
CRM PRACTICES IN RETAIL SHOPPING (HOUSEHOLD PERISHABLE ITEMS)

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ABSTRACT

India's retail sector is a vibrant and rapidly growing industry, ranking fourth globally in size. It contributes significantly to the country's GDP and employment, and is projected to continue expanding in the coming years. The Indian retail sector is experiencing robust growth, driven by factors like urbanization, rising disposable incomes, and increasing internet penetration. The FMCG sector in India expanded due to consumer-driven growth and higher product prices, especially for essential goods. FMCG sector provides employment to around 3 million people accounting for approximately 5% of the total factory employment in India. However, in the last few years, the FMCG market has grown at a faster pace in rural India compared to urban India. Semi-urban and rural segments are growing at a rapid pace and FMCG products account for 50% of the total rural spending.

CRM (Customer Relationship Management) in household perishable items focuses on managing relationships with customers to maximize sales and minimize waste. This involves understanding customer needs, preferences, and purchasing behaviors to optimize product offerings, inventory, and promotions, ultimately leading to improved customer satisfaction and reduced spoilage. Customer Relationship Management (CRM) plays a pivotal role in the retail industry, particularly in the segment of household perishable items, where purchasing decisions are frequent and time-sensitive. This study explores the application of CRM practices in retail environments dealing with perishable household goods such as dairy, produce, and fresh meats. The paper underscores how well-integrated CRM systems can significantly contribute to competitive advantage in the dynamic and highly sensitive perishable retail market.

Key Words-Retail, CRM, FMCG, Customer**INTRODUCTION**

As the world's economy becomes more connected, markets have shifted from focusing on production and selling to focusing on customers. Building strong relationships with customers is now a key goal for marketing and service businesses. Since the service industry plays an ever-growing role in the modern economy, customers enjoy more choices and easier access to services. With more new companies entering the sector, service businesses now face a more complex and competitive environment. It is thought that when marketers meet the basic needs of customers and provide more than what is expected in their overall offerings, customer relationships grow stronger.

To stay relevant, stay competitive, and gain customer loyalty, companies are turning to customer relationship management (CRM) solutions. CRM helps businesses focus on customers and build lasting relationships. It improves business processes by cutting costs and making the organization more responsive to changes in the market. CRM improves marketing, sales, and customer service, helping businesses find new opportunities, shorten sales cycles, and keep customers longer. It's important to note that there are many CRM solutions available. However, in the long run, companies should carefully consider both short and long-term financial impacts of these options. CRM solutions have their pros and cons. When developing a CRM strategy, companies may want to compare the benefits and drawbacks of different services by looking at how customers perceive and are satisfied with them.

OBJECTIVES OF THE STUDY-

- To study the functioning of the CRM in retail sector
- To identify practical difficulties involved in implementing the CRM.
- To trace out the gap and give suitable suggestions for effective functioning of the CRM.

IMPORTANCE OF THE STUDY -The importance of this study lies in examining CRM strategies specifically for the Indian retail sector, focusing on household perishable items. So far, research on this topic has primarily looked at individual factors in isolation. There is a need to explore more deeply how this sector perceives CRM strategies and the benefits it expects from implementing them. Therefore, there is a growing need for research in this area to understand how different factors relate to each other, and how they can reflect the effectiveness and efficiency of CRM. The study mainly aims to look into the origins and development of the Customer Relationship Management concept in India and how it can help improve marketing productivity while creating mutual value for all parties involved in customer relationships.

SCOPE OF THE STUDY -The scope of this study involves exploratory research, where various aspects of CRM in the retail sector are gathered through a review of existing literature.

The study aims to help build strong and lasting customer relationships, which are essential for the long-term survival of businesses. The results of this study will indicate how well CRM is being used as a strategic tool to gain a competitive edge. Based on these findings, recommendations will be made to highlight how CRM can be effectively utilized to achieve a competitive advantage. Thus, the study holds significant importance.

LIMITATIONS OF THE STUDY

- The perception of the customers towards the CRM may change in passage of time.

- The findings of the study may not be suitable to all the customers.
- The study covers only household perishable items.

REVIEW OF LITRATURE

- **Soni & Shukla, (2020):** The purpose of the study was to examine the impact of shopping mall services on purchase behaviour in Chandigarh. The study investigated the aspects that influence the purchase behaviour of customers, including the ambience within the shopping mall, parking, the types of retailers within the mall, and the time spent shopping by customers. To attract customers and influence their purchase decisions, retailers and mall managers must pay close attention to each of these aspects which has an effect on buying behaviour.
- **Kumar, (2018):** The study assessed the significance of numerous aspects, including consumer attitude, store features, external influences, and product characteristics, among others. The results of the study indicate that the effect of past apparel purchase behaviour and experience has on future apparel purchase intention and there will be partial mediation among them. The study also looked into the effects of several factors on apparel purchase behaviour.
- **Agarwal and Singh (2015)** in their study found that due to the location convenience and personal interaction with the shopkeeper customer can shop on their convenient time in unorganised stores, as well as unlike organised stores they don't have to wait in a long queue at billing counters for their exit from the stores. The only dimension on which customers find inconvenience is the lack of payment options available at unorganised stores as most of them do not accept debit or credit cards.
- **Pandey, Khare, and Bhardwaj (2015)** conducted an empirical study on 710 small retail store grocery shoppers to measure the impact of low prices, culture, and cosmopolitanism on store loyalty. The results of the study shows that low prices and culture directly influences loyalty but cosmopolitan do not have any direct impact on the local store loyalty.
- **Singh and Sahay (2012)** has conducted an exploratory study by adopting mall intercept method on 200 mall shoppers of Delhi NCR region to identify the determinants of shopping experience at the malls. The study shows five important determinants of retail experience in the context of mall shopping: ambience, physical infrastructure, marketing focus, convenience and safety and security.
- **Gupta Surojit (2011),** Consumers will get better products at cheaper prices as organized retail would help consumers save 5-10 % in specific categories. This would lead to an aggregate \$25-\$30 billion, equal to 0.5 % of the GDP.

- **Samridhi (2011)** conducted an empirical study on 424 mall shoppers in National Capital Region (NCR) to measure the impact of service quality on customer loyalty. The results of the study indicated that there was a positive impact on service quality dimensions on customer loyalty.
- **Aggrawal, (2010)** reveals that shoppers anticipate spending less time shopping and preferring one stop, multi-brand retail formats, thus, the importance of visual merchandising is growing. The focus of the study was how effectively visual merchandising tools can be used so as to attract the customers and help them to make a purchase decision.
- **Singla (2010)**, states that food retail chains have enhanced quality awareness among farmers, initiated grading (in primary processing) and have assisted in cost reduction by extending and training on input use for improved yield.
- **Srivastava R.K (2008)**, concluded that Small retail stores have developed their services to provide to Indian consumers. Credit cash limits and home retail services are serving them to retain their customers. Retailing emphasis is moving towards satisfying the diverse hierarchy of requirements of customers.
- **Singh, (2006)** discussed that, customer convenience while shopping is a significant factor that determines their purchase decision; factors like directional maps and signage in the store and comfortable floor space utilization are present, then the customer is more likely to return to the same store; therefore, good customer service will increase the level of satisfaction and commitment.
- **M. L. Agarwal (2003)** in his article entitled, "Customer Relationship Management and Corporate Renaissance" has recommended a line of action for an effective CRM implementation towards a quicker corporate renaissance. He also urged business schools of South Asia to incorporate CRM in their teaching curricula so that the business and academics can continue to stay relevant to each other.
- **Sinha, Banerjee, & Uniyal, (2002)** The study was done on deciding where to buy and store selection behaviour of Indian shoppers'. The study was an approach to comprehend the shopping behaviour. Convenience and merchandise are the key reasons for selecting a store, with store ambiance and quality of service being other factors.

RETAIL SECTOR IN INDIA

India's retail industry is lively and growing quickly, making it the fourth largest in the world. It plays a big role in the country's economy and creates many jobs. It's expected to keep growing in the future. The retail sector is doing well because more people are moving to cities, earning more money, and using the internet more. The organized retail part is expected to grow a lot, and there's a move towards more digital and online shopping experiences. While online shopping is expanding fast, physical stores are still doing well, especially in smaller cities. The retail market in India is expected to grow a lot, reaching US\$2 trillion by 2032. This growth is because

people are earning more, cities are expanding, and online shopping is becoming more popular. The modern retail part is growing faster than traditional retail, and online shopping is a big part of that. The Indian retail sector is set for big growth, thanks to economic factors and changing how people shop. However, there are still challenges like poor infrastructure and strong competition that retailers need to overcome to succeed. The retail market in India has grown a lot, reaching Rs. 82 lakh crore in 2024, compared to Rs. 35 lakh crore in 2014. This is a growth of more than 8.9% over the last ten years, driven by economic progress and a wide variety of consumers.

Key Growth Trends:

Overall Growth: The Indian retail market is expected to grow at a Compound Annual Growth Rate (CAGR) of 10% to US\$ 1.6 trillion by 2026.

Modern Trade Expansion: Modern trade (organized retail) is expected to expand twice as fast as traditional trade, with a 20% CAGR.

E-commerce Growth: E-commerce is a significant driver, with the Indian e-commerce market projected to reach USD 120–140 billion by 2026.

Organized Retail Growth: Organised retail is expected to grow from its current share of 18–20% to about 25–30% by 2025, driven by modern trade and e-commerce.

Fashion and Apparel: Fashion and apparel continue to be a major segment, accounting for a significant share of leasing activity in Q1 2025.

INDIAN HOUSEHOLD PERISHABLE GOODS MARKET-

The FMCG sector in India has grown because of consumer-driven expansion and increased prices for essential products. This sector employs around 3 million people, making up about 5% of total factory jobs in the country. In 2022-23, FMCG sales in India rose by 7-9% in terms of revenue. The main reasons for this growth include government policies that support business, a growing rural market, a young population, new branded items, and the expansion of e-commerce. To remain successful, FMCG companies need to focus on resilience in manufacturing, daily operations, retail, logistics, consumer understanding, and communication. This will help them stay strong over time and provide more value to consumers. India's FMCG sector saw a 7.5% volume growth in the April-June 2023 quarter, which is the highest in the last eight quarters. This growth was driven by a revival in rural areas and better performance in modern retail. The FMCG sector is India's fourth-largest industry and has been growing steadily due to increasing disposable income, a growing youth population, and better brand recognition among consumers. Since household and personal care products make up half of FMCG sales in India, the sector plays a vital role in the country's GDP.

The Indian FMCG market is continuing to grow as more people move up economically and the benefits of progress reach a wider audience. Also, with an average age of just 27, India's population is becoming more consumer-focused due to rising aspirations. Government efforts to promote financial inclusion and provide social support have helped this trend. Awareness, better access, and changing lifestyles are the main factors driving the

growth of the sector. The urban segment, which accounts for about 65% of revenue, is the biggest contributor to the overall FMCG sales in India. However, in recent years, the FMCG market has grown faster in rural areas than in urban regions. Semi-urban and rural markets are expanding quickly, and FMCG products make up 50% of total spending in rural areas.

Growth in Demand-The Indian food processing market reached a value of US\$ 307. 2 billion in 2022 and is expected to grow to US\$ 547. 3 billion by 2028, showing a compound annual growth rate (CAGR) of 9.5% between 2023 and 2028. Digital advertising in India expanded to reach US\$ 9.92 billion in 2023, with the fast-moving consumer goods (FMCG) industry making up the largest share at 42%. According to CRISIL, India's dairy sector is set to see a solid increase in revenue of 13 to 14% in fiscal year 2025, supported by growing consumer interest and higher availability of raw milk.

Future Prospects-With increasing disposable incomes, FMCG companies are advised to strengthen their online presence and explore direct-to-consumer (DTC) approaches. Expanding into rural areas offers a chance to grow distribution networks in smaller cities. Entrepreneurs looking to start a food-related FMCG business can set up their processing units in government-approved agro-processing zones, which can lower setup costs. The rise of online shopping and e-commerce has enabled FMCG firms to reach customers nationwide without spending heavily on traditional marketing. The quick commerce sector could grow to between US\$ 25 billion and US\$ 55 billion by 2030, fueled by more high-frequency and high-value users.

Government Support-The Union Budget 2025-26 aims to boost consumer spending, which is especially beneficial for the FMCG industry. Factors like rising disposable incomes, rural development efforts, and support for small and medium enterprises (MSMEs) are creating a favorable environment for growth. The Union Budget 2023-24 provided US\$ 976 million for Production-Linked Incentive (PLI) schemes designed to cut import costs, improve the affordability of domestic products, increase local manufacturing capacity, and support exports. The budget also emphasizes increasing rural demand by raising incomes, funding agricultural activities, and investing more in rural infrastructure, connectivity, and transportation to create long-term employment opportunities.

Key Investments in Indian Household Perishable Goods Market -

- Amul will set up the world's largest curd plant in Kolkata, West Bengal, with an investment of Rs. 600 crore (US\$ 68.6 million), processing 10 lakh kilograms (KG) daily.
- Varun Beverages announced of investing Rs. 3,500 crores (US\$ 421.69 million) to setup manufacturing plants, while generating 1,500 employment opportunities.
- In January 2023, ITC has announced plans to acquire 100% of Sproutlife Foods over a period of three to four years.
- In December 2022, Hindustan Unilever Limited announced its foray into the 'Health & Wellbeing' category through strategic investments in OZiva and Wellbeing Nutrition.

CONCEPT OF CRM –

CRM, or Customer Relationship Management, is a strategy aimed at creating greater value for customers by building better relationships with important customer groups. It's more than just using technology; it's about learning more about what customers need and how they behave so that businesses can build stronger connections with them.

CRM in Retail Sector-In the Indian retail sector, CRM is essential for companies to manage customer interactions effectively, create personalized experiences, and increase sales and loyalty. CRM systems help retailers gather, store, and analyze customer data, which allows them to customize marketing efforts, improve customer service, and make operations more efficient.

CRM in Indian Perishable Sector-In the Indian perishable goods sector, CRM systems are vital for managing operations, especially for businesses dealing with items like food and beverages that have a short shelf life. These systems help manage customer interactions, improve the sales process, enhance marketing strategies, provide better customer support, and keep track of relationships with suppliers in the food and beverage industry. The Indian market is expected to grow significantly in terms of CRM usage.

CRM in the household perishable goods sector focuses on managing customer relationships to increase sales and reduce waste. It involves understanding customer needs, preferences, and buying habits to better plan product offerings, manage inventory, and run promotions. This ultimately leads to higher customer satisfaction and less product spoilage.

Benefits of CRM in the Perishable Sector:

Improved Customer Engagement: CRMs help personalize customer experiences, build stronger relationships, and encourage repeat business.

Enhanced Sales Processes: Features like lead tracking, pipeline management, and multi-channel engagement can improve sales efficiency.

Optimized Marketing Strategies: CRM data can be used to segment audiences, target specific customer groups, and personalize marketing campaigns.

Better Customer Support: CRMs can provide a centralized platform for managing customer inquiries, tracking support requests, and resolving issues effectively.

Improved Vendor Management: CRM systems can help manage relationships with suppliers, track inventory levels, and optimize supply chain operations.

Data-Driven Decision Making: CRMs provide insights into customer behavior, sales trends, and marketing performance, enabling businesses to make informed decisions.

Streamlined Operations: By automating tasks and providing a centralized platform for managing customer interactions, CRMs can reduce administrative overhead and improve overall efficiency.

SWOT ANALYSIS-

A SWOT analysis of CRM in the Indian perishable goods sector reveals that while CRM offers significant potential to improve supply chain management and customer relationships, challenges exist in implementation, integration, and adoption. The perishable nature of goods creates unique challenges, while the Indian market presents opportunities and risks related to infrastructure, regulations, and consumer behavior.

Strengths:

- **Improved Supply Chain Efficiency:** CRM can help optimize inventory management, track shipments, and coordinate logistics, reducing waste and spoilage.
- **Enhanced Customer Relationships:** CRM allows for personalized communication, targeted marketing, and better customer service, strengthening brand loyalty.
- **Data-Driven Decision Making:** CRM provides insights into customer behavior, market trends, and supply chain performance, enabling informed decision-making.

Weaknesses:

- **Complexity of Integration:** Integrating CRM systems with existing infrastructure can be challenging and costly, especially for smaller companies.
- **Training and Adoption:** Ensuring staff are adequately trained and comfortable with CRM is essential for successful implementation.
- **Cost of Implementation:** Implementing and maintaining sophisticated CRM systems can be expensive and a barrier for some businesses.

Opportunities:

- **Addressing Supply Chain Disruptions:** CRM can help mitigate the impact of disruptions in the supply chain, ensuring timely delivery of perishable goods.
- **Improving Food Safety:** CRM can help track product quality and safety, ensuring consumers receive safe and fresh food.
- **Capitalizing on Emerging Trends:** CRM can help businesses adapt to changing consumer preferences and market demands.

Threats:

- **Regulatory Challenges:** Compliance with increasingly stringent food safety regulations can pose challenges to maintaining product quality.
- **Price Fluctuations:** Fluctuations in raw material prices can impact profitability, especially if they cannot be passed on to consumers.
- **Supply Chain Risks:** Disruptions in the supply chain due to natural disasters, strikes, or other factors can disrupt operations and lead to stock shortages.

CONCLUSION

Effective CRM strategies in the retail industry, particularly for household perishable items, are important for creating customer loyalty, increasing satisfaction, and ensuring steady sales. Since these items have a short shelf

life, understanding customer preferences, how often they buy, and getting real-time feedback are important pieces of information. Retailers who offer personalized interactions, manage their inventory well, and provide quick customer support can better keep customers coming back and minimize waste. Using technology-based CRM tools like loyalty programs and communication across multiple channels has become essential for staying ahead of the competition.

SUGGESTIONS

- Use CRM data to forecast customer demand and purchasing patterns to optimize inventory and reduce spoilage.
- Utilize customer purchase history to offer targeted deals on frequently bought perishables, increasing repeat purchases and satisfaction.
- Introduce loyalty points for regular buyers and offer incentives for providing feedback on perishable items to improve product quality and service.
- Ensure CRM systems are integrated with POS (point of sale), inventory, and supply chain systems to provide up-to-date insights for decision-making.
- Maintain consistent CRM efforts across online and offline platforms, allowing customers to shop, give feedback, and receive service seamlessly.

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