A Study on Customer Relationship Management Practices Adopted By Apparel Street Vendors Influencing Customers Shopping Decision

Ms. Mamta Rupolia*, Dr. Richa Choudhary**, Dr. Harsh Purohit***

(Assistant Professor, Chetna's Institute of Management and Research, Mumbai)
(Associate Professor, IES Management College and Research Centre, Mumbai)
(Chair: ICICI Bank Chair for BFSI, Banasthali Vidyapith)

ABSTRACT: *"Customer Relationship Management is a comprehensive approach for creating, maintaining and expanding customer relationships". However, in small street vendor's businesses customer relationships is not a widely considered strategy.The customer relationship management (CRM) adoption process in small business of street vendors is an under-researched area and the purpose of this paper is to extend the knowledge and offer greater understanding of the CRM adoption process through an empirical study in the Mumbai.*
The aim of the study is to determine which practices in customer relationship management are used by small street businesses in Mumbai City and also particularly bring out the most effective practice that influence customers shopping decision.
The study uses primary data collected through in depth quantitative analysis to represent street markets in Mumbai. The sample included 129 active street shoppers. The relevant data collected by using a pretested questionnaire is further analyzed using various multivariate statistical techniques. The analysis has produced several important implications; since the study covers only limited area the findings cannot be generalized. Research propositions and recommendations for further research are presented.
Keywords: *Customer Relationship Management, Street Vendors, Street Markets.*

INTRODUCTION

The street vendors (commonly known as hawkers) play an important role in the economy by acting as a bridge between the numerous small buyers and small producers. They hawk wide range of commodities – food, agricultural products, clothes, utensils, stationery and numerous necessary items – used mainly by the middle class and poor citizens of urban centers. The hawkers buy commodities in small quantities, from small producers at a low price and sell the same to a buyer who has a limited purchasing power. With active participation of many small producers, small sellers (hawkers) and small buyers, numerous undersized economic circuits are constructed every day. Thus, a common man's economy where hawkers play the central role runs parallel to the formal/organized economic activities.

LITERATURE REVIEW

Informal Sector:

The "informal economy", meanwhile, or what is variously called "cash-in-hand work", the "shadow economy" or the "underground sector", is here defined as the paid production and sale of goods and services which are unregistered by, or hidden from, the state for tax and/or benefit purposes but which are legal in all other respects (Colin C. Williams, John Round., 2008) [1]. This widely agreed definition recognizes that the only illicit aspect of informal work is that the transactions are unregistered and/or hidden from the state for tax and/or social security purposes.

Gerxhani (2004, p.274)[4] states, they "choose to participate in the informal economy because they find more autonomy, flexibility and freedom in this sector than in the formal one. In other words, participants have the freedom of operating their own business; they have flexibility in determining hours or days of operation; they can use and develop their creativity".

Previous studies on flea market:

Multitudes of Flea markets exist around the world, however, few studies in consumer research have explored this phenomenon. 'Academic research into flea markets has yielded a rather small and circumscribed literature of discontinuous quality', states Sherry (1990). While it has usually been regarded as a second-order marketing system (Sherry, 1990), the flea market represents an interesting economic phenomenon to be studied

from the marketing point of view (Belk, Sherry and Wallendorf, 1988; Sherman, McCrohan and Smith, 1985; Sherry, 1990; Yavas and Riecken, 1981), especially considering the economic changes due to recession.

As an informal and formal marketplace and economy (Sherry, 1990), marketing authors suggested that flea markets usually cater to lower class or low income shoppers, but not exclusively (Belk et al., 1988; Sherman et al., 1985; Sherry, 1990; Yavas and Riecken, 1981). They provide not only a place for low cost goods, new or used, but also a shopping experience and a cultural immersion for their customers, as well as an opportunity to develop the ritual dimension of consumption (Belk et al., 1988; Maisel, 1974; Rook, 1985; Sherry, 1990).

Research notes that the experience of buying at a flea market is also important, such as the excitement of looking for interesting objects, the 'treasure hunt', search for bargains, the possibility of negotiating, and even the socializing, interaction, fun experience otherwise not offered in a regular mall (Maisel 1974; Belk et al., 1988; Sherman et al., 1985). As Sherman et al. (1985) writes, the most frequent, heavy shoppers at a flea market consider the location an enjoyable place to shop, with a varied offer of products, while the less frequent, 'light' shoppers rather had product and ethical reservations about flea markets.

Moreover, a significant observation, especially in the current economic conditions, is the fact that some researchers consider the flea markets as an alternative shopping place when the lower and middle class purchasing power is declining (Sherman et al., 1985), which opens them for consumers at the lower end of the economic spectrum. Other studies summarize that the consumers consider the flea market as an opportunity to find lower prices, variety of products, social benefits, bargains and shopping excitement (Belk et al., 1988; Sherman et al., 1985).

Street Vendors:

(David Mchardy Reid, Eugene H. Fram, Chi Guotai 2010) studied the operations of 80 street vendors in Dalian, China. It shows their operations (e.g., buying, selling, and merchandising) are very similar to those of permanently anchored small retailers, and consequently they should be able to make similar societal contributions.

(Meshram, Kanika, O'Cass, Aron 2010) suggest that street food vendors gain competitive advantage through their price based value offering while, whereas restaurant owners compete against street vendors by offering superior performance value. However, both firms seek advantages by maintaining close relationship with their customers.

The vendors in the street market understand how to sell products to target customers and how to emphasize commonality with the mainstream markets and where the difference lie (Emslie et al, 2007)

Walsh, J. (2010). In terms of the marketing mix, while there is some flexibility for smart street vendors to vary the product and the place where operations are conducted, it is clear that price is the variable which is the easiest to manipulate, and the one which is most commonly changed. Interestingly, research indicates that Thai consumers are keen to demonstrate that they are good at negotiating price and understand the value of a product: they are, generally, willing to pay more for a higher quality item and also expect to pay less for a lower quality item. The new generation of street vendors, conduct (informal) market research and integrate the results with their own understanding of business and of the nature of their customers

Dr. Kumar Kanagaluru, (2011), the retailer's perceptions towards various strategies have been studied to determine a solution to overcome the threat from the organized retailers. The results of factor analysis technique shows that product strategies is the most important factor followed by price strategies, distribution strategies and promotion strategies. Therefore the unorganized small retailers must give utmost importance to these factors to overcome the competition faced by them as all these strategies contribute to the positive perceptions of retailers towards effective sustainability in the market

CRM in small and medium sized businesses:

Customer relationship management (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. The concept of relationships is particularly prominent within SMEs with the key decision makers often having close connections with the customer base.

Even though CRM has the potential to deliver benefits to SMEs, studies focusing on CRM success rates in SMEs have reported less success in terms of the realization of those benefits (Bull, 2003; Harrigan et al., 2009). Nevertheless, the demand for CRM technology has grown as more organizations see the value of better customer relationships, customer knowledge and customer retention and if SMEs are to successfully adopt and

implement CRM technology it is important to better understand their specific needs(Bull, 2003) When making a business case for CRM adoption, organizations often argue that as a result of CRM investment consumer behaviour will change in a positive way and this will in turn lead to increased revenues through increased sales or efficiency savings (Maklan and Knox, 2009)

Research demonstrating the benefits of CRM in SMEs has shown that effective adoption is hard to achieve and that expected benefits in over half of the cases are notrealized (Ismail et al., 2007; Reijonen and Laukkanen, 2010). Studies have carried out indifferent industry sectors with, for example, O¨ zgener and I˙raz (2006) focusing on thetourism industry, Ko et al. (2008) on the fashion industry and Peltier et al. (2009) onthe retail sector.

The customer relationship management (CRM) adoption process in small business of street vendors is an under-researched area and the purpose of this paper is to extend the knowledge and offer greater understanding of the CRM adoption process through an empirical study in the Mumbai.

The aim of the research is to examine to what extent small business like street vendors initiate customer relationship practices keeping in mind the profitability of the business operations. The paper offers deeper insight into the little researched area of SME marketing and, especially, into the differences in conventional marketing practices and marketing practices applied and understood within small businesses.

OBJECTIVES OF THE STUDY

The aim of the study is to determine which practices in customer relationship management are used by small street businesses in Mumbai City and also particularly bring out the most effective practice that influence customers shopping decision.

METHODOLOGY ADOPTED

Instrument Development: To satisfy and to meet the objectives of the study both qualitative methodology and quantitative techniques have been used. The study has been conducted at various street markets located at Mumbai in Maharashtra state. . The sample included 129 active street shoppers. With reference to the sample, a total of 129 active street shoppers were selected and approached them with a structured questionnaire. The content and validity of the various statements in the questionnaire were verified with the help of experts in the marketing field. The instrument used in this study consists of two parts. The first part deals with the demographic profile of the respondents such as gender, age, income, occupation etc. Part two deals with opinions of the sample customer's w.r.t. various promotional strategies adopted by street vendors that influence their shopping decision. It consists of various strategies, each of which is measured on five point Likert's scale, in which, 1 indicated "strongly agree", 2 indicated "agree",3 indicated "unsure", 4 indicated "disagree" and 5 indicated Strongly Disagree.

Data sources: Both primary and secondary data were collected for the study. The primary data were collected by conducting a sample survey of customers. With the help of a well prepared and structured questionnaire the primary data were collected from the respondents. The secondary data were collected from Journals, magazines, reports, and other books and also from Internet websites on street vendors and informal sector.
Analysis of data: The primary data collected have been sorted, classified and tabulated in a format and analyzed by using statistical package for social sciences (SPSS19.0). An appropriate statistical procedure like descriptive analysis has been used for inference.

RESULTS AND DISCUSSION

1. Gender	No. of Respondents	Percentage
a) Male	55	42.6
b) Female	74	57.4
Total	129	100.0
2. Age		
a) 16-24	64	50
b) 25-33	39	30

c)	34-42	20	15
d)	43-51	5	4
e)	52 and above	1	1
	Total	129	100.0
3.	**Occupation**		
a)	Salaried	72	55.8
b)	Self-Employed	10	7.8
c)	Professional	5	3.9
d)	Housemaker	2	1.6
e)	Student	40	31.0
	Total	129	100.0
4.	**Average Monthly Family Income**		
a)	Less than Rs. 30000 p.m.	35	27.1
b)	Rs. 30001- Rs. 50000 p.m.	49	38
c)	Rs. 50001- Rs. 70000 p.m.	18	14
d)	Rs. 70001- Rs. 90000 p.m.	13	10
e)	Rs. 90001 and above	14	11
	Total	129	100.0

- Demographic Profile of the respondent

The above table reveals that 57% of the respondents were female and 42% of the respondents were male. It means that females are more involved into street shopping activities. Maximum no. of customers shopping at street markets belongs to the age group of 16-33, which comprises about 80% of the total respondents. The demographics studied also reveals that Salaried Persons and Students are majorly involved in street shopping which comprises of 56% and 31% respectively of the total respondents. This can also be stated because Mumbai has large amount of working people and students commuting every day. This can also be seen from the analysis that the customers shopping at street markets belong to middle income group comprising around 60% of the respondents.

- Descriptive Analysis

The following descriptive statistics were calculated using SPSS (19.0).

Some shop vendor offer me loyalty discounts on my regular shopping.	129	2.90
The vendor has customer's best interests at heart	129	2.62
The vendor has a good tactics of complain handling	129	2.58
The customer service offered by the street vendor makes the shopping experience worth.	129	2.54
Helpful nature of vendors	129	2.50
The vendor acknowledges and listens to customers preferences.	129	2.46
Maintaining healthy customer relationship	129	2.38
The vendor has good knowledge of the product	129	2.35
The vendor provides me with information and products according to my preferences.	129	2.29
The vendor gives customers individual attention	129	2.28
The vendor is personally involved in the selling process	129	2.24
Dealing tactfully with customer concerns	129	2.22
Customer friendly approach of the vendor	129	2.21
The seller has face to face interaction with the buyer	129	2.16
Building good customer rapport.	129	2.14

The effectiveness of CRM practices in influencing customers shopping decision is studied. These CRM practices are stated using 15 statement variables. The above table shows the overall mean values of the variables taken under study; accordingly the interpretations made are as:

- It was observed that the street vendors offering **loyalty discounts to the regular customers** is the most sought after CRM practice that highly influence customers shopping decision at street markets.
- Customers at street markets agree that the **'vendors have best interest of customers at their heart'** which induce their shopping decision.
- As the street vendors have a huge mass of customers across various segments of society visiting their stall, the customers agree to the statement that the vendors have **'a good tactics of complain handling'**
- It is widely held by the customers that the **'customer service offered by the vendors make their shopping experience worth'.** And the consumers were consistent in their opinion.
- Consumers were agreed that Polite, helpful & attentive staff at street stall influences their visit decision to street market.
- Also it is usually accepted among the customers that **'The vendor acknowledges and listens to customers preferences'** which is also an important variable in persuading customers shopping decision.
- It was also observed that the vendors take efforts in **'Maintaining healthy relationship with the customers'**. And the consumers were consistent in their opinion.
- Customers are neutral on vendor having good **knowledge of the product** and this hardly makes any difference in their shopping decision.
- However the customers are not very convinced with the variables like individual attention to customers, personal involvement of the vendor in the selling process and face to face interaction. They have concern of customers for influencing their shopping decision. As the vendor has a small stall in the market with one or two sales persons handling a whole lot of customers it becomes hardly possible for the vendor to justify the same personal selling skills with every customer.
- The vendors also need to improve on aspects like being customer friendly, building good rapport with the customers and dealing tactfully with the customers.

CONCLUSION

This study aims to determine which practices in customer relationship management are used by small street vendors businesses in Mumbai City. Findings show that if street vendors do not understand clearly how or why to adopt CRM practices in their business processes. But there are some commonly used business practices that relate to the conventional concepts and practices of CRM. They cautiously take care of the choice of the customers and bring the product which is demanded by them. They try to satisfy them with the wide range and at the same time maintain a good relationship to retain them and consequently convert them into their loyal customer.Loyal discounts are the most influencing CRM practices that affect customers shopping decision. Also the good complaint handling tactics, vendors positive approach towards making the customers shopping experience worth keeping their best interest at heart and good listening and acknowledging skills are also some of the moderately influencing CRM practices adopted by Street vendors. But the Street stalls sales persons should improve on their personal selling skills and work more on practices to build healthy vendor-customer relationships. The study contributes significantly to the existing literature in reference to CRM practices, with special insight into CRM practices found in small street vendor businesses.

LIMITATIONS

Like any other empirical studies this research might also have some limitations in reference to sampling, data collection and generalization of the findings. The samples drawn for the study may not be enough to generalize the study results. The findings are limited to customers shopping apparels at street markets in Mumbai 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. Also only Apparel street vendors are taken under the study the future studies can also be done on other categories of vendors.

FUTURE IMPLICATIONS

The findings of the research may strongly promote the use of customer relationship building value for micro and small firms to gain a competitive edge in the market. Based on the findings and implication, this study will expand the knowledge and understanding on the marketing mix theory for small and micro firms.

Also taking into consideration that there is very limited research done with regards to street vendors and their managerial capabilities and management know-how, this research will generate the recommendations for managerial application for the business of street vendors and identify areas for future scholarly inquiry.

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