

## A STUDY ON CUSTOMER RELATIONSHIP MANAGEMENT FOR SMALL RETAILERS

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### Abstract:

This study examines the level of Customer Relationship Management (CRM) awareness among small retailers. CRM is an important strategy that helps businesses maintain strong customer relationships and improve overall performance. Small retailers mainly depend on repeat customers and personal interaction, but many still use traditional methods for managing customer information. The objective of this study is to analyse CRM awareness, existing customer relationship practices, and the challenges faced by small retailers.

The research follows a descriptive research design, and primary data was collected through questionnaires from selected shop owners. A total of 15 shops were surveyed from the Ramnagar and Dattanagar areas. The sample included different types of retail businesses such as medical stores, grocery shops, mobile shops, garment stores, and stationery shops, with three shops selected from each category.

According to the results, the majority of respondents had a favorable opinion of CRM practices including keeping track of customers, interacting frequently, and offering quality service. Many merchants think that being courteous, keeping in mind the preferences of their customers, and promptly addressing concerns all contribute to the development of long-term relationships, customer loyalty, and trust. While the F-test ( $p > 0.05$ ) reveals no significant variance within business experience groups, statistical results suggest a significant difference in CRM procedures and complaint management across business types (ANOVA,  $p < 0.05$ ). The findings indicate that most retailers understand the importance of maintaining good customer relationships, proper communication, and basic record management. However, awareness about advanced digital CRM tools remains limited due to lack of technical knowledge, financial constraints, and limited exposure to modern technology.

**Keywords:** CRM Awareness, CRM Practices & Small Retailers

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### Introduction:

Customer Relationship Management (CRM) is a strategic approach used by businesses to manage interactions with existing and potential customers. It involves collecting, organizing, and analyzing customer information to improve satisfaction, enhance loyalty, and increase profitability. In today's competitive market, maintaining strong customer relationships is essential, especially for small retailers. Small retail businesses such as kirana stores, garment shops, medical stores, stationery shops, and mobile shops play an important role in the local economy. These retailers depend mainly on repeat customers and word-of-mouth promotion. However, many

small retailers still follow traditional methods like personal memory, manual record-keeping, and informal communication, which lack systematic data management.

CRM awareness refers to understanding the importance and practical use of CRM tools and strategies. It includes simple practices such as maintaining customer records, tracking purchase history, collecting feedback, and offering personalized services. Effective CRM implementation helps retailers understand customer preferences, improve service quality, and build long-term trust.

Despite its benefits, small retailers face challenges such as limited technical knowledge and financial constraints. Therefore, promoting CRM awareness is essential for strengthening customer relationships and achieving sustainable business growth.

#### Review of Literature:

- **Sharma & Gupta (2023):** they explained that CRM is an important strategic tool in the retail industry. The study highlighted that CRM helps retailers maintain customer databases, analyze buying patterns, and offer personalized services. The findings showed that effective CRM practices increase customer retention, loyalty, and overall profitability in retail businesses.
- **Singh (2019):** -) the Author analyzed the impact of CRM practices on organizational growth. The research found that businesses using CRM systems experience better customer communication, higher repeat purchases, and improved competitive advantage. The study concluded that CRM is essential for long-term business success.
- **Petrović & Stanković (2022)** :Petrović and Stenosis (2022) examined CRM adoption among small businesses. The study revealed that digital CRM systems improve operational efficiency and customer retention. However, small firms face challenges such as limited financial resources and technical knowledge.
- **KIPM (2023)** The Faculty Team of KIPM (2023) explained CRM as a combination of people, processes, and technology. The study highlighted the importance of maintaining customer data and providing personalized communication to improve customer satisfaction and business growth.
- **Sirsa (2023):** -The Government Post Graduate College, Sirsa (2023) explained the CRM lifecycle, including customer acquisition, retention, and development. The study highlighted that CRM improves service quality and long-term profitability.
- **Mutula & Van Brakel:** -Mutula and Van Brakel (2013) examined CRM practices among small businesses in developing economies. The study found that informal CRM practices are common, but formal CRM systems improve efficiency, customer loyalty, and sustainable growth.
- **Kumar & Patel (2022):** Kumar and Patel (2022) analyzed CRM practices in organizations and found that structured CRM systems improve service quality and customer loyalty. The study concluded that technology integration is essential for effective CRM implementation.

- **Meaning of CRM:**

Customer Relationship Management (CRM) is a strategy used by businesses to manage customer interactions and data in order to improve customer satisfaction, loyalty, and profitability. It includes maintaining customer records, communication, follow-ups, and personalized services.

- **Meaning of Small Retailers:**

Small retailers are small-scale businesses that sell goods directly to customers, such as kirana stores, medical shops, garment shops, stationery shops, and mobile shops. They usually operate with limited capital and depend on regular customers for business growth

**Role of CRM Awareness for Small Retailers:**

CRM awareness helps small retailers improve business performance by focusing on customer relationships instead of only sales.

**1) Understanding Customer Behavior**

It helps retailers track buying patterns, preferences, and seasonal trends. This allows better stock management and personalized service.

**2) Improving Customer Retention**

By maintaining customer records and offering personalized discounts or updates, retailers can build loyalty and encourage repeat purchases.

**3) Boosting Sales**

CRM enables targeted promotions, cross-selling, and better identification of potential buyers, which increases profitability.

**4) Enhancing Customer Satisfaction**

Quick response to feedback and complaints improves service quality and builds trust.

**5) Better Decision-Making**

Customer data supports inventory planning, pricing, promotions, and demand forecasting.

**Problems Faced in CRM Awareness for Small Retailers:**

Although CRM awareness is useful, small retailers face several challenges in implementing it properly.

**1) Lack of Knowledge and Skills**

Many retailers are not familiar with CRM software, data collection, and digital marketing tools. They still depend on manual record-keeping methods.

**2) Cost Constraints**

CRM systems, subscription fees, and training expenses can be costly. Small retailers with limited budgets often avoid investing in such systems.

**3) Data Management Issues**

Collecting, storing, and analyzing customer data is difficult without proper digital tools. Manual records may lead to errors and poor organization.

#### 4) Resistance to Change

Some retailers prefer traditional business methods and hesitate to adopt new technology due to fear or lack of confidence.

#### 5) Limited Time and Staff

Small shops usually have fewer workers, so owners struggle to manage CRM practices along with daily operations.

#### CRM Strategies for Small Retailers:

CRM strategies help small retailers build strong customer relationships and improve sales.

- Customer Data Collection
- Maintain customer details like contact number and purchase history for better communication and targeted marketing.
- Personalization
- Offer customized discounts, special offers, and product suggestions based on customer preferences.
- Loyalty Programs
- Introduce reward points or membership benefits to encourage repeat purchases.
- Feedback Management
- Collect feedback and resolve complaints quickly to improve customer satisfaction.
- Digital Communication

#### Research Gaps & Need of the study:

- Limited research has been conducted specifically on CRM awareness among small retailers, as most studies focus on large organizations and corporate sectors.
- Many previous studies have concentrated on advanced CRM software and technology adoption rather than basic CRM awareness and practices in small retail businesses.
- The majority of studies focus on customer satisfaction and loyalty in general, but limited research examines the challenges faced by small retailers in implementing CRM due to financial and technical constraints.
- There is a need to understand the level of awareness, practical application, and effectiveness of CRM practices among small retail shop owners at the local level.

#### Objectives of the study:

- To assess the current customer relationship practices adopted by small retailers.
- To examine how improved CRM strategies contribute to customer loyalty and sustainable long-term business.
- To analyze the impact of CRM practices on customer satisfaction and overall sales performance
- To evaluate the key challenges faced by small retailers in managing customer relationships effectively.

#### Hypotheses of the study:

**H<sub>1</sub>:** There is a significant relationship between customer complaint handling and the years of running the business.

**H<sub>0</sub>:** There is no significant relationship between customer complaint handling and the years of running the business.

**H<sub>1</sub>:** There is a significant relationship between the type of business and CRM practices in retail stores.

**H<sub>0</sub>:** There is no significant relationship between the type of business and CRM practices in retail stores.

**H<sub>1</sub>:** There is a significant difference in the variances between the nature of the business and the level of experience

**H<sub>0</sub>:** There is no significant difference in the variances between the nature of the business and the level of experience.

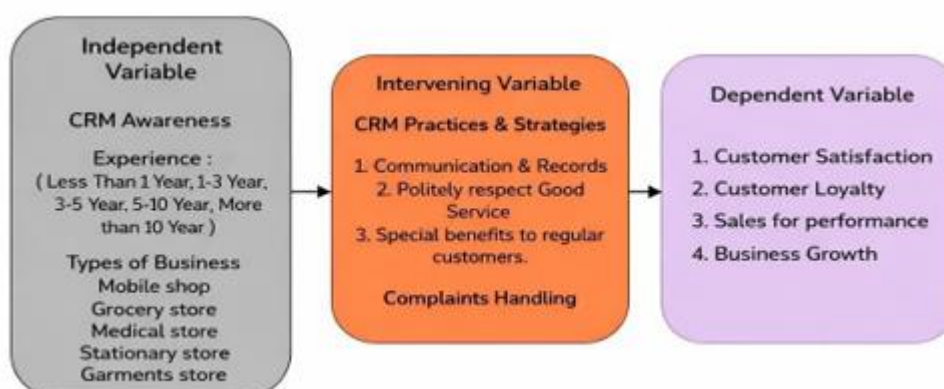
#### Limitation of the study:

- The study was limited to a small sample of selected retailers from a specific area, so the results may not represent all small retail businesses.
- The research was conducted within a short time period, which restricted detailed analysis.
- The data collected was based on respondents' personal opinions, which may include bias or inaccurate information.

#### Research Methodology:

The primary and secondary data used in this study were collected to examine the level of awareness, practices, advantages, and challenges related to Customer Relationship Management (CRM) among small retailers. The purpose of this study is to analyze CRM awareness among small retailers and to identify suitable strategies for improving customer relationship practices for sustainable business growth. The study uses a quantitative methodology and a descriptive research design. A structured 5-point Likert scale questionnaire encompassing CRM awareness, communication, record management, resolving complaints, and customer satisfaction was used to gather primary data. 15 retail store owners from Ramnagar and Dattanagar were chosen using a simple sampling technique. Three stores from each of the following categories were included in the sample: medical, groceries, mobile, clothing, and stationery. Researchers provided instructional brochures outlining CRM ideas, benefits, complaint handling, and strategies for enhancing customer satisfaction as part of the community involvement initiative. Descriptive statistics, ANOVA, and the F-test were used in Microsoft Excel to evaluate the gathered data in order to determine CRM awareness and differences in retailer practices.

#### Conceptual Frame work:



**Data Analysis:**

**1. Demographic data:**

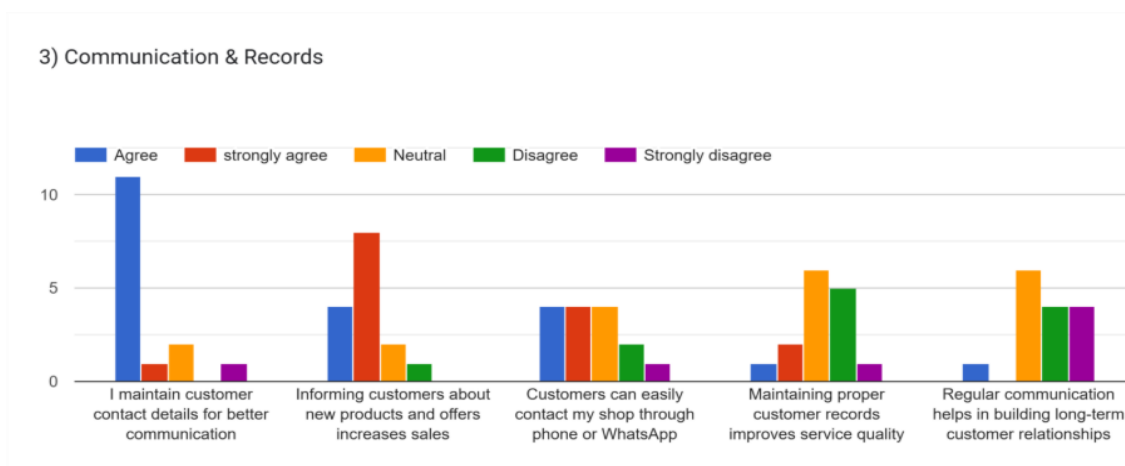
Particulars		count	percentages
<b>Gender</b>	Male	17	93.3%
	Female	1	6.7%
<b>Types business</b>	Mobile shop	3	20%
	Grocery store	3	20%
	Medical store	3	20%
	Stationary store	3	20%
	Garments store	3	20%
<b>Number of year experience</b>	Less than 1 year	1	6.7%
	1-3 years	5	33.3%
	3-5 years	3	20%
	5-10 years	4	26.7%
	More than 10 years	2	13.3

The data indicates that 93.3% of respondents are male, while 6.7% are female, highlighting a male-dominated sample of business owners. The types of businesses are evenly represented across five categories, each accounting for 20%. In terms of experience, 33.3% of the respondents have 1–3 years of experience, followed by 26.7% with 5–10 years, 20% with 3–5 years, 13.3% with over 10 years, and 6.7% with less than 1 year, suggesting that most owners have substantial experience in their respective fields.

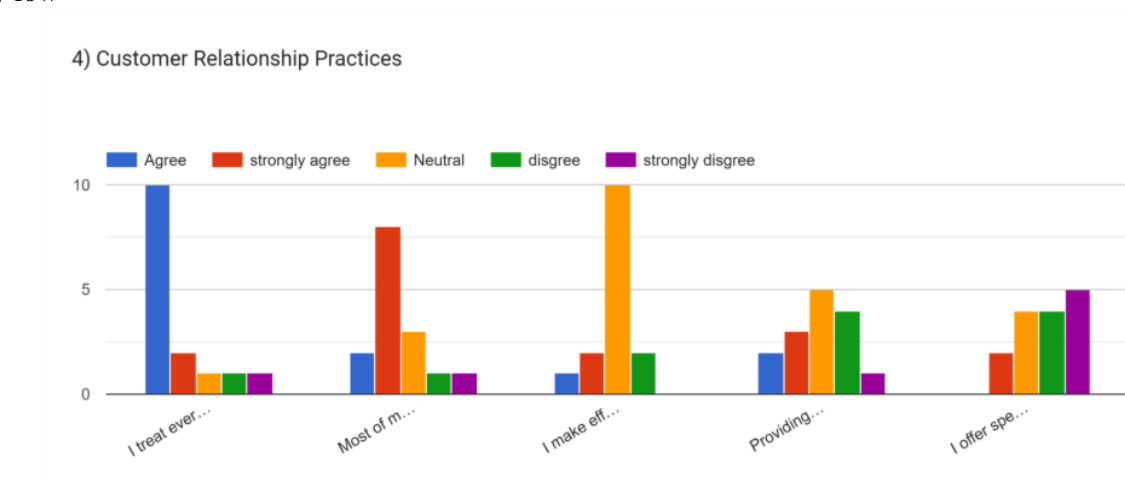
**2. Descriptive analysis:**

Column1		Column2	
Mean	39.93333333	Mean	1.066667
Standard Error	3.448210946	Standard Error	0.066667
Median	39	Median	1
Mode	50	Mode	1
Standard Deviation	13.35486357	Standard Deviation	0.258199
Sample Variance	178.352381	Sample Variance	0.066667
Kurtosis	-0.66511528	Kurtosis	15
Skewness	0.451154723	Skewness	3.872983
Range	44	Range	1
Minimum	23	Minimum	1

Maximum	67	Maximum	2
Sum	599	Sum	16
Count	15	Count	15
Confidence Level(95.0%)	7.395676935	Confidence Level(95.0%)	0.142986

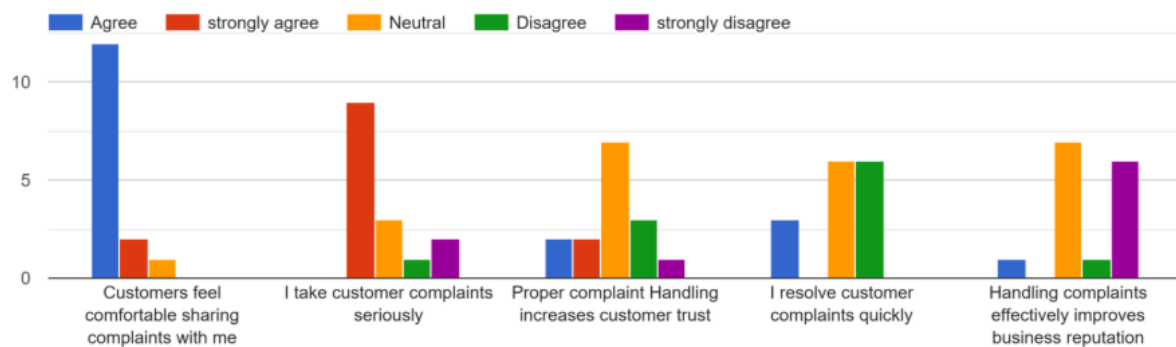


**Interpretation:** The data clearly shows a positive attitude towards communication and record management practices. Most respondents agree that maintaining contact details, proper records, and regular communication improves customer service, increases sales, and builds strong long-term relationships. Negative responses are very low



**Interpretation:** The data shows that most respondents follow good customer relationship practices. They treat customers politely, provide good service, and maintain long-term relationships. Negative responses are very low, which indicates high customer satisfaction and loyalty.

4) Complaint Handling



**Interpretation:** The data shows that most customers have a positive opinion about the complaint handling system. A high number of respondents agree that they feel comfortable sharing complaints and that proper complaint handling increases customer trust. Many also agree that resolving complaints quickly improves satisfaction.

However, some respondents are neutral or disagree on certain points, especially regarding improvement in business reputation, which indicates scope for improvement. Overall, the organization’s complaint handling system is viewed positively but can be strengthened further for better results.

5. CRM Awareness



The table shows that most respondents are aware of the concept of Customer Relationship Management (CRM). A majority have agreed that good customer relationship practices increase customer loyalty and help in increasing sales and profits.

Many respondents also believe that building strong customer relationships is essential for business growth. However, some respondents are neutral or disagree, which indicates that not everyone fully understands or accepts the importance of CRM.

Overall, the data suggests that CRM awareness is generally high, and most respondents recognize its importance in business success.

6. Anova: Single Factor (relation in handling customer complaints with year of running business)

Anova: Single Factor						
SUMMARY						
Groups	Count	Sum	Average	Variance		
Customers feel comfortable sharing complaints with me	15	45	3	1.857143		
I take customer complaints seriously	15	29	1.933333	0.209524		
I resolve customer complaints quickly.	15	31	2.066667	2.066667		
Proper complaint handling increases customer trust.	15	54	3.6	1.542857		
Handling complaints effectively improves business reputation.	15	52	3.466667	0.552381		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	36.18667	4	9.046667	7.262232	5.96E-05	2.502656
Within Groups	87.2	70	1.245714			
Total	123.3867	74				

H1: There is a significant relation in handling customer complaints with year of running business. As  $p < 0.05$ , the null hypothesis is rejected. Therefore, there is a statistically significant difference among the five dimensions of customer complaint handling. The calculated F-value (7.609) is greater than the critical F-value (2.503), and the p-value is less than 0.05, the null hypothesis is rejected.  $p < 0.05$ , the null hypothesis is rejected. Therefore, there is a statistically significant difference among types of business and the CRM practices in the retail stores.

8. F-Test

F-Test Two-Sample for Variances		
	<i>Variable 1</i>	<i>Variable 2</i>
Mean	3	3.066666667
Variance	2.142857143	1.495238095
Observations	15	15
df	14	14
F	1.433121019	
P(F<=f) one-tail	0.254760889	
F Critical one-tail	2.483725741	

F-test was conducted to compare the variances of the two variables. The results indicated no significant difference in variances ( $F = 1.433$ ,  $p = 0.255$ ). Since the p-value is greater than 0.05, the null hypothesis of equal variances is accepted. The findings indicate a statistically significant difference in CRM awareness based on the type of business operated by small retailers and their years of experience. This suggests that both the nature of the business and the level of experience play a significant role in influencing CRM awareness among small retail entrepreneurs.

**Research Finding:**

- The majority of respondents have a favorable opinion of the customer Relationship Management (CRM) procedures, such as keeping contact information, client records, and correspondence.
- Many responders concur that maintaining long-term customer relationships is facilitated by courteous conduct, providing excellent service, and keeping in mind the preferences of the client.
- A significant number of respondents think that keeping up good customer relations boosts customer loyalty and boosts revenue and profitability.
- The data shows that while some respondents are still neutral or less informed, the majority of merchants are aware of the concept of CRM and understand its significance for business growth.

- Most respondents feel at ease managing client complaints and think that doing so boosts customer satisfaction and trust.
- Respondents concur that promptly resolving complaints enhances customer satisfaction and fortifies client relationships.
- The ANOVA results ( $p < 0.05$ ) indicate a statistically significant difference between various customer complaint handling characteristics, suggesting that customer trust and business success are impacted by efficient complaint management.
- Another ANOVA test ( $p < 0.05$ ) shows that the CRM practices used in retail establishments are significantly correlated with the type of business.
- The F-test indicates that there is no significant difference in variances between the type of retail business and years of experience ( $p > 0.05$ ), indicating that response variability is comparable between the groups.
- The results show that CRM awareness and practices among small merchants are significantly influenced by the type of retail business and years of experience.

Overall, the study shows that small retailers generally follow good customer relationship practices, which help improve customer satisfaction, loyalty, and business performance, although there is still scope for improving awareness and implementation of CRM strategies.

**Suggestion to small retailers to improve sales:**

Area	Suggestion
<b>Customer Communication</b>	Maintain polite and friendly communication with customers.
<b>Customer Records</b>	Keep simple records of customer contact details and purchase history.
<b>Complaint Handling</b>	Listen to customer complaints carefully and resolve them quickly.
<b>Customer Loyalty</b>	Offer small discounts or benefits to regular customers.
<b>Use of Technology</b>	Use simple digital tools like WhatsApp or basic CRM apps to manage customers.
<b>Service Quality</b>	Provide consistent and good service to build trust and satisfaction.
<b>Relationship Building</b>	Focus on long-term relationships rather than only immediate sales.

**Conclusion:**

The study concludes that small retailers have a good level of CRM awareness and follow basic customer relationship practices such as polite communication, record keeping, and complaint handling. These practices help improve customer satisfaction, loyalty, and business growth. However, the use of digital CRM tools is still limited due to lack of technical knowledge and resources. Overall, increasing awareness and training on simple CRM tools can further improve customer relationship management among small retailers.

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