

# Impact of crm on buying behaviour marketing essay



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The goal of this paper is to understand what influences the shoppers' mind before and after entering a store and recognize the in-store marketing that affects the shopper's goal and encourages impulse purchase and how effective customer salesman relationship impacts such behaviour. One very important aspect of the in-store promotion is the customer relationship management. Amongst the various factors affecting shopper behaviour and their impulse purchase, we study how effective customer relationship established on the floor translates into impulse purchases and eventually a fruitful relationship. We begin with describing briefly the previous research and findings done by other authors.

The Grocery Marketing Association (2007) had forecasted the in-store retail marketing budgets will witness growth rate of more than 20% compounded annually. The Advertising Age had also mentioned that the consumers make about 70% of the brand decisions within the store itself hence proving the other means of advertising not as useful. In their study (David R. Bell, January 2011) speak of certain hypotheses they have formed. They are: First, If the overall shopping trip aim is quite abstract and not defined before they enter the store, the chances of them going for unplanned buying increase. The retailers in this case are to benefit if the shopper is not clear on what he wants to buy and in such cases an effective salesman- customer relationship helps establish a good impression. Second, if the customer is sure of what he wants from a particular store, the unplanned purchases dip to a minimum. Amongst the store choice goal, one quite elemental factor is if the store is friendly or not and if it provides good service or not. Although in some cases it is good for the retailer that the customer is sure of his buying as it helps in

establishing a relationship but not in all cases does the store specific choice prove to be beneficial. Third: The external out of store communication also aids in an unplanned purchase for the next time. The external out of store communication would be in form of offers seen on newspapers or television and in some cases offers for only certain privileged members or regular visitors to the store. So in short, the retailer has to focus both on the shoppers as well as their shopping trip goals in order to ensure greater buying and healthy relationships between them and their store.

## **NEED GAP ANALYSIS**

The consumer today makes his choice of products or services based on not only features and price but also on the type of services provided by the in store staff, the kind of relationship which the sales executive created with the customers and how useful they are when the customer is not much aware about the product and how easily they convince the customer to go for a purchase. With the customer getting more smart and intelligent due to advancement of technology and great knowledge available; providing value added service, creating a personal healthy relation with the customer, having a sophisticated trained sales staff who can relate themselves with the customers play a very vital role in moulding the buying behaviour of the customers at that moment of time and thereby developing a long lasting relationship. Measuring customer service is not an easy task as it is very difficult to predict which factors are actually influencing the relationship building process. However it is a known fact that face to face conversation between staff and customer is an important criterion for the same. Hence the quality and the process of customer service are important to measure

rather than the outcome of the service encounter. This is because “ courtesy and friendliness become important not as ends in themselves, but because customers partially conflate delight at courteous and friendly treatment with the actual quality of service” (Fountain 2001, 58).

Bradbury and Milford did a research on how to measure the behaviour of the frontline employees and how much they are able to help the customers in providing proper insights about the service and converting them into their client through the concept of “ Mystery Shopping” adopted by Georgia’s local government. The program was well designed where trained observers were used as client or customer and actual process of interaction with the employees was carried out to see what kind of services is provided. Both “ walk in talk” and “ telephonic” interactions were studied and it was found that people were happier with face to face interaction with the employees than the telephonic ones. Also the study helped to determine that training the employees can ease out the interactions with the customers and can be more fruitful as the staffs knows what kind of gestures and questions to ask and how to solve a particular query. An important conclusion found was that appearance and pleasantness play a major role in customer service than thanking a customer or helping with other issues. This program helped in taking several measures for customer service development like opening a post of Director for customer relations, setting up new standards, incorporating multiple programs in CRM process, etc. Thus Mystery Shopping proved to be useful tool for assessing employee-customer interactions.

Other important criteria for understanding the customer-staff relationship is through their bargaining behaviour. Bargaining behaviour is not just only <https://assignbuster.com/impact-of-crm-on-buying-behaviour-marketing-essay/>

about price negotiations but it is also about product feature, style, delivery, etc. In the research conducted by Pennington, he formulated the components of buying behaviour into four divisions. These components came from the theoretical formulations of bargaining behaviour, from Kuehn and Schelling. The study showed that the four components helped both customers and employees do the necessary bargaining to impact the customer services and thereby affecting the purchase behaviour. The methodology involved capturing of both verbal and visual communication between the employee and the customer in the 11 appliances store selected to study the relation. It was observed that customers who were prepared on what to buy were less inclined towards bargaining while the ones who took time before purchasing were the ones who were price conscious and wanted to try different stores and what schemes were available therein. During the interaction customer details such as name, address and phone numbers were recorded so that if the purchase was not successful at that instant, the employees called up the customer after 2 weeks and tried to convert the call. This resulted into good number of conversion due to good knowledge about the customer accumulated in the last 2 weeks. It was observed that direct offers dint play much role in the bargaining behaviour whereas concession limits was the deciding factor. Thus, the outcome of this research was that the customer who spends more time shopping and in different store is more inclined towards bargaining and the assessment of retail shoppers' behaviour can be helpful in identifying high intensions customer, finding out the time of purchase and adapting the sales presentation to individual consumers.

The third important parameter reviewed to analyse the customer-employee relations and how the sales staff can impact the buying behaviour of the customers was the similarity or the expertise the sales executives showed during the interaction. Numerous observations were studied which showed that the employees who had similar views and purchasing patterns with the customers were able to pursue the customers more in the buying process than those who had greater expertise and experience. Brook's finding based on Howard and Sheth's concepts, suggested that customer's purchasing pattern followed either " Limited Problem Solving" 1 or " Routinized Response Behaviour" 2. The salesman's attractiveness and similar consumption habits with customer resulted in better customer service and relationship and produced successful influence attempts in buying behaviour as compared to the salesman's competence and expertise. To practically see the impact of similarity and expertise on the behaviour of the customer, an experiment was done in a music store where near the cash counter a special product which cleans the tape recorder was placed. The sales staffs were divided into four groups: 1) Similar 2) Dissimilar 3) Expert and 4) Non-Expert. It was found that customer who were attended by similar group purchased the product though they dint had the expertise about the product. The only reason being both the group and the customers listen to the same music so, a trust was developed and hence it resulted in successful purchase. Not only that, the customers who were attended by expertise also bought the product as they very well explained how the use of it can increase their tape's lifetime value. The interesting thing to note is that the group tried to convey the customer that their taste is similar to leave a positive impression.

Thus, the need gap is to find how different services provided by retailers influences the customer-employee relationship and ultimately leads to various purchase behaviour. There exist a lot of parameters which directly or indirectly affects customer and employees the way they interact which needs further research and understanding through organisation's experiences.

## **RESEARCH PROBLEMS**

The following future research can be done in regard to study of the consumption pattern and customer services which can be a distinguishing factor in establishing strong relations with the customers.

How loyalty cards scheme influences customer relations with the retailer and influences the purchase behaviour.

Comparison between loyalty cards schemes and personal in-store experiences with the sales executives in engaging the customers.

What are the different parameters or variables involved in after sales service that ease out the customers transactions with the retailer.

How customer relationship management boosts the buying behaviour of the customers.

Virtually no research has measured and analyzed in depth the processes involved in transactional behaviour between the parties to the trans-action.

Limited Problem Solving is when the buyer's criteria for choosing brands are well defined and structured but the buyer is undecided about which of a set of brands is the best for him [7, p. 27].

Routinized Response Behaviour is where the buyer not only has well-defined and structured choice criteria, but also strong predisposition toward one brand [7, p. 27].

## **RESEARCH PAPERS**

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