



## “A Study On The CRM Strategies Of D-Mart”

Name of author- Vidyansh Chandra

College- NMIMS Kirit P. Mehta School of Law Mumbai

### Abstract-

This research paper deals with the Customer Relationship Management (CRM) strategies used by D-Mart and how they have played a key role in the success of this supermarket chain. The paper studies the business model of D-Mart to determine how they have been able to overcome its competitors. The paper then moves on to highlighting the importance of value retailing to retail store chains for building customer trust and connect. Then the paper moves on to studying the role that tactical management and the use of stringent inventory system aids in adopting an effective pricing strategy for a large range of products. The paper ends with the conclusion of how D-Mart has been able to find the key to retail success.

**Research Implication-** This is to determine how D-Mart, which is comparatively new in the market, is earning more profit as compared to its larger competitors like Spencers; Anand Birla Retail etc. are yet to break even. It is imperative to study the case of D-Mart to understand the intricacies of how it conducts its business in such an impressive manner.

**Originality-** Other researchers have compared D-Mart to its competitors to understand how it is different from them; however for that we first need to study D-Mart itself.

**Keywords-** retail, business model, inventory turnover, management systems, CRM, customer connect

### Introduction-

Avenue super marts ltd. (ASL) is a chain that owns and operates supermarkets and hypermarkets by the store name of D-Mart. D-Mart seeks to provide a one stop experience to its customers and their entire family, to meet all their daily household needs. A wide range of home utility products is offered, including beauty products, foods, toiletries, kitchenware, linens, home appliances and much more.

Since D-Mart had opened its first stores in Mumbai in 2000, it has become a much trusted and established shopping destination for the people in Maharashtra, Gujarat, Andhra Pradesh, Karnataka, Telangana, Chhattisgarh, NCR,

Tamil Nadu, Punjab and Rajasthan. It has created an image in the mind of its customers as a place where one can find all types of products at much cheaper prices than anywhere else.

The first thing that they did that was totally different than its competitors was that it offered products at much cheaper prices. This implies that the company focuses more on the volume of sales than that of the margin of profit it acquires. D-Mart has not only outpaced its competitors it has also managed to figure out how a retail chain needs to be operated in a consumer driven market like India.

### **Objectives-**

1. To study D-Marts business model.
2. To highlight the importance of value retailing to build customer connect.
3. To study the role of tactical management and stringent inventory systems aiding to effective pricing strategy for an array of products.

### **Significance and Importance-**

This research will help people in the academic field like academicians and students to understand and study how D-Mart has been able to surpass its competitors and been able to break even and earn profits so quickly. It will also help them study how D-Mart has been able to open so many outlets in various cities and spread its business. This research has been done keeping the language as simple as possible to make it easier for people to understand it.

### **Limitations-**

The content in this paper has been collected by the author from secondary sources like journals, books, articles etc. which might work as a limitation of this paper and may not be completely accurate.

### **Review of literature-**

1. **M. Guruprasad (2018)** - The author has done a case study of a particular D-Mart in Karjat and Badlapur wherein he has conducted primary research and found out various factors that indicate the consumers' responses towards various aspects of the store. He concluded that customers usually came 2 times a week and bought household goods in bulk. He also concluded that D-Mart mostly faces competition only from small retail stores which lack the desire to expand their businesses.
2. **Kirill Tšernov-** In this article the author states the importance of building good customer connects and making sure that their experience in the store is wholesome. The author in this article gives pointers as to how a retail store can ensure that their customers' experience is fruitful.
3. **AdirGrip (2019)** - In his article the author provides a detailed study on the business model of D-Mart. He describes the various factors that D-Mart employs to ensure customer satisfaction which is the key to their success. It also explains the revenue model that D-Mart uses that has allowed them to surpass its competitors like Reliance, Spencers, Big Bazaar etc.
4. **Ranjith P; Nair, Rajesh (2010)** - The authors in their research paper study how the service quality of retail outlets like D-Mart and Apna Bazaar differ. The study focuses on the importance of measuring service quality. Despite its importance, Indian retailers still do not have a reliable tool to measure service quality.

## Findings and Suggestions-

D-Mart's has a business model that needs to be applauded. This is because even though it is not as big or old as its competitors it has still managed to overtake them in the market. It was one of the first retail stores to gain profits. They were able to do that by using excellent strategies which may be costly at first but help them make surplus profits later all the while increasing their value in the eyes of the consumer. Some of those strategies are-

1. **Own Property-** Most of the property of D-Mart is owned by them. They do not follow the concept of renting of properties. Even if they do take a building on rent they lease it for a very long time like 30 years or so. Owned properties are a long term investment and provide profit on a regular basis.
2. **Avoid credit-** Credit and delayed payments can seriously affect a business's supplies and costs. D-Mart pays off its suppliers much sooner than one would expect.
3. **Quality-** D-Mart focuses the most on quality and affordability. They purchase non-branded then assure its quality before selling them.
4. **Focus on the middle and lower-middle-class-** D-Marts target customers are the middle and lower middle class. They focus on fulfilling needs and wants of the common public of the country.
5. **Trained Staff-** All D-Mart stores have a well trained staff that is well equipped to handle the customers efficiently and effectively. Each member of the staff is very cooperative and each division has its own manager who is experienced enough in that.
6. **Low Interior cost-** The interior of a D-Mart store is very mundane. They do not spend much on interiors and have normal and average looking malls.
7. **Buy in bulk-** D-Mart always buys products in bulk. This allows them to buy it at a cheaper rate. Now they use this advantage to sell it to the customers at much lower cost. This is a factor that makes them very different from its competitors as they give the profit they could have made to the customers.
8. **Remove middleman-** D-Mart buys its products directly from the companies/factories which reduce the cost of middlemen which in turn lowers the price of the product allowing them to give more discount to the customers.

Providing the best customer service is the way a retail store can successfully gain more popularity and customer loyalty. More and more businesses these days focus more on the retention of existing customers than on getting new customers. Some benefits of value retailing are as follows-

1. **Provides Word-Of-Mouth Marketing-** Satisfied customers are a source for getting new customers. As per some studies a majority of the customers are given a recommendation by their acquaintances to go to a particular store. If the cards are played right a single customer can influence around 10 others into becoming a customer.
2. **Understanding Customer Experience-** Customers need to feel wanted. A business has to demonstrate to them that they are valued. A way to make them feel wanted is by showing them that you respect their valuable time.
3. **Reducing Wait Time-** The first step in securing loyalty in customers is getting rid of lengthy queues. A good queue management system also facilitates impulse buying and also shows that you have a certain level of care for your customers.
4. **Rewards-** Offering a reward is a good way to motivate your customers to buy more. Reward points, scratch cards, gift vouchers etc. are a few examples. Rewarding customers ensures their loyalty and encourages them to visit your store more often.

Creating customer connect through value retailing helps retailers in building long and rewarding relations with the customers. Rewards and recognition shows that you value your customers. Also, convenience makes it shopping at your store easier than that at your competitors.

What D-Mart did first differently from its competitors was that it offered goods at much cheaper prices. They do this by buying goods in bulk. This fact can be proven by the fact that their inventory turnover ratio has been around 12.70 times since 2012. Compared to this, Spencer has an inventory turnover ratio of only 8.11 times and Big Bazaar has a meager ratio of only 3.82.

Now a chain reaction takes place. Higher inventory turnover means that inventory is sold faster which allows the company to buy more. This then allows the company to negotiate better prices with the vendors.

### **Conclusion-**

It can be concluded from the above research that the techniques and strategies that D-Mart has applied in its business model are very synergetic and together allow it to stay ahead of its competitors in the market. If the management techniques used synergize with one another they can truly do wonders for a company. To take an example, Big Bazaar even after being a giant in the retail industry still incurred a loss of 4.94 Rs. crores whereas D-Mart being comparatively new gained a profit of 56.10 Rs. Crores for the year ended 31<sup>st</sup> march 2019. This indicates that just being large and having more capital is not a requisite for being successful in the market. What decides whether you would be successful in the market is your reputation in the common public's minds and also how you best apply your strengths and use them to your advantage.

One of the strengths that makes D-Mart different from its competitors is its relation with its customers. It holds a special place in their hearts as it fulfills all their needs in one trip smoothly without hassle. D-Mart has truly understood the essence of CRM and what power it holds.

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