

TRIUMPH OF RELATIONSHIP MARKETING PRACTICES IN RETENTION OF CUSTOMERS IN SUPERMARKET CHAIN STORES

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ABSTRACT

Owing to the uncompromising competition in today's business, many companies are required to build long-term profitable relationship with customers and to achieve customer loyalty. Therefore, relationship marketing has become more and more important since last decade of 20th century, especially in service industry. There are many different relationship marketing tactics implemented for retaining customer. Hence It has become significant for organizations to find ways, to retain the existing customers as it is more cost effective to retain customers than to acquire them. In order to protect their long-term concern, organizations are seeking ways to forge and to maintain an on-going relationship with their customers. It is proposed that offering loyal service gives an organization the advantage, not only to be able to fulfill customers' present needs, but also the ability to anticipate their future needs. This paper is an attempt to understand the service facilities which influence the customers to retain loyal to the supermarkets they shop in.

Keywords: Relationship Marketing, Retention, Supermarkets.

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INTRODUCTION

The success of a firm is that the firm's service employees develop the emotional connection with customers which leads to exceptional service and the ability to exceed customer expectations. "Don't try to tell the customer what he wants. If you want to be smart, be smart in the shower. Then get out, go to work and serve the customer!"- says the famous entrepreneur Gene Buckley, Sikorsky Aircraft, and that is appropriate in today's scenario where we need to recognize what our customer wants and see to that we satisfy them with the same. Customer retention is a cost-effective and profitable business strategy that is imperative in today's competitive economic environment. Customer retention is the activity a company undertakes to prevent customers from defecting to alternative companies. Successful customer retention starts with

the first contact and continues throughout the entire lifetime of the relationship therefore customer loyalty is the final goal of relationship marketing [1].

PAST REVIEWS

Relationship marketing refers to the use of relationships rather than purely transactional means, in order to not only acquire customers, but also to generate customer loyalty that results in repeat custom for the firm. It is a very important area for modern businesses, and an ideal area on which to base your marketing dissertation. Gronroos proposed a more formal definition in 1989 which included the goal of yielding a profit "through a mutual exchange and fulfillment of promises" (Gronroos 1989). Gronroos (1990)^[3] states: "Marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit so

that the objectives of the parties involved are met. The focus of relationship marketing is frequently considered to be customer retention because retention is less costly than acquisition (Fornell and Wernerfelt 1987; Reichheld 1996) and small increases in retention rates can have a dramatic effect on the profits of a company (Fornell and Wernerfelt 1987, 1988; Reichheld and Sasser 1990). For example, existing customers tend to purchase more than new customers (e.g., Rose 1990); and, in most cases, there are efficiencies in dealing with existing customers as compared to new customers (Reichheld 1996). These various approaches to developing stronger bonds with customers are typically characterized. These various approaches to developing stronger bonds with customers are typically characterized as customer retention programs, loyalty based management or one-to-one marketing strategies (Reichheld 1996, Peppers and Rogers 1993)^[7]. Jay Kandampully, 1988 says the premise of 'quality of service' as the competitive edge in gaining market leadership has been well recognized both in academic research and by leading service organizations. The more popular approach with recent application of information technology is to focus on individual or one-to-one relationship with customers that integrates database knowledge with a long-term customer retention and growth strategy (Peppers and Rogers 1993). McKenna (1991) professes a more strategic view of relationship marketing by putting the customer first and shifting the role of marketing from manipulating the customer (telling and selling) to genuine customer involvement (communicating and sharing the knowledge). as customer retention programs, loyalty based management or one-to-one marketing strategies (Reichheld 1996, Peppers and Rogers 1993)^[8]. Customer's satisfaction holds the potential for increasing an organization's customer base, increase the use of more volatile

customer mix and increase the firm's reputation (Fornell, 1992, Levesque and McDaugall, 1999). One path to achieving customers' satisfaction is through customers' service. Customer service is the provision of service to customers, before, during and after a purchase. Zeithaml and Bitner (2003) defined customers service as a series of activities designed to enhance the level of customer's satisfaction that is, the feeling that a product or service has met customer's expectation. Loyalty experts agree it is more cost effective to retain customers than to acquire them, but, based on numerous interviews and two surveys, CRM Guru found that few companies have strong programs in place. And those that do may be focusing on the wrong things. From a recent CRM Guru survey, we learned that even though more than 70 percent of customers say poor service caused them to take their business elsewhere, business managers believe price to be a prime factor for defection [4].

Jay Kandampully, 1988, argues that service loyalty precedes customer loyalty. He presents the changing focus of service quality from a mere competing instrument to that of the basic core of the service concept in meeting and exceeding customer expectations. It is argued that long-term superiority of a service firm is dictated by the organization's ability to maintain their relationship with the customer by offering 'service loyalty': a demonstration of the organization's commitment to maintain the service promise [6].

Emmet C. Murphy and Mark A. Murphy, 2009 have made many eye opening statements in their bestselling book, *Leading on the Edge of Chaos* say that Acquiring new customers can cost as much as five times more than satisfying and retaining current customers, a 2% increase in customer retention has the same effect as decreasing costs by 10%

Depending on the industry, reducing your customer defection rate by 5% can increase your profitability by 25 to 125% Customer profitability tends to increase over the life of a retained customer research and potential managerial implications.

Bob Thompson, March 2005^[2], states that the Customer churn rates are higher than ever, and businesses haven't figured out how to stop the bleeding. Four steps have been discussed to improve loyalty and retention which, if focused on appropriate customers, will improve profitability. They are to understand drivers of loyalty and defection, from the customers' point of view, to develop a loyalty strategy focused on the "right" customers, systematically deliver what your customers value, and fix it quickly when you don't, implement measurement and reward systems to encourage customer-centric behavior.

Oyeniya et.al, February 2^[5] state that, to find that there lies strong bondage between customer services on customer retention in telecommunication industry in Nigeria. Customer service leads to customer satisfaction and which eventually leads to strong bondage towards the firm and finally the customers is retained with the firm.

RESEARCH METHODOLOGY

The major objective of the study is to understand the factors leading to customer retention in leading supermarkets. In order to achieve the objectives of the study an analysis is made to understand the opinion of customers on various attributes as overall facilities, physical attributes behind and the CRM programs sustaining the repeat purchase and further managing relationship with the customers from the supermarkets. Descriptive Research Design is adopted; Convenience Sampling and Non Parametric -Direct interview method is adopted to take survey from 50 respondents in Chennai city. Five

supermarkets as Reliance, Spencer's, Heritage Fresh @, Aditya More and Big Bazaar were considered for the study. The Statistical tools applied are chi-square test to test the independence between attributes. Rank analysis statistical tool was adopted to understand the perception of customers.

DATA ANALYSIS AND INTERPRETATION:

Organized Retailing being one of the booming industries, customers are attracted towards the supermarkets chain stores because of enormous facilities given by them. We all believe that time is precious. In developing economy like India where there are double income households are striving to raise their financial status by working in multinational organization in odd hours have seldom time to go and shop each commodity in one place and hence prefer supermarkets. Today's household desires all the commodities to be available under one roof and supermarkets serve the purpose. By and large the basic facilities are classified into five segments and the preference of respondent is understood by the ranks given to varied facilities available in the store leading to the repetitive purchase from the supermarket chain store they visit regularly. The overall facilities supporting a supermarket are studied. The major factor which are concerned as supporting services are Payment facilities, Promotions and offers, Availability of range of products, Home delivery and Staff etiquettes. Respondents have given their preference by giving rank 1 to promotion and offers, rank 2 to pricing schemes, 3rd rank to availability of range of products, rank 4 to home delivery and rank 5 to staff etiquettes as preference for the supermarket chain store they visit regularly. The store plays a very vital role in bringing a customer. In today's modern environment customer seek for more sophistication and comfort. Shopping is a

delight for both the genders due to the availability of wide variety of products. Hence all the in store and location facilities are being considered for rating and are categorized into five segments. The preference of respondent is understood by the ranks given to varied facilities available in the store leading to the repetitive purchase from the supermarket chain store they visit regularly. Respondents have given their preference by giving rank 1 to the location, rank 2 to parking facilities, 3rd rank to air conditioning facilities, rank 4 shelf layouts and trolleys and rank 5 to store ambience as preference for the supermarket chain store they visit regularly. Excellent customer service is about being aware of customer needs and reacting to them effectively. CRM helps you to understand, anticipate and respond to your customers' needs in a consistent way, right across your organization. Practicing Customer Resource Management requires an efficient and integrated internal business system. Many businesses benefit from the organizational discipline CRM imposes, as well as from the technology itself. CRM will help your business if you view it as a set of tools that let you do more for, and get more from, your customer. It helps the organisations in Reductions of operating costs ,attracting new customers and closing deals faster, through quicker and more efficient responses to customer leads and customer information, simplification of marketing and sales processes by understanding customer needs .CRM helps in better customer service, through improved responsiveness and understanding that builds customer loyalty and decreases customer "churn" Accordingly the respondent have given preference by giving rank 1 loyalty cards, rank 2 to discounts and offers, 3rd rank to surprise gifts ,rank 4 personalized services and rank 5 to SMS on offers as preference for the supermarket chain store they visit regularly [9] .

TABLE AND CHARTS

Table 1: Table Showing the Rank Given by Respondents on the Overall Facilities Supporting Repeat Purchase From the Supermarkets

S.No	Factors	HP	P	N	NP	HNP	Total	Mean Score	Rank
1.	Payment facilities	20	19	9	1	1	50	4.12	II
2.	Promotions and offers	24	16	7	3	0	50	4.22	I
3.	Availability of range of products	18	19	8	4	1	50	3.98	III
4.	Home delivery	12	19	8	5	6	50	3.52	IV
5.	Staff etiquettes	10	17	5	7	11	50	3.16	V

Source: Primary data September 2011

Table 2: Rank Given by Respondents On the Physical Attributes Supporting to Repeat Purchase From the Supermarkets.

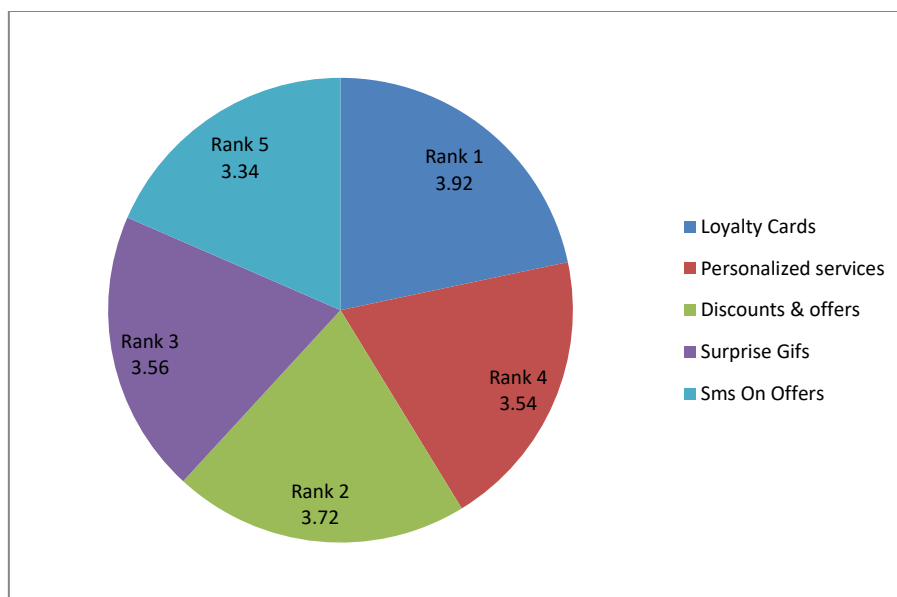
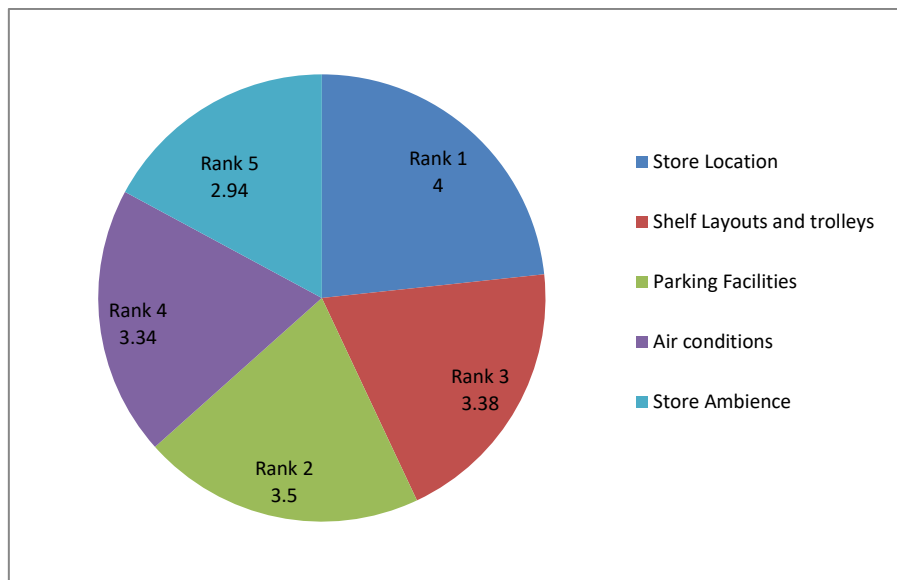
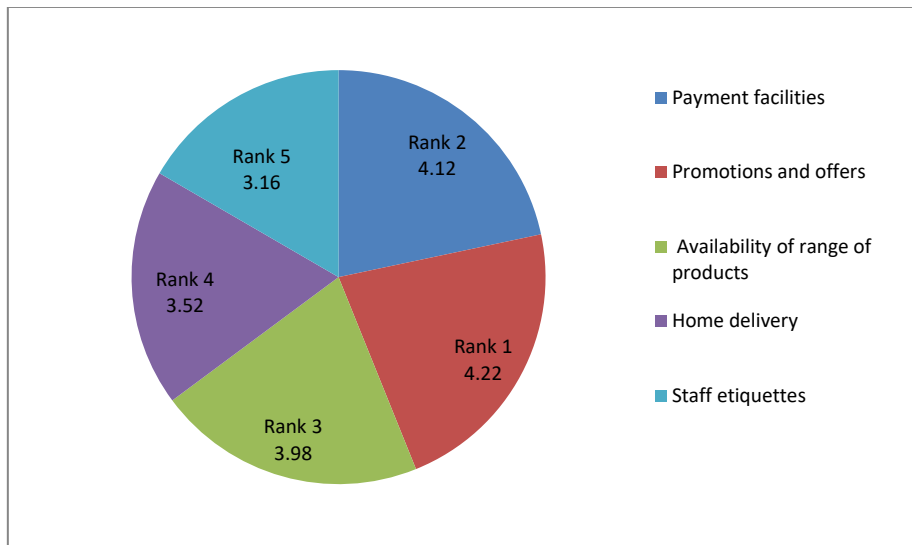
S. No	Factors	HP	P	N	NP	HNP	Total	Mean Score	Rank
1.	Store Location	21	16	6	5	2	50	4.00	I
2.	Shelf Layouts and trolleys	8	18	9	10	5	50	3.38	IV
3.	Parking Facilities	15	14	10	4	7	50	3.50	II
4.	Air conditions	13	15	16	6	0	50	3.34	III
5.	Store Ambience	7	11	5	12	15	50	2.94	V

Source: Primary data September 2011

Table-3: Rank Given by Respondents On the Crm Programs Supporting to Repeat Purchase From the Supermarkets

S.No	Factors	H	P	N	N	HN	Tot	Mean	Rank
1.	Loyalty Cards	17	2	7	1	4	50	3.92	I
2.	Personalized services	12	1	7	4	5	50	3.54	IV
3.	Discounts & offers	13	1	7	3	2	50	3.72	II
4.	Surprise Gifts	12	1	6	10	1	50	3.56	III
5.	Sms On Offers	13	1	8	10	6	50	3.34	V

Source: Primary data September 2011



CONCLUSION

This paper emphasizes on the clear understanding of the factors which give the opportunity to surprise and delight customers on a consistent basis thereby reinforcing to the customer, the firm's service loyalty and subsequently affecting a responsive and sustained patronage. The finding shows that the basic facilities, the supporting physical facilities in the store, the promotional, strategies and the CRM programs support the retention of customers in the store. Thus it was concluded that the firms should develop a clear understanding on what the customer expects and try to satisfy the needs to retain them with the organization.

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