Article can be accessed online at http://www.publishingindia.com

RELATIONSHIP MARKETING PROGRAMMES EFFECTIVENESS AMONGST DEPARTMENTAL STORE CUSTOMERS OF INDORE

Prerna Kumar*

Abstract: *There has been a boom in the retail sector; and along with that the country's economy is also growing. Today, India is among the growing retail destinations of the world with high growth prospects. Indian retail industry is ranked amongst the ten largest retail markets in the world. There are many big private players competing for market share, in this industry with the most innov ative marketing tactics and programmes. Relationship Marketing is a very successful technique which is used extensively to retain customers and to gain repeat business from them. It is widely acknowledged and practiced across all industry sectors. The present study is conducted to determine how the effectiveness of the relationship marketing programmes are perceived differently by customers of different educational qualifications and income groups for select departmental stores in Indore city.*

Keywords: *Relationship Marketing, Customers, Departmental Store, Retail Industry*

INTRODUCTION

Retail sector has grown dramatically in India due to liberalisation and globalisation. Retail sector consists of the sale of physical goods or merchandise from a fixed location, such as a departmental store, boutique or kiosk, or through a mall, in small or individual lots for direct consumption by the purchaser. The changing lifestyles, strong income growth, and favourable demographic patterns of India's huge middle class base are key attractions for global retail giants, leading to organised retailing. This comprises mainly modern retailing with busy shopping malls, multi-store malls, and departmental stores that offer a large variety of products in terms of quality, value for money and make shopping a memorable experience. Customers' requirements are catered to by trained staff, to provide comfort, style, ease of shopping, and speedy transactions to the customers. Customers are provided with loyalty cards that accumulate points which customers can redeem in future. These departmental stores strategise a wide range of programmes for the benefit of the consumer. These programmes drive sales, offer customised benefits to consumers, and engage customers in relationship marketing. Customers are provided with assisted shopping; they receive messages and emails on any new offers and season sales. This kind of approach in marketing that provides support in shopping, to send communications that build relations for the ultimate purpose of delivering maximum value to customers is relationship marketing. Relationship Marketing is the process of creating, maintaining, and enhancing strong, value-laden relationships with customers and stakeholders.

The departmental stores phenomenon has widely gained acceptability across metro cities and major towns of India. Consumers have readily accepted the changes brought about in this scenario and many customers throng these stores for shopping, entertainment, comfort, and convenience. They also display varying buying behaviour with the relationship marketing tactics of these stores.

LITERATURE REVIEW

Relationship Marketing has gained significant prominence in today's fiercely competitive business environment. Companies in varied sectors are using Relationship Marketing tools for enhancing customer value and maximizing profitability. Morgan and Hunt (1994) and Gronroos (1994) emphasized relationship marketing as a set of activities towards developing and enhancing customer relationship for mutual exchange and fulfillment of promises. It is defined as identifying and establishing, maintaining and enhancing, and when necessary also terminating relationships with customers and other stakeholders, at a profit, so that the objectives of all parties are met, and this is done by mutual exchange and fulfillment of promises (Gronroos, 1994). In their study, Hunt and Morgan (1994) put forward the dimensions of commitment and trust, which are considered as fundamentals of a relationship. According to Barnes, (1994), Relationship Marketing tactics like frequent-buyer schemes which are based on accumulation of "points" on all future repurchases, develop a barrier to exit. Beaton and Beaton (1995) emphasized the importance of commitment, in Relationship Marketing, as the former provides stability

* Assistant Professor-Management, International Institute of Professional Studies, Devi Ahilya University, Indore, Madhya Pradesh, India. E-mail: prernakumar74@gmail.com

and success in relationship with customers. Further research by Sheth and Parvatiyar (1995) emphasized the primary reason for customers to enter into a relationship is reduction of choice; other reasons are customers can effectively fulfill goals as profitability, cost reduction, and comfort. According to Gwinner, Gremler and Bitner (1998), consumers engaged in long-term relationships with service providers experience confidence, social and special treatment benefits. This engages and motivates the consumers to continue patronage of the brand or the service. A study conducted by Zairi (1998) proposed that the retail industry sector is undergoing major changes resulting from factors such as increased competition and tighter profit margins. He has suggested that integrated management through the extended supply chain is the most effective means to achieve good value provision to the end consumer. The author proposed a model for effective partnerships and suggested initiatives for future success.

According to Fox and Stead (2001), customer relationship management enables establishment, development, maintenance, and optimisation of long-term mutually valuable relationships between customer and organisations. Existing customers retained through Relationship Marketing techniques tend to be less price-sensitive and provide free word-of-mouth advertising. It is the key to successful relationship marketing. Relationship Marketing, in businesses, encourages loyalty of customers; loyalty as a term describes a customer's commitment to do business with a particular organisation, purchasing their goods and services repeatedly, and recommending the services and products to friends and associates (Morris *et al*., 1999). The Relationship Marketing process is based on the key components of communication, interaction and value to the customer (Gronroos, 2004). Werner *et al* (2004) outlined three management strategies every retailer must master to maximise profits. First, retailers must expand aggressively into new markets. Once they saturate these markets with outlets, they can sustain their earnings growth by improving the mix of products sold. Finally, as gains from improved product mix level off, retailers need to alter their promotion, advertising and merchandising strategies to better respond to local market preferences. Relationship Marketing is done for the purpose of a stable customer base, which is the core business asset. Relationship Marketing helps achieve lower price sensitivity, reduced expenditure on attracting new customers and improved organisational profitability (Rowley, 2005). Relationship Marketing has increased the interaction of customers with the organisations. The ultimate goal of the organisation is to make customers happy because they are the ones who keep the business running (Nguyen, Sherif and Newby, 2007). According to Kotler and Keller (2008), acquiring new customers can cost up to five times more than satisfying and retaining existing customers. Berman and Evans (2010) posit the importance of Relationship marketing in retailing; by establishing and maintaining long term bonds with customers and not treat each sales transaction as a new encounter.

According to Berry (1995), there is potential for Relationship Marketing in services that are periodically delivered, personally important and variable in quality. Service organisations are shifting their focus from "transactional exchange" to "relational exchange" for developing mutually satisfying relationships with customers (Jain *et al*., 2005). Although, literature has concentrated more on attracting customers than on retaining them (Schneider, 1980), but business organisations have affirmed that, financially it is more lucrative to retain existing clients than to attract new business (Perrien, Filiatrault and Ricard, 1993).

In the last two decades, Relationship Marketing has replaced the traditional approach of transaction-oriented marketing. The approach is such that both customers and marketers enjoy a win-win relationship. Shopping at retail outlets encompasses customers' choice in selecting a retail outlet. While buying a product from a retail store, customers take into account the price of the product and service provided at the outlet. This first factor is relatively easy and simple to control but customer service is a challenging task. These two factors can be attained through technology called Customer Relationship Management (CRM) Systems (Sharma and Dhingra, 2012).

It is also necessary to determine whether customers perceive effectiveness in Relationship Marketing efforts targeted at them. Do the customers differ according to the demographic characteristics in the way they perceive this? Are the customers finding the Relationship Marketing efforts to be useful? The present research is conducted to determine if there are any variations in the way customers perceive effectiveness of Relationship Marketing techniques due to difference in educational qualifications and different income groups.

OBJECTIVES OF THE STUDY

To study the variation in the perception of customers of different educational qualification, different income groups towards the effectiveness of Relationship Marketing programmes.

HYPOTHESES

1) To study the difference in the perception of customers on the basis of different educational qualification.

H0: There is no significant difference amongst the perception of customers of different educational qualification towards the effectiveness of Relationship Marketing techniques.

Table 1: Research Instrument

Name (optional):

Educational Qualfn: _ Sr. Secondary _ Graduate __ Post Graduate

Income: ___ < Rs. 30000 pm ___ Rs. 30000 to Rs. 60000 pm ____ > Rs. 60000 pm

The following statements are related to relationship marketing by department stores. Please tick on the option with which you agree:

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
1. Relationship Marketing gives more variety.					
2. Relationship Marketing helps to get good deals.					
3. Relationship Marketing gives better product details					
4. Relationship Marketing gives more support in shopping.					
5. Relationship Marketing efforts make shopping convenient.					
6. Relationship Marketing gives special schemes for membership card holders.					
7. Relationship Marketing is seen in good salesmen behaviour.					
8. The store sends regular emails and messages.					
9. The store has attractive displays.					

H1: There is a significant difference amongst the perception of customers of different educational qualification towards the effectiveness of Relationship Marketing techniques.

2) To study the difference in the perception of customers on the basis of different income groups.

H0: There is no significant difference amongst the perception of customers of different income levels towards the effectiveness of Relationship Marketing techniques.

H1: There is a significant difference amongst the perception of customers of different income levels towards the effectiveness of Relationship Marketing techniques.

RESEARCH METHODOLOGY

Sample Design

For the purpose of finding the effect of Relationship Marketing techniques on the customers, in the organised retail sector of Indore, convenience sampling method has been used. Customers who visited departmental stores like Big Bazaar, More, Reliance Trends, Fashion Bazaar, Pantaloons etc. were targeted.

Research Instrument

The research tool used for the purpose of collecting data for this research is a self –developed questionnaire. In order to determine the effectiveness of Relationship Marketing in departmental stores, the respondents were researched about their perception on the same, on a five point likert scale. These three determinants of Relationship Marketing have emerged as a result of factor analysis technique on an initial set of 9 statements (Table 1). These three determinants are related to Special Benefits (item 2, 6 and 8), Shopping Experience (item 4, 5 and 7), and Product Support (item 1 and 9). The mean score of the determinants determined the variable “effectiveness of Relationship Marketing”.

Data Collection Method

Responses of 170 customers with different educational qualifications and different income groups were recorded. Total of 210 questionnaires were distributed for this purpose and 170 responses were obtained from customers of retail sector. The demographic distribution is shown in Table 2.

Table 2: Demographic Distribution

	Qualification		
	Senior Secondary	**Graduate**	**Post Graduate**
No. of respondents	60	50	60
Income	Lower Income Group	Middle Income Group	Higher Income Group
No. of respondents	75	55	40

FINDINGS AND CONCLUSION

Reliability Analysis

Table 3: Reliability Statistics

Cronbach's Alpha	N of Items
.689	20

The value of Cronbach's Alpha represents the internal strength of the research instrument. Here, the value is 0.689 which means the reliability of scale is average.

ANOVA Test

One Way Anova was used to test the hypothesis. Analysis of Variance (ANOVA) is a statistical method used to test differences between two or more means. Educational Qualification and Income were considered as independent variables and Effectiveness score was considered as a dependant variable.

Test to Study the Difference in the Perceptions of Customers of Different Educational Qualifications towards Effectiveness of Relationship Marketing

Table 4 shows the Anova values. The p value in the table is 0.021 which is less than 0.05; this indicates that the null hypothesis is rejected. Therefore, we can say that there is a significant difference between the perceptions of customers belonging to different educational qualifications towards the effectiveness of relationship marketing. From Table 5, it can be inferred that the average mean of effectiveness of relationship marketing is highest for customers with post graduate qualification, followed by customers who are graduates, and finally the least mean of customers with senior secondary qualification. Thus it can be concluded that, customers who are highly educationally qualified understand and perceive the effectiveness of relationship marketing to be much higher than those with lower educational qualifications.

Test to Study the Difference in Perception of Customers of Different Income Groups towards Effectiveness of Relationship Marketing

Table 6 shows the Anova values. The p value in the table is 0.049 which is less than 0.05; this indicates that the null hypothesis is rejected. Therefore accordingly, we can say that there is a significant difference between the perceptions of customers belonging to different income groups towards the effectiveness of relationship marketing. From Table 7, it can be inferred that the average mean of effectiveness of relationship marketing is highest for customers of higher income groups, followed by customers who are from middle income groups, and finally the least mean of customers from lower income groups. Thus it can be concluded that, customers from higher income groups, with higher wealth propensity understand and perceive the effectiveness of relationship marketing to be much higher than those from lower income groups.

Table 4: Anova Values to Test the Difference in the Perceptions of Customers of Different Educational Qualifications towards Effectiveness of Relationship Marketing at 0.05 Level of Significance

ANOVA						
		Sum of Squares	Df	Mean Square	F	Sig.
Educational qualification	Between Groups	15.096	3	5.032	5.355	.021
	Within Groups	162.029	167	1.397		
	Total	177.125	170			

Table 5: Descriptives for Different Educational Qualifications

Mean

	Senior Secondary	Graduate	Post Graduate
Effectiveness of Relationship Marketing	1.3832	2.0612	2.1474

Table 6: Anova Values to Test the Difference in the Perceptions of Customers of Different Income Groups towards Effectiveness of Relationship Marketing at 0.05 Level of Significance

ANOVA						
		Sum of Squares	**Df**	**Mean Square**	**F**	**Sig.**
Income groups	Between Groups	83.250	13	41.625	3.507	0.049
	Within Groups	249.250	156	11.869		
	Total	332.500	169			

Table 7: Descriptives for Different Income Groups

Mean

	Lower income group	**Middle Income group**	**Higher Income group**
Effectiveness of Relationship Marketing	1.05	2.876	3.634

CONCLUSION AND MANAGERIAL IMPLICATIONS

It can be concluded from this research that the customers perceive effectiveness of Relationship Marketing programmes to be different as per the different educational qualifications and different income groups. Further, the customers with post-graduate qualification perceive Relationship Marketing efforts to be more effective in comparison to customers with lower educational qualifications. Also, customers from higher income group perceive Relationship Marketing programmes to be more effective than customers from lower income groups.

One of the most prominent Relationship Marketing tools is offering customers Membership Cards, wherein the benefits increase with the level of card from Silver to Gold to Platinum; which is dependent on the value of purchases made (which increases at higher income levels). Similarly, the bundle of offers has some terms and conditions which are not easily comprehended by customers who are less educated. The Relationship Management team must ensure to target customers with less educational qualifications and those from lower income groups, effectively, so that value is delivered to customers from these segments as well. For the same purpose, a different set of strategies should be designed for these customer segments, so that the benefits of the entire relationship marketing effort are realised in totality, and not confined to one particular segment. Secondly, a trained team of Relationship Building Staff should be deputed at each departmental store, whose role should be the implementation of all the Relationship Marketing Programmes. Thus the marketers must design their Relationship Marketing efforts and target so that they are perceived to be effective by customers of all segments. Literature also supports the view that undifferentiated relationship marketing approaches could cause consumers to become disappointed or to perceive relationship marketing efforts as intrusive (Krapfel, Deborah and Robert, 1991. Therefore, it is imperative that companies pursue relationship marketing efforts and targeted according to the customized needs of customers.

LIMITATIONS

This research provided some interesting insights on the effect of demographic variables on effectiveness of relationship marketing in the retail sector. However, there are some limitations to this research:

- **Time:** This research had to be completed within a limited period of time and hence it became a bit of a challenge to gather, analyse, collate, consolidate and interpret the information within a short period. Also, if time would've permitted the sample group could've been larger.
- **Geographical Limitation:** This research is conducted only over the departmental stores in Indore region. The results can be generalised over the other market segments only after conducting the study across other sectors.
- **Resources:** Lack of resources has been another factor adding to the limitation.

REFERENCES

Berry, L. L. (1995). Relationship marketing of services, growing interest, emerging perspectives. *Journal of the Academy of Marketing Science*, 23(4), 236-245.

Barnes, J. G. (1994). Close to the customer: But is it really a relationship? *Journal of Marketing Management,* 10(7), 561-570.

Berman, B., & Evans, J. R. (2010). *Retail Management.*

Beaton, M., & Beaton, C. (1995). Marrying service providers and their clients: A relationship approach to services management. *Journal of Marketing Management,* 11(1-3), 55-70.

Fox, T., & Stead, S. (2001). *Customer relationship management: Delivering the benefits.* CRM(UK) and SECOR Consulting, New Malden, White Paper.

Gronroos, C. (1994). From marketing mix to relationship marketing: Towards a paradigm shift in marketing. *Marketing Decision,* 32(2), 4-20.

Gwinner, K. P., Gremler, D. D., & Bitner, M. J. (1998). Relationship benefits in services industries: the customer's perspective. *Journal of Academy of Marketing Science,* 26(2), 101-114.

Hunt, S. D., & Morgan, R. M. (1994). Relationship marketing in the era of network competition. *Marketing Management*, 3(1), 19-28.

Jain, R., & Jain, S. (2005). Towards relational exchange in services marketing: Insights from hospitality industry. *Journal of Services Research*, 5(2), 139-149.

Krapfel, R. E., Deborah, S., & Robert, S. (1991). A strategic approach to managing buyer-seller relationships. *European Journal of Marketing*, 25(9), 22-37.

Morgan, R. M., & Hunt, S. D. (1994). The commitment trust theory of relationship marketing. *Journal of Marketing*, 658(3), 20-38.

Morris, D. S., Barnes, B. R., & Lynch, J. E. (1999). Relationship marketing needs total quality management. Total Quality management, S659 Retrieved from http:/web4.infotrac.galegroup.com

Nguyen, T. H., Sherif, J. S., & Newby, M. (2007). Strategies for successful CRM implementation. *Information Management & Computer Security,* 15(2), 102-115.

Perrien, J., Filiatrault, P., & Ricard, L. (1993). The implementation of relationship marketing in commercial banking. *Industrial Marketing Management,* 22, 141–8

Rowley, J. (2005). The four Cs of customer loyalty. *Marketing Intelligence & Planning,* 23(6), 574-581.

Schneider, B. (1980). The service organisation: Climate is crucial. *Organizational Dynamics,* Autumn, 52–65.

Sharma, S., & Dhingra, A. (2012). Customer relationship management system-A study of select organized retail companies of NCR region. *International Journal of Marketing, Financial Service & Management Research,* 1(9), 155-163.

Sheth, J. N., & Parvatiyar, A. (1995). Relationship marketing in consumer markets: antecedents and consequences. *Journal of the Academy of Marketing Science,* 23(4), 255-271.

Werner, R., Krafft, M., & Hoyer, W. D. (2004). The customer relationship management process: Its measurement and impact on performance. *Journal of Marketing Research,* 41(August), 293-305.

Zairi, M. (1998). Best practice in supply chain management: The experience of the retail sector. *European Journal of Innovation Management*, 1(2), 59-66.