

A STUDY ON THE IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT THROUGH CUSTOMER SATISFACTION, LOYALTY AND PROFITABILITY OF NESTLE INDIA LIMITED WITH SPECIAL REFERENCE TO BABY FOOD PRODUCTS

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ABSTRACT

Customer relationship management generally used to maintain existing customers and helps to identify the former customers that may hold potential to become customers again. It plays an integral role in locating potential customers.

The CRM of Nestle India Limited is electronica in maintaining of database, selecting and targeting but failing a lot to retain the existing customers as there are no other variety of food product apart from nestle Maggie to the kids. The relationship management is highly analyzed through self-assessment tools, where the evaluator may fail to assess rightly too. The company fails in attempting to place a right product for the child after the toddler age III as only Nestle Maggie is available, which is usable for all ages of people. It has failed to position a right product for the child age after 1 year

Keywords: Customer relationship, customer satisfaction, profitability

I. INTRODUCTION

Customer relationship management, generally used to maintain existing customers and helps to identify the former customers that may hold potential to become customers again. It plays an integral role in locating potential customers.

Customer relationship management is a combination of enterprises, strategies business processes and information that are used to learn about customer needs and behaviour i.e., on customer acquisition, customer relationship enhancements and customer retention.

The study aims to know how the exiting customers are maintained, locate potential customers, identify former customers, know about CRM evaluation, customer profitability analysis, customer segmentation, customer attrition, customer referrals and customer preferences too.

This study is benefitted to the organization as well the investors and the society in knowing the customer outflow and inflow that creates value for the customers and the company over the long term, customer expectation needs, customer available in the firms, are really customers available to the firm, any new practices or strategies applicable to the firm, are there any parameters co-related to each other and also enables to gain competitive advantage over other competitors, company sales soars, company knowledge, excellent customer services and the safeguarding measures taken by the firm for the customers.

II. REVIEW OF LITERATURE

BavirajBhusan, et al (2011), expresses that service quality has emerged as per dominant determinant of customer satisfaction, which in turn affects customer retention and long term profitability. Customer relationship management philosophy revolves around the customer centricity where service quality have changed and there are instances where the existing service quality dimensions have partially selectively merged to generate new dimensions.

Landry, Arnold et al (2005), states that CRM employs information technology to enforce and execute relationship marketing approaches. CRM is the one way to completely allowing true one-on-one marketing. **Dowling, (2002)** says CRM is based on the belief that developing a relationship with customers is the best way to make them loyal and more profitable.

Hamid & Akhir (2013) expresses that CRM goal is to bring about increased customer retention but it is often implemented but not integrated in customer experience or exploited to enhance customer loyalty.

Tiemo (2013), expresses that customer relationship management is still in the formative stages of development and there is no universally accepted definition of CRM.

Rigby, Reichheld & Scheffer (2002) says CRM as a technology for managing customer information and enhance the customer loyalty and in return their profitability. He also defines CRM as a mechanism for aligning a firm's business processes with its strategies to build customer loyalty and the firm's profits.

Stone and Woodcock (2001) has defined CRM as methodologist, technologies and e-commerce capabilities used to manage customer relationships.

Hobby (1999) expresses CRM as a management approach that enables organisations to identify, attract and increase retention of profitable customers by managing relationships with them.

Eichron (2004) expresses to achieve the CRM objectives and to implement it requires a holistic approach that integrates internal leadership, strong executive and business unit, cautious strategic preparation, precise performance measures, organizational culture and arrangement, business procedures and information technologies with outside customer touch points.

Rigby & Ledingham (2004) expressed that CRM Systems were not producing the desired benefits and high costs began to indicate satisfaction in the CRM investments which began to increase sales and all this is the change in attitude towards CRM in usage by firms. Firms can embark on CRM efforts that will have a greater impact with lower investment and less risk.

Arup Kumar, et al (2012) states that Adaptation of CRM philosophy over the last decade so has been pivotal in realigning the marketing focus for the service organisation and expressed that in SBI banks, The causal relationship between service quality and behaviour consequences specifically attitudinal loyalty and prosperity to switch in the CRM – driven banking environmental.

Sangeeth (2007) did a small survey on retail banks and expressed that the customer focus, team approach, meeting customer needs are the key factors to stimulate the customer emotions. However, the study revealed there were no difference scores of customer satisfaction and sales target across the branches.

Micheal Barnett (2011) in his study on mobile phones the relationships of the customers are maintained through call centres and even termed as “make or break”. He reveals in the study that brands use variety of approaches to measure the customer experience and also use the traditional model scores too. There is no specific customer experience function within the mobile banking though there is goal to beat their competitors.

Rebecca (2007) expresses customer satisfaction actually drives human capital performance i.e., improving the future performance of employees will positively impact firm profitability. High levels of customer satisfaction will be viewed as an attractive employees having the potential for long term success, more positive work environment, increase employee loyalty and productivity while also lowering employee turnover.

Buttle (2005) develops customer life cycle and emphasis is given to the marketing issues of customer portfolio analysis including segmentation, life time value and sales forecasting.

Jones (2009) in his case study expresses that the customer preferences are more with ups and downs. Customer satisfaction, its loyalty and performance are also dependent on the strategic decisions taken by the company which its expressed as internal struggle.

Bop Thomson (2004), founder of CRM Guru.com, expressed enough attention has not given to the fundamental drivers of CRM success i.e., strategy, metrics and organization. According to him, CRM initiatives helps in ROI, if followed with these steps, viz., understand the value of the customer wants, deliver the wants with value

Profitability and in dynamic nature. SMART CRM is a good business to be more profitable i.e., S : Strategy, M : Metrics, A : Alignment R : Design T : Technology. Should consider checking their companies' Z - score on a regular basis. A deteriorating Z-score can signal trouble ahead and provide a simpler conclusion than the mass of ratios'.

III. LITERATURE GAP

CRM studies are conducted majority on service sectors like Banks, mobile phones, tourism, hospital and not on other sectors. Studies are conducted to implement CRM, requires a holistic approach that integrates internal leadership, strong executive and business unit, cautious strategic preparation, precise performance measures,

organizational culture and arrangement, business procedures and information technologies with outside customer touch points. However, not much investigation on parameters like customer satisfaction, customer loyalty and the profitability. Research are done agro food, organic food and not much research / investigation are done on baby food products.

IV. STATEMENT OF THE PROBLEM

To study and to analyze to what extent the customer relationship management has an influence on driving the customer satisfaction, loyalty and profitability of Nestle India Limited on baby food products. To study and analyse how the customer relationship management has its impact through customer satisfaction, customer loyalty and profitability analysis to the Nestle India Limited.

V. OBJECTIVES OF THE STUDY

- a) To analyse on the customer preferences of the baby food products of Nestle India Limited.
- b) To analyse on the customer perceptions of the baby food products of Nestle India Limited.
- c) To analyse on the customer satisfaction level of the baby food products of Nestle India Limited
- d) To analyse on the customer loyalty of the baby food products of Nestle India Limited
- e) To study and analyse the customer profitability analysis of Nestle India Limited on baby food products.

VI. RESEARCH DESIGN

The study entitled “impact of customer relationship management on the profitability of Nestle India Limited with special reference to baby food products is a qualitative research that attempts to accumulate the existing practices of customer relationship management and data regarding the functions, principles and practices of customer relationship management which leads to the profitability of the organisation. This study wishes to study and analyse the customer relationship management on customer preferences, perceptions, loyalty and satisfaction level and also the profitability of the company.

The researcher decided to use the questionnaire as primary tool to analyse the information on customer preferences, perceptions, loyalty and satisfaction level and the on determining the profitability analysis of the firm through the financial statements of the company of the last five years.

As it would gather the information on customer relations and its impact on the profitability to the firm. The researcher makes use of existing literature in order to verify the observations and come up with preliminary ideas regarding the research problem.

VII. SAMPLING

The researcher has targeted the customers, distributors, suppliers, stockiest of Nestle baby food products in Bangalore (rural and urban), situated at Karnataka State, India.

VIII. SAMPLING UNIT

The researcher has concentrated the customers of Nestle baby food products in Bangalore city. The respondents chosen are house-wives, employees, working women, especially concentrated on marital status and who have their children.

The researcher has concentrated on Nestle baby food traders and distributors, suppliers, stockiest in Bangalore city, Karnataka State, India.

IX. SAMPLING SIZE AND FRAMEWORK

The sample size for the study is 600 respondents (customers), 100 (traders/ distributors and suppliers) chosen based on the sampling population. The financial statements of the last five years are also considered for the study to examine the profitability of the company.

X. SAMPLING TECHNIQUE

The researcher has adopted the convenient and random sampling method in identifying respondents (customers) based on their marital status and others randomly based on their response or availability.

XI. DATA SOURCES

The researcher has used the primary data i.e., a well-designed questionnaire to collect the data as well as secondary source like various websites, financial statements, journals, articles and e-database sources, e-books and other sources.

XII. PLAN OF ANALYSIS

The data was collected using the application of google forms, and the analysis is done by applying the statistical tools like ANOVA test, cluster analysis, chi-square tests using M.S.Excel, SPSS softwares.

XIII. LIMITATIONS OF THE STUDY

- This study is limited only to the baby infant food products of Nestle
- The baby food products are limited only to the Toddler age III and not beyond that.
- The study is limited to the nestle food traders and distributors, suppliers in Bangalore
- The study is restricted only to the selected Nestle Baby Food Products and for the period of the last five years owing to the time constraint.
- The accuracy of the information is purely based on the response given by respondents.
- Time constraint

XIV. ANALYSIS

The response received from the well-structured questionnaire are analyzed through reliability analysis. The results of the reliability analysis is given below.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.805	.923	31

However, the analysis given by the customers is analyzed in the form of part A, the response given by the traders, distributors, agents, wholesalers are analyzed and represented as part B, the profitability analysis is presented as part C. The overall, analysis of the model is represented as part D.

The data analysis is done by applying the statistical tools like ANOVA test, cluster analysis, chi-square tests using M.S.Excel, SPSS software and interpreted at the significance level of 5%.

XV. FINDINGS, SUGGESTIONS AND CONCLUSION

1. There are 40 varieties of baby food products available under the umbrella of 14 Nestle baby food brands.
2. Female married respondents are the purchasers of baby food products
3. 381 respondents are having single child out of which female children birth rate is higher than the male.
4. The respondents purchase the products in the market and the frequency of purchasing the product is monthly followed by fort-nightly and bi-annually.
5. The purchase of baby food products are done by both the partners followed by individuals, parents and relatives.
6. 39% of the respondents prefer Nestle Cerleac followed by Nan pro1 and Neslac, as there are Sample of varieties available for all the toddler ages and affordable too.
7. Nestle Cerelac Stage 1 Muesli with Peer (18%), Cerleac stage 2 Wheat apple cherry (17%), Gerber good start gentle Non-GMO Powder Infant (17%), Nestle Cerelac Stage 1 Wheat (16%) and Cerleac stage 2 Wheat apple cherry (17%) were the one opted by the respondents
8. 22 No. of respondents are using Gerber good start gentle Non-GMO Powder Infant from last 6-8

- months, followed by Cerleac stage 5 multi grains & fruits (19 No.) from 8-12 months and Cerleac stage 3 Wheat-Rice, Mango with Dates (19 No.) by 6-8 months, respectively.
9. Factors which influenced to purchase the products are nutrients, different varieties, perceived quality, availability, affordability are the key drivers for influencing on purchasing the baby food products.
 10. 94% of the customers have switched off the brand due to quality, nutrient and price
 11. 11% of the customers on health / growth, 9% followed by expensive and 9% on affordability are the barriers faced by the nutrients while purchasing the product.
 12. The frequency of usage of baby food products are in the range of 1-11 for once in a week, 1-14 for the usage of 2/3 times in a day, 1-3 on 15 days and 1-3 can't say, which implies that the respondents usage is high for 2/3 times in a day.
 13. 62 number of the respondents expressed the life span is 15 days followed by 128 respondents and 72 respondents expressed 30 days and 45 days, Respectively.
 14. 145 respondents, 107 respondents and 77 respondents are referred by Doctors, Self and In-laws, respectively.
 15. 244 respondents are overall satisfied on the quality, understanding, price and the needs of the customers.
 16. 223 respondents have strongly agreed for the nestle baby products are the best products purchased by the nestle baby products.
 17. 275 respondents have strongly disagreed that the nestle baby products are not performed well.
 18. 326 respondents have agreed that the respondents gets confused while shopping nestle baby food products.
 19. 92% respondents are likely to switch over the brands, whereas the 543 respondents would like to recommend nestle product to others and 577 respondents would like to purchase nestle products in near future.
 20. Only 8 number of respondents have given complaint on packaging and expiry date problems.

XVI. SUGGESTIONS

The company should have effective control over cash flows or payments which helps in better cash management and reducing cash requirements.

1. It can be suggested that the company should try to maximize the Net Revenue.
2. The company should also try to reduce cost.
3. The company should try to manage its assets efficiency to increase the efficiency Of its assets through fixed assets management and working capital management And techniques.
4. The Company should also properly managed to its tax so that it contributes to Overall profitability.
5. The company should adopt variable overhead techniques to reduce the various Cost such as variable cost and fixed cost.
6. The company should identify the appropriate source of finance and the rate at Which such funds can be mobilized

XVII. CONCLUSION

The CRM of Nestle India Limited is electronised in maintaining of database, selecting and targeting but failing a lot to retain the existing customers as there are no other variety of food product apart from nestle Maggie to the kids. The relationship management is highly analysed through self-assessment tools, where the evaluator may fail to assess rightly too.

The loyalty model followed the Nestle India is not much transparent and to track record the existing customers on baby food products is complex as the life span of the product and the customer life time is very minimal and it is not more than a year.

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