

# CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES IN HERITAGE FOODS- A STUDY

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**Abstract:** *Customer relationship management (CRM) is an integrated approach that manages a company's interactions with the existing and future customers. It helps to identify, acquire and maintain customers for successful growth of the business. A CRM model use smart technology for organizing, automating, synchronizing sales, customer service, marketing, and technical support. CRM has as its aim the enhancement of a company's ability to achieve the ultimate goal of retaining customers and so gain a strategic advantage over its competitors. This paper attempts to analyze the CRM practices at Heritage Foods in Hyderabad city. For this a sample 50 Heritage Foods customers from Hyderabad city are included. The convenience sampling method has been used to identify the store and customers visiting these stores. The results of the study are (i) advertisements and Friends & Relatives played significant role as the source of information and creating awareness; (ii) the customers visiting at least twice in a month and purchasing dairy products at Heritage stores the reasons are: convenience, availability of variety of products and brand image when compared to their counterparts; (iii) it is found that the Heritage foods providing greater customer services and could secure good customer satisfaction through its offers; and (iv) Heritage is able to maintaining good interactions with its customers for creating long-lasting relationships.*

**Keywords:** *Customer concern, customer service, customer interaction, customer retention, customer relationship.*

## INTRODUCTION

Customer Relationship Management (CRM) is a marketing strategy to satisfy customer needs and create mutual and beneficial relationship. It enables business organizations to plan & coordinate to reach across different departments and channels. It is in the form of technology based activity by putting structures and systems in place that cut across the vertical lines of the traditional firm and focus on individual customers. Before it was introduced, customers might be approached by the same firm in several different product guises over a short period. No one bit of the firm would know what any other bit was doing at any particular time. Dale Renner, once the boss of a data-mining business, said that CRM is something that encompasses "identifying, attracting and retaining the most valuable customers to sustain profitable growth". The phrase "the customer is king" was first coined long before it was true. Only towards the end of the 20th century, when advances in technology and widespread market deregulation put enormous new power into the hands of consumers, did it begin to stop sounding hollow. Two things in particular brought home to companies the need to take better care of their customers. First, some terrible mistakes were made because of the blinkers imposed by the old product-silo approach. For example, market share was the main goal and yardstick of such structures. Yet when IBM was king of the mainframe computer market, it came to understand just in time that 100% of a market that was rapidly shrinking would soon be 100% of nothing. What its customers really wanted was not mainframe computers as such, but rather the power to process information electronically. On the other hand, Academics have described this different concept of a market as "a market space". Children's playtime is a market space. A doll is a product.

The second thing that drove companies to focus more closely on their customers was a growing awareness that building up profits. It is by aggregating narrow margins from the sale of individual products might not be the best way of ensuring the long-term health of the organisation. Companies that did this would always be vulnerable either to cherry-pickers or to nimble newcomers that were built on a different cost base, made possible by deregulation or by changing distribution channels. More companies want to regard their customers as customers for life and not just as the one-off purchasers of a product—it is far less expensive to retain an existing customer than it is to acquire a new one. It then becomes important to measure a customer's lifetime value, and to think about cross-subsidising different periods in their lives. Banks make little or no money out of their student customers, for example, in the hope that they will become more valuable in later years. This strategy was questioned by Werner Reinartz and V. Kumar (2002) in their research found no relationship between customer loyalty and profits. Not all loyal customers, it seems, are profitable, and not all profitable customers are loyal.

### **Brief Profile of Heritage Foods Ltd.,**

Heritage Foods Ltd. is engaged in dairy, retail, Agri, bakery and renewable energy businesses. It is one of the fastest growing Public Listed Companies in India, with two-business divisions viz., Dairy and Renewable Energy under its flagship Company Heritage Foods Limited (Formerly known as Heritage Foods (India) Limited). The annual turnover of Heritage Foods crossed Rs.2642.89 crores in financial year 2016-17. It operates its business through the following segments: Dairy, Retail, Agri, Bakery, and Renewable Energy. The Dairy segment engages in the business of procurement and processing of milk, production and marketing of milk products and under company owned Heritage brand. The Retail segment owns and operates a chain of food and grocery retail stores. The Agri segment engages in the processing and trading of fruits and vegetables. This segment provides backend support to dairy and retail divisions. The Bakery segment manufactures and markets bakery products, including breads, puffs, pastries, puddings and custards. The Renewable Energy segment operates solar power plants. The company was founded by Nara Chandra Babu Naidu on June 5, 1992 and is headquartered in Hyderabad, India.

### **LITERATURE REVIEW**

CRM needs a deep understanding of the customer expectations, attitude & behaviour through a well organized & maintained customer database & innovative customer strategies. The goal of CRM is to ensure customer satisfaction & delight at every level of interface with the company (Pahuja & Verma, 2008). According to Sreekumar, P (2009), for implementing any CRM initiative or special loyalty offers, Lifetime Customer Value is the most important criteria. CRM has been defined as “a business approach that integrates people, processes, and technology to maximise relationships with customers” Goldenberg (2008). Moreover, it has been stated that CRM “characterises a management philosophy that is a complete orientation of the company toward existing and potential customer relationships” (Raab et al, 2008). Mueller (2010) characterises CRM 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.

Sinkovics and Ghauri (2009) relate the necessity for engaging in CRM to high cost of direct sales, highly intensifying level of competition in the global level, and need for information about various aspects of the business in general, and consumer behaviour in particular, that can be used to increase the levels of sales. The work of Peppers and Rogers (2011), there is global tendency in CRM that relates to the shift from transactional model towards the

relationship model. In other words, Peppers and Rogers (2011) argue that satisfying customer needs as a result of on-time transaction is not sufficient today in order to ensure the long-term growth of the businesses. Instead, businesses have to strive to maintain long-term relationships with their customers in order to maintain flexibility to adopt their increasing expectations and thus achieving their life-long loyalty.

Mathur (2010) represents another significant contribution to the research area to be used in the study. Namely, the author provides a wide range of specific CRM techniques and principles that are used by multinational businesses. This study was an empirical study, thus enhancing the scope of the study. Khurana (2010), on the other hand, discusses the concept of CRM in a great detail, and also addresses advantages and disadvantages associated with a range of relevant software applications. A global approach towards the issues of CRM is adopted by Raab et al (2008) in “CRM: a global perspective”. The value of this specific work to the proposed research can be explained in a way that it will allow the comparison of CRM principles to the similar principles exercised by other multinational retailers in a global marketplace. Another relevant model to be tested during the study constitutes Relationship Model of CRM proposed by Peppers and Rogers (2011). Specifically, the model advocates adopting a pro-active approach in sustaining customer relationships and proposes a set of specific principles that would assist to accomplish this task.

### **NEED FOR THE STUDY**

The customer relationship management models help the businesses to monitor and control the business activities along with addressing end-to-end customer requirements. Besides, CRM focuses to: (i) create database describing the customers, their purchasing behaviors and their relationship with the company; (ii) provide enough details to the business firm that help in understanding client needs. This is how business enterprise is able to meet the expectations and offer appropriate products/ services matching well with their pocket and requirements; and (iii) prepare documentation presenting information about the past purchases of the customers. To examine these aspects with special reference to Heritage Foods has been as a case study in Hyderabad city.

### **PURPOSE OF THE STUDY**

The main purpose of the study is to analyze the customer's perceptions towards Customer Relationship Management practices in Heritage Foods in Hyderabad city.

### **METHODOLOGY**

This study on “Customer Relationship Management practices in Heritage Foods” is based on both primary and secondary sources of data. For secondary data, required information has been gathered from the company website, print and electronic sources for the existing research on the subject. Questionnaire was used as a tool for obtaining primary data from a sample 50 customers from Hyderabad city and the convenience sampling method has been used to identify the store (Vengalrao Nagar) and customers visiting the store. For analyzing the collected data, a simple percentage has been used to infer the results. A sample 50 customers from Heritage Food stores located in Hyderabad are included in the study.

### **DATA ANALYSIS AND INTERPRETATION**

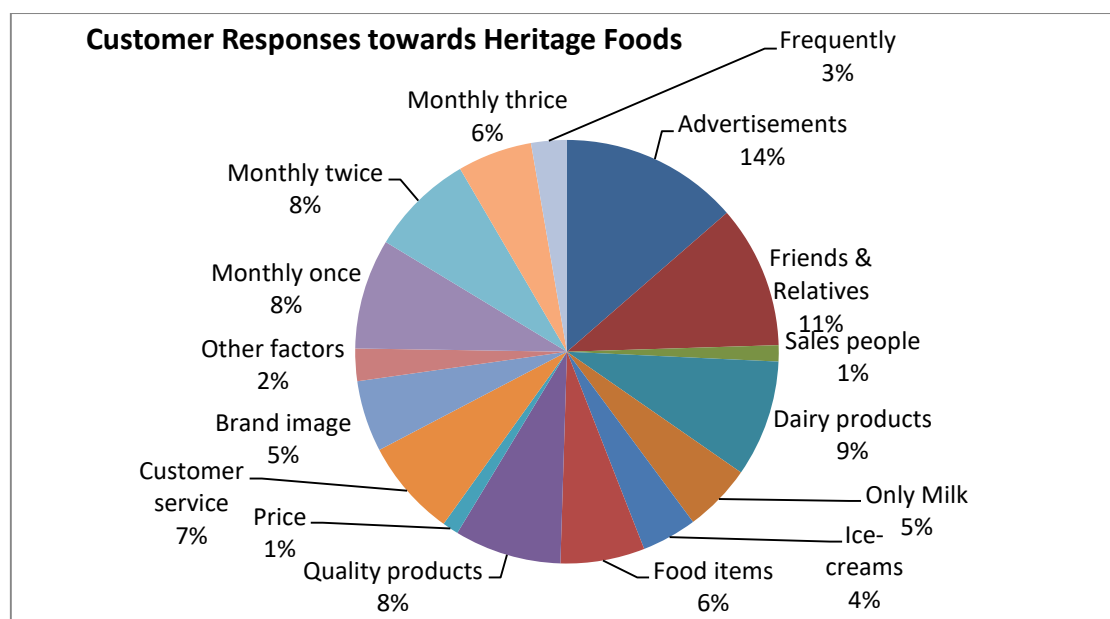
In this section, an attempt has been made to analyze the data with regard to: (i) information source, (ii) products purchased from Heritage, (iii) criteria for choosing the store, (iv) frequency of visiting, (v) services offered, (vi) satisfaction level, (vii) interaction customers and (viii) overall experience with Heritage Foods were some of the issues analyzed.

From the following table1, it is observed that the majority of respondents have come to know about Heritage through advertisements (55%), Friends & Relatives (44%) and sales people could reach only 5 percent customers. Hence, it is concluded that both Advertisements and Friends & Relatives played significant role as the source of information and creating awareness about Heritage foods. The same figure presents the types of products purchased from Heritage Foods and it is found that majority of respondents preferred to purchase dairy products (36%), food items (26%), purchased only milk (21%) and ice-creams 17 percent respectively. Hence, it is concluded that the Heritage is most preferred destination for dairy products. It is also ascertained the criteria for choosing Heritage from sample respondents and quality products has become major criteria for choosing Heritage which is accounted for 33 percent followed by customer service with 30 percent, brand image could attract for about 22 percent, other factors such as store convenience, availability of products, etc could convince the customers with 10 percent and price only 5 percent. Hence, it is concluded that (i) quality and (ii) customer services of Heritage could win the hearts of the customers than other factors. Further it shows the Frequency of customer visiting Heritage store for shopping and it is found that the majority of respondents opined as visiting monthly once (34%), monthly twice 32 percent, monthly thrice 23 percent and rest of them (11%) could visit frequently. Hence, it is concluded that customers visiting at least twice in a month.

**Table-1 Customer Responses towards Heritage Foods**

| <b>Source of Information</b>          | <b>Responses</b> |
|---------------------------------------|------------------|
| Advertisements                        | 55%              |
| Friends & Relatives                   | 44%              |
| Sales people                          | 05%              |
| <b>Products purchased</b>             |                  |
| Dairy products                        | 36%              |
| Only Milk                             | 21%              |
| Ice-creams                            | 17%              |
| Food items                            | 26%              |
| <b>Criteria for choosing Heritage</b> |                  |
| Quality products                      | 33%              |
| Price                                 | 05%              |
| Customer service                      | 30%              |
| Brand image                           | 22%              |
| Other factors                         | 10%              |
| <b>Frequency of visiting</b>          |                  |
| Monthly once                          | 34%              |
| Monthly twice                         | 32%              |
| Monthly thrice                        | 23%              |
| Frequently                            | 11%              |

**Source:** Field data



**Table-2 Customer perceptions towards services, satisfaction & interaction**

| Customer Perceptions                          | Mostly Disagree | Disagree | Undecided | Agree | Mostly Agree |
|-----------------------------------------------|-----------------|----------|-----------|-------|--------------|
| Heritage gives good customer service          | 4%              | 18%      | 0%        | 56%   | 22%          |
| Satisfaction towards Heritage offers          | 4%              | 11%      | 0%        | 23%   | 62%          |
| Heritage maintains good interaction customers | 10%             | 12%      | 3%        | 33%   | 42%          |

Source: Field data

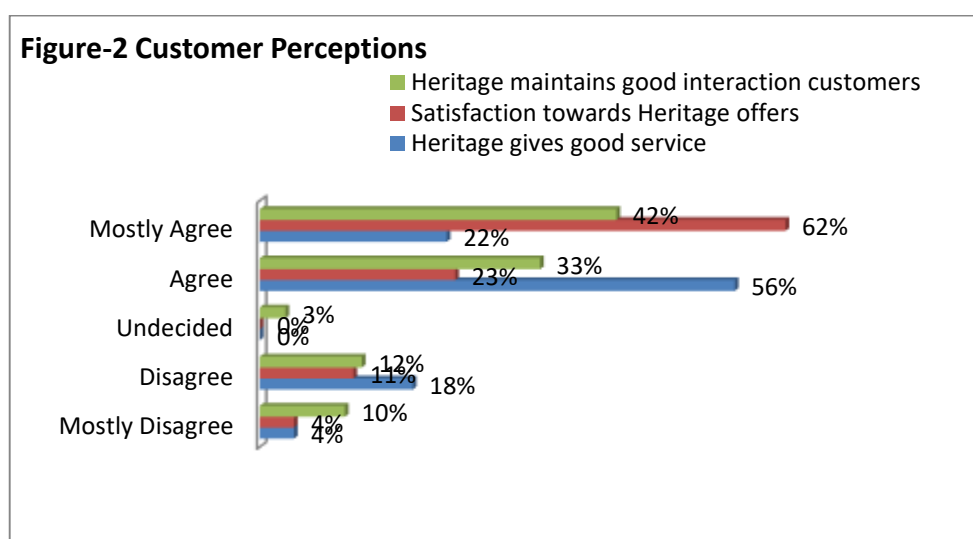
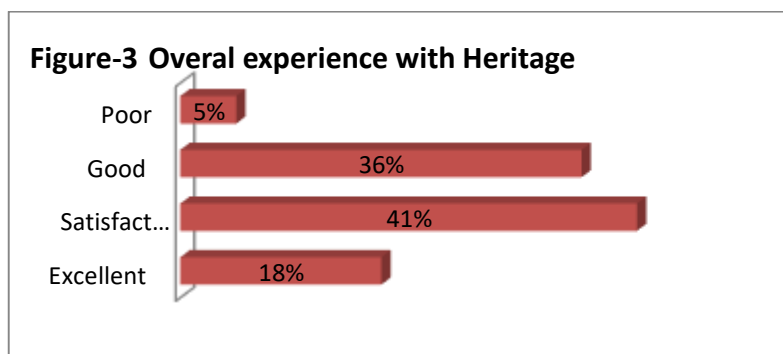


Table-2 presents the customer service to the level of customer expectations because majority of respondents have shown as agreed (56%) and mostly agree 22 percent whereas 18 percent and 4 percent of them could not satisfy the services of Heritage according to this study. Hence, it is concluded that Heritage foods stands for good customer services. The customer satisfaction towards Heritage offers and majority of respondents opined as mostly agree with

the Heritage offers (62%), just agree 23 percent and rest of them could not satisfy with the offers of Heritage. Hence, it is concluded that Heritage could secure good customer satisfaction through its service offers. Further, it shows how Heritage Foods maintains customer interaction and it is observed that majority of respondents have opined as mostly agree (42%), agree 33 percent and rest of them (25%) felt unhappy for poor interaction by the Heritage. Hence, it is concluded that the Heritage is able to maintaining interactions with its customers for creating long-lasting relationships.



Overall Experience with the Heritage (figure-3) is also analyzed in order to measure the customer relationship management practices by the Heritage foods and the majority of respondents felt as satisfactory which accounted for 41 percent, opined as good for about 36 percent, excellent is 18 percent and poor only 5 percent. Hence, it is concluded that the overall experiences with the Heritage Foods found to be satisfactory but not excellent.

## RESEARCH FINDINGS

On the basis on information obtain for this study on CRM practices in Heritage foods ltd., the following are the major findings and suggestions also offered in order to strengthen the existing CRM practices.

- Advertisements and Friends & Relatives played significant role as the source of information and creating awareness about Heritage Foods and is one of the most preferred destination for dairy products.
- The frequency of customers visiting at least twice in a month and purchasing dairy products at Heritage stores because of convenience, availability of variety of products and brand image when compared to their counterparts.
- It is found that the Heritage foods providing quality products and required customer services and could secure good customer satisfaction through its service efforts.
- Heritage is able to maintaining good interactions with its customers for creating long-lasting relationships.
- The overall experiences with the Heritage Foods found to be satisfactory but not excellent.

## SUGGESTIONS

- Heritage management should increase sales by giving special offers. Further, sales people should improve their skills in order to improve better customer services and attending the customer complaints. For this management should train them from time to time.
- Heritage should increase the availability of all branded items including products required for kids in all its stores and also improve home delivery service.

- Efficiently dealing with all the customers and providing them what they actually need increases the customer satisfaction. It also increases the chance of getting more business which ultimately enhances turnover and profit.
- If the customer is satisfied they will always be loyal to you and will remain in business forever resulting in increasing customer base and ultimately enhancing net growth of business. It emphasises greater role of CRM in satisfying customer needs, ultimately leading to mutual and beneficial relationships.
- The strongest aspect of CRM is that it is very cost-effective. The advantage of decently implemented CRM system is that there is very less need of paper and manual work which requires lesser staff to manage and also lesser resources to deal with. The technologies used in implementing a CRM system are also very cheap and smooth as compared to the traditional way of business.

### **Limitations of the study**

Like any other empirical studies this research might also have some limitations with regards to sampling, data collection and generalization of the findings. The samples (50) drawn for the study only from two retail stores may not be enough to generalize the study results. The findings are limited to customers shopping food products at Heritage stores in Hyderabad city. Other limitations include the qualitative variables used in the study which might have reflected on making some casual statements. However, future studies could avoid these limitations by using data from different markets across the nation, using representative samples and additional variables. CRM practices of Heritage Foods have been trying to enhancement of company's ability to achieve the ultimate goal of retaining customers and so gain the strategic advantage over its competitors in the sector.

### **CONCLUSION**

CRM is an effective management tool for improving the customer relations and retention by the way of making repeat purchases. Advancement of technology in the form of CRM software may be used for continuous updates the customer data. There is a mutual benefit through CRM, the stores because it is the 'Era of customers' the Heritage should give focus to customer oriented approach which will help in serving long-term. CRM practices need to be innovative and always tries to deliver the customer with some added value for long-lasting relationships.

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