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E-Content BCH-604 : Retailing Management

Lecture 13

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CRM

- **Customer relationship management (CRM)** is a technology for managing all your company's relationships and interactions with customers and potential customers.
- The objective is to retain the customers for life.
- CRM is a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers
- CRM **adds value** to the offering made by the retailer.

Benefits of CRM in retail

- **Improved customer relations**
- **Maximize upselling and cross-selling**
- **Expand customer base**
- **Optimize marketing**
- **Improve retailer's efficiency**

Customer retention approaches

- Frequent shopper programs
 - Rewards according to the volume of purchase
 - Offer choices
 - Incorporate charitable contributions (donate a part of their sales revenue)
 - Reward on all purchase (irrespective of the merchandise)
- Special customer services (Premium membership)
- Personalization
- Community (Blogs)

Steps in developing retail strategy

- Defining the mission of the organization
- Setting objectives
- Conducting a situation analysis
- Identifying strategic alternatives
 - Market penetration
 - Market development
 - Retail format development
 - Diversification
- Obtain and allocate resources
- Develop the strategic plan
- Implement the strategy
- Evaluation and control of strategy

Retail value chain

- The retail value chain defines a **series of actions** that enable businesses to sell their products to customers. Each action in the chain brings a portion of value to the entire process.
- “**Reconfiguring**” the value chain can provide cost advantage to the firm.

The four steps in the retail value chain are:

- creating the product,
- storing the inventory,
- distributing the goods
- making the product available for consumers.

Composition of a value chain

- Inbound logistics (transport, storage and delivery of goods coming into a business)
- Operations
- Outbound logistics
- Marketing and sales
- Service
- Procurement
- Technology development and HRM