Five Point Likert scale rating. The Quantitative approaches used are Correlation and Regression analysis and R, R Square, Adjusted R Square, Standard Error of the Estimate, F- value, T- value have been calculated through SPSS software to interpret the results of Regression analysis. The research focuses mainly on one of the most important element of CRM i.e. 'behavior of the employees'. It is very useful element for finding out the level of satisfaction among customers and hence it helps sellers in increasing the Lifetime Customer Value (LTV). The research significantly shows that with respect to customer satisfaction, in terms of employee behavior, the assistance and guidance from the employees contributes most significantly towards customer satisfaction.

Keywords- CRM, customer, behavior of employees, customer satisfaction, customer relationship.

I. INTRODUCTION

Customer relationship management plays a very vital role in almost every field. It helps in tackling operational challenges including sales decline, high customer attrition and misalignment between corporate revenue targets and salespeople's commission policies. It allows one to register contact details of the lead customers; sellers can track all customer interaction. Therefore the enterprises and organizations are now days shifting towards adopting CRM. CRM makes simpler to handle customer demand and thus increases the customer satisfaction improve and create new businesses. It is applicable in almost every field like hospitality, railways, hotels, departmental stores, educational institutes, banks etc.

Customer Relationship Management sometimes may also have undesired results. There could be a lack of commitment and corporation from people within the organization in the proper implementation of CRM and this eventually leads to customer dissatisfaction and loss of revenue. Weak leadership can also be one of the obstruction in proper implementation of CRM in any organization. Therefore, successful implementation of CRM in one go is a tempting but risky strategy. So, it's better to break any CRM project down into manageable pieces by setting up short-term milestones. In this research study, the main focus is on checking the level of customer satisfaction in terms of employee's behavior towards customers in one of the Reliance Fresh Store of Vadodara. Quantitative approach has been adopted during the research work in the form of questionnaires and surveys. A hypothesis is made first and based on that the analysis has been carried out to check the hypothesis whether it is true or false.

II. RESEARCH QUESTIONS

The employees' behavior is consistent with the company's reputation and culture. The behavior of employees is such that they provide assistance and guidance in easy selection of merchandise. The employees' response to my queries is fast. The employees' response to my complaints is fast. The behaviour of employees is friendly and respectful towards me.

III. LITERATURE REVIEW

3.1. Definition of customer

'Customer' can be defined as an individual or business that purchases the goods or services produces by a business. The customer is the end goal of businesses, since it is the customer who pays for supply and creates demand. Businesses will often complete through advertisements or sales in order to attract a larger customer base. (www.investopedia.com)

3.2. Types of customers

In the retail industry, sellers are constantly faced with the issue of trying to find new customers. Most of them are obsessed with making sure their advertising, displays and pricing. All “scream out” to attract new business. This focus on purchasing new customers is certainly prudent and necessary, but, at the same time, it can wind up hurting them. Therefore, their focus really should be on the clients who currently are their best customers. In retail, this idea of focusing on the best current customers should be seen as an on-going opportunity. To better understand the rationale behind this theory and to face the challenge of building customer loyalty, let’s break down shoppers into five main types:

- **Loyal Customers:** Sellers need to be communicating with these customers on a regular basis by telephone, mail, email, etc. these people are the ones who can and should influence their buying and merchandising decisions. Nothing will make a loyal customer feel better than soliciting their input and showing them how much seller value it. They represent no more than twenty percent of seller’s customer base, but make up more than fifty percent of their sales
- **Discount Customers:** This category helps ensure that seller’s inventory is turning over and, as a result, it is a key contributor to cash flow. This same group, however, can often wind up costing them money because they are more inclined to return product. They shop their stores frequently, but make their decisions based on the size of their markdowns.
- **Impulse Customers:** This is the segment of seller’s clientele. There is nothing more exciting than assisting an impulse shopper and having them respond favorably to seller’s recommendations. Sellers want to target their displays towards this group because they will provide them with a significant amount of customer insight and knowledge. They do not have the tendency of buying a particular item at the top of their “TO DO” list, but come into the store on a whim. They will purchase what seems good at the time.
- **Need-Based Customers:** People in this category are driven by a specific need. When they enter the store, they will look to see if they can have that need filled quickly. If not, they will leave right away. They buy for a variety of reasons such as a specific occasion, a specific need, or an absolute price point. As difficult as it can be to satisfy these people, they can also become loyal customers if they are well taken care of. Salespeople may not find them to be a lot of fun to serve, but, in the end, they can often represent seller’s greatest source of long-term growth. It is important to remember that need-based customers can easily be lost to internet sales or a different retailer. To overcome this threat, positive personal interaction is required, usually from one of top salespeople. If they are treated to a level of service not available web or another retailer, there is a very strong chance of making them loyal customers. For this reason, need-based customers offer the greatest long-term potential, surpassing even the impulse segment. They have a specific intention to buy a particular type of item.
- **Wandering Customers:** For many stores, this is the largest segment in terms of traffic, while, at the same time, they make up the smallest percentage of sales. There is not a whole lot sellers can do about this group because the number of wanderers they have is driven more by their store location than anything else. Keep in mind, however, that although they may not represent a large percentage of their immediate sales, they are a real voice for them in the community. Many wanderers shop merely for the interaction and experience it provided them. Shopping is no different to them than it is for another person to go to the gym on a regular basis. Since they are merely looking for interaction, they are also very likely to communicate to others the experience they had in the store. Therefore, although, wandering customers cannot be ignored, the time spent with them needs to be minimized. They have no specific need or desire in mind when they come into the store. Rather, they want a sense of experience. If sellers are serious about growing their business, they need to focus their efforts on loyal customers, and merchandise their store to leverage the impulse shoppers. (<http://sbiinfocanada.about.com>)

Definition of ‘Customer Relationship Management

According to Dowling, G. (2002), CRM is a business philosophy and set of strategies, programs, and systems that focuses on identifying and building loyalty with a retailer’s most valued customers. Based on the philosophy that retailers can increase their profitability by building relationships with their better customers, the goal of CRM is to develop a base of loyal customers who patronize the retailer frequently. Customer relationship management (CRM) is a concept for managing a company’s interactions with customers, clients, and sales prospects. It involves using technology to organize, automate, and synchronize business processes. The objectives of CRM are to enhance profitability, income, and customer satisfaction. To attain CRM, many organizations use set of tools, technologies, and procedures to support the relationship with the customer to enhance sales. Therefore, CRM is an issue of strategic business and process rather than a technical one.

According to Goldenberg, B.J. (2008) customer relationship management has been defined as “a business approach that integrates people, processes, and technology to maximize relationships with customers” Moreover, according to Raab, G., Ajami, R.A., Gargeya V. & Goddard, G.J. (2008) it has been stated that customer relationship management “characterizes a management philosophy that is a complete orientation of the company toward existing and potential customer relationships” Mueller B. (2010) characterizes customer relationship management aspect of the business as a

highly dynamic, and convincingly argues that businesses have to adopt a proactive approach in devising relevant programs and initiatives in order to remain competitive in their industries.

Customer relationship management (CRM) is based on the idea that developing a relationship with customers is the most excellent way to find them to become loyal and that loyal customers are more profitable than non-loyal customers.

According to Mohsan, F., Nawaz, M. M., Khan, M. S., Shaukat, Z., & Aslam, N. (2011), the significance of customer satisfaction cannot be dismissed while happy customers are like free advertising. It is necessary to put the customer at the center of the business according to its strategies, events and processes. In fact, it is easier and more profitable to sell to presented customers than to find new ones. Organizations are ever more setting themselves strategies to determine and make sure customer retention, and charging their employees to be more customer-focused and service-oriented. Baker, S. (2003) said that all businesses have been affected to some degree of root and branch evolution which is happened in the global market place. According to Kotler, P., & Armstrong, G. (2011), not only the organizations aim to satisfy the customers but they attempt to do this more efficiently and effectively than the other rivals in competitive market place to attain their goals.

Jain, D., & Singh, S. (2002) said that the most important goal that companies follow up is to maintain customer loyal to the firm so they more focus on customer centric approach in their organizational and marketing strategies.

Bowen, J. T., & Chen, S. L. (2001) said that having satisfied customers is not sufficient, there has to be really satisfied customers. This is because customer satisfaction has to direct to customer loyalty. Sivadas, E., & Baker-Prewitt, J. L. (2000) said "there is a rising recognition that the last objective of customer satisfaction measurement should be customer loyalty".

3.3. Behaviour of the employees

An employee that conforms to organization behavior and value is likely to strengthen the connection between the consumer and the firm. A reverse pattern of effects is to be expected when the employee act through his/her own behavior. In these cases, a consumer may think that the organization actually does not deliver the symbolic benefits that s/he had expected for and may evaluate the organization in a negative way. In other words, under circumstances such as the ones described, an employee will probably exert a strong impact on organization reputation and attitudes. According to the works of Coulter, K. S., & Coulter, R. A. (2002), the effect of positive employees' behavior could be expressed by increasing speed of response to customer and ensure employees are friendly and respectful to customer.

3.4. Previous research papers on 'CRM':

According to the research by Bhattacharya, A. (2011), CRM is implemented in an organization to reduce cost and increase company performance, which means profitability result through customer loyalty. Indeed, in a successful CRM implementation, data are collected from internal and external source such as sales department, customer service, marketing, after sales services, procurement, and others. This is crucial in obtaining a holistic view of each customer requirement in a real time system. This information will be able to aid employees to make fast and accurate decision when dealing with the customers in different areas and touch points. The finding of this study shows that the customer perception and treatment given to each customer individually able to assist in solving many customer's problems. Thus, customer satisfaction and loyalty would be achieved through a successful CRM implementation. Therefore, organization should discover different requirements of the customers and adjust their policies according to their needs to increase the firm's competitiveness.

Enterprises can make the customer satisfied and create larger commercial profit for company and raise the market share if the CRM was well done. So a large numbers of companies introduce the CRM system in order to provide customers with customized services.

Zineldin, M. (2006) developed a triangle strategy between quality, CRM, and customer loyalty which is leading to companies competitiveness. This research was designed to measure satisfaction and loyalty of the customers based on two main conditions where the customer database information and strategy of CRM should be well structured and the capacity of the system should be enough to produce data for accurate analysis. According to the findings of the research, any changes of the quality of the services or productions in a firm over time could be used as an indicator to find the level of customer loyalty through a well-structured CRM strategy. If the indicators of interaction, infrastructure, and atmosphere are linked to the product and process quality, it helps the researchers to find what changes are required in CRM strategy to improve customer satisfaction and loyalty.

Izquierdo, C. C., Cillaín, J. G., & Gutierrez, S. S. (2005) developed a model in which, car repair and maintenance are tested as a case where long term customer relationship is frequentative. Path analysis is used to evaluate the association of customers' perception, market loyalty and market position. The hypotheses were evaluated using a path analysis, which examines the relationship between marketing activities and economic performance. This model is proposed based on performance of the market and economic. The measures of proposed model are as follows:

- The position of Market
- Customer Loyalty
- Customer insight

- Economic and market performance

The findings suggest that CRM implementation include attraction activities which are service quality, commercial practices and loyalty programs such as bonus, contact, satisfaction and complaints handling. This result in appropriate perception of customers leading to increasing customer loyalty and therefore, economic performance of the firm would be increased.

Feinberg, R., & Kadam, R. (2002) argues that emphasizing to online business rather than traditional way of business is necessary nowadays. So in this way, the usage of internet provides an opportunity for business to use it as a tool for CRM. According to their research, there are 42 different e-CRM features used by the retailers. The finding shows that there is significant relationship between CRM implementation on websites of the retailers and customer satisfaction which leads to customer loyalty. However all attributes of implemented CRM are not equal in terms of predicting the customer satisfaction and loyalty.

Choi Sang Long, Raha Khalafinezhad, Wan Khairuzzaman Wan Ismail & Siti Zaleha Abd Rasid researched about 'Impact of CRM Factors on Customer Satisfaction and Loyalty': This paper examined the impact of customer relationship management (CRM) elements on customer satisfaction and loyalty. CRM is one of the critical strategies that can be employed by organizations to improve competitive advantage. Four critical CRM elements are measured in this study are behavior of the employees, quality of customer services, relationship development and interaction management. The study was performed at a departmental store in Tehran, Iran. The study employed quantitative approach and base on 300 respondents. Multiple regression analysis is used to examine the relationship of the variables. The finding shows that behavior of the employees is significantly relate and contribute to customer satisfaction and loyalty.

3.5. Conceptual framework

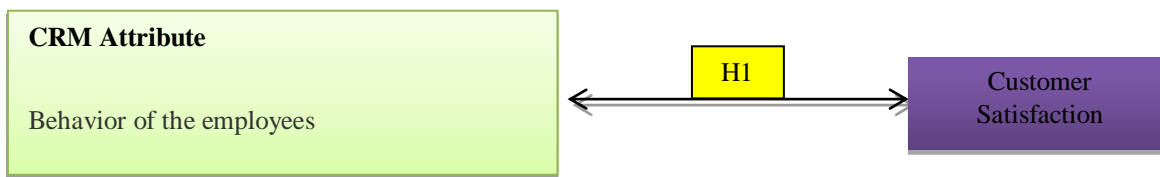


Figure 1. Conceptual framework for the present research study

IV. METHODOLOGY

Research design for this project is based on the scientific method. It uses deductive reasoning, where a hypothesis is made first. The data used in the research is primary data and it is collected by means of questionnaire. The research uses the data of 150 respondents including people of almost all age group. Statistical tool is being used for analysis. F test and T test are also done for the discriminant analysis. After doing the analysis, conclusions are made to prove the hypotheses false or not false. During the test, if the prediction comes true then one can proceed further and if not, i.e if the hypothesis comes false, then one has to repeat the procedure and make a new hypothesis based on the new knowledge.

V. FINDINGS AND DISCUSSION

5.1 Descriptive Analysis



Figure 2 : Age and Gender of the respondents.

The frequency analysis of the age of consumer's shows that most of the consumers of the stores are young with 38 percent are from the age group of 26-35 years and 30 percent from the age group of 18-25 years. Only 12 percent are from the age group of 46 and above. Gender wise, the sample is relatively balanced with 51 percent males and 49 percent females.

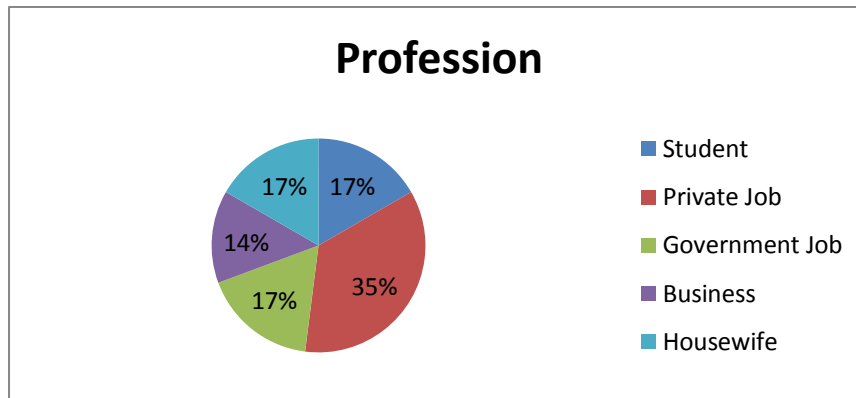


Figure 3: Profession of the Employees

5.2 Inferential Analysis

This section is fully dedicated to test the proposed hypothesis. Correlation analysis and Regression analysis were conducted to test the hypothesis of this study. In this study, R, R square, the adjusted R square, Standard error of the estimate, F-value and t-value from SPSS output have been calculated to interpret the results of regression analysis. Results of these tested hypotheses are described below:

5.2.1. Hypothesis 1

Hypothesis H1₀: CRM does not impact satisfaction among customers.

Hypothesis H1₁: CRM does impact satisfaction among customers.

5.2.2. Behavior of the Employees

In relation to Hypothesis 1, researcher conducted the correlation analysis with customer satisfaction as a dependent variable and behavior of the employees as independent variables. As shown in the Table 6.1 the Pearson correlation coefficient between customer satisfaction and employees' behavior is consistent with the company's reputation and cultures (0.159), and 2-tailed significance is 0.053 (correlation is significant at 0.01 level). The Pearson correlation between customer satisfaction and the behavior of employees is such that they provide assistance and guidance in easy selection of merchandise was found to be 0.324 with 0.000, 2-tailed significance and Pearson correlation between customer satisfaction and fast employees' response was found to be 0.176 with 0.031, 2-tailed significance. The Pearson correlation between customer satisfaction and fast response to the complaints was 0.107 with 0.193, 2-tailed significance. Lastly, the Pearson correlation between customer satisfaction and friendly and respectful employee behavior is 0.193 with 0.018, 2-tailed significance. The results reflect that there is positive relationship between employee behavior and customer satisfaction though not very significant.

Table 1: Correlation between Employee behaviour and customer satisfaction.

Correlations		
		A
A. Good employee behavior enhances my brand satisfaction	Pearson Correlation	1
	Sig. (2-tailed)	
	N	150

a. The employees' behavior is consistent with the company's reputation and culture.	Pearson Correlation	.159
	Sig. (2-tailed)	.053
	N	150
b. The behavior of employees is such that they provide assistance and guidance in easy selection of merchandise	Pearson Correlation	.324**
	Sig. (2-tailed)	.000
	N	150
c. The employees' response to my queries is fast.	Pearson Correlation	.176*
	Sig. (2-tailed)	.031
	N	150
d. The employees' response to my complaints is fast	Pearson Correlation	.107
	Sig. (2-tailed)	.193
	N	150
e. The behaviour of employees is friendly and respectful towards me.	Pearson Correlation	.193*
	Sig. (2-tailed)	.018
	N	150

In connection regression analysis was conducted with consumer satisfaction as dependent variable and five dimensions i.e. consistent employee behavior, employees provide assistance and guidance for selection, prompt response for queries, prompt response for complaints and friendly employee behavior as independent variables. The Table 6. 2 shows the results of regression analysis, which shows that the adjusted R square value of 0.809 which reflects that only 80.9% variation in the customer satisfaction is reflected by different attributes of employee behavior. Since the value of r^2 is close to 1, regression equation is useful in making predictions. Table 6.3 shows the results of ANOVA, with F-value of 144.650, significant at $p= 0.001$ suggesting that the five attributes of employee behavior have significantly explained 80.9% variance in customer satisfaction.

Table 2: Regression analysis of Employee Behaviour and Customer Satisfaction

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.983 ^a	.879	.809	.015

Table 3: ANOVA test

ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	19.472	5	3.894	144.650	.001 ^a
	Residual	120.588	144	.837		
	Total	140.060	149			

The significance of results indicates that different attributes of employee behavior are significant for customer satisfaction. Regression analysis (Table 6.4) reveals that the fact that employees assistance and guidance in selection of merchandise ($t=3.300$; $p=0.001$) and employees friendly and respectful behavior ($t= 1.703$; $p= 0.001$) emerged as the

significant variables in explaining variance in customer satisfaction. This value was significant at 1% (0.01) significance level.

Table 4. T-test and Significance

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.844	.304		2.774	.006
	A	.072	.077	.075	.932	.353
	B	.273	.083	.272	3.300	.001
	C	.055	.074	.063	.752	.453
	D	.011	.076	.012	.149	.882
	E	.130	.076	.138	1.703	.001

VI. CONCLUSION

Impact of customer relationship management (CRM) initiatives, were studied on customer satisfaction. Different variables of 'Behaviour of Employees' were studied and analyzed in the present study. All the five variables showed varied responses of the customers. However not all variables contributed towards customer satisfaction. While with respect to customer satisfaction, in terms of employee behavior, the assistance and guidance from the employees contribute most significantly towards satisfaction.

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