

# A Study on Customer Relationship Management Through Customer Satisfaction, Loyalty, And Profitability of Nestle India Limited

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## ABSTRACT

Customer relationship management is typically a process of attracting, retaining & enhancing relationships with customers by developing customer-centric processes. Nestle India is a leading food and beverage company that employs customer relationship management (CRM) strategies to build long-term relationships with its customers. The company uses various channels to connect with customers, including social media, email, and phone. Nestle India's CRM system captures customer data electronically and analyzes it to gain insights into their preferences, behaviors, and needs. This helps the company to personalize its marketing messages, offer relevant product recommendations, and improve customer experiences. Nestle India also uses feedback and complaint management systems to address customer concerns and improve its products and services. By focusing on CRM, Nestle India aims to foster customer loyalty, increase customer satisfaction, and ultimately drive business growth.

Due to the lack of other food options for kids besides Nestle Maggie, Nestle India Limited's electronic customer relationship management system (CRM) struggles to keep current customers. Through self-assessment instruments, relationship management is thoroughly examined, but the evaluator might not make an accurate assessment as well. The business fails in its attempt to market a suitable product for children older than 3 because only Nestle Maggie, which is appropriate for all age groups, it has failed to position the right product for the child age after 1 year.

This research paper explores the customer relationship management (CRM) practices of Nestle India, a leading food and beverage company. The study is based on primary data collected through interviews with Nestle India's CRM team and secondary data from academic literature and industry reports. The paper investigates the various channels and technologies used by Nestle India to manage its customer relationships, including social media, email, and phone. It also examines how the company collects and analyzes customer data to gain insights into their preferences, behaviors, and needs. The paper highlights Nestle's India efforts to personalize its marketing messages, offer relevant product recommendations, and improve customer experiences through its CRM initiatives. Additionally, the paper evaluates the effectiveness of Nestle India's feedback and complaint management systems in addressing customer concerns and improving its products and services. The study concludes that Nestle's India's CRM practices have helped the company foster customer loyalty, increase customer satisfaction, and drive business growth. The findings of this research can provide valuable insights to other companies seeking to implement CRM strategies.

**Keywords:** Customer relationship, Customer-centric, Customer loyalty, Customer satisfaction.

## INTRODUCTION

Customer relationship management (CRM) refers to the practices, strategies, and technologies used by businesses to manage and analyze their interactions with customers and potential customers. The goal of (CRM) is to improve customer retention, increase sales, and enhance customer satisfaction by understanding their needs and preferences.

Business can tailor their marketing and sales strategies to target specific customer segments and provide personalized experiences. CRM also helps business track and measure the effectiveness of their marketing and sales efforts, allowing them to adjust their strategies as needed to improve results.

In order to learn about customer requirements and behavior, i.e., customer acquisition, customer relationship enhancements, and customer retention, customer relationship management is a combination of businesses, strategies, business processes, and information.

In addition to learning about CRM evaluation, customer profitability analysis, customer segmentation, customer attrition, customer referrals, and customer preferences, the study seeks to locate prospective customers, locate existing customers, and identify former customers.

Here are some of the key aspects of Nestle's CRM strategy:

**Customer segmentation:** Nestle divides its customers into different segments based on their demographics, lifestyles, behaviors, and preferences. This helps Nestle to understand the needs and preferences of its different customer groups and tailor its marketing messages and product offerings accordingly.

**Personalization:** Nestle uses customer data and analytics to personalize its marketing and communication efforts. For example, nestle sends personalized emails to customers with recommendations for products based on their purchase history and preferences.

**Loyalty programs:** Nestle has several loyalty programs, such as the Nestle Club, which offers customers discounts, exclusive offers, and rewards for their loyalty. These programs incentivize customers to continue purchasing Nestle products and help build long-term relationships.

**Social media engagement:** Nestle has a strong presence on social media platforms like Facebook, Twitter, and Instagram, where it actively engages with its customers. Nestle responds to customer queries and complaints promptly, which helps build trust and strengthen relationships with customers.

**Customer feedback:** Nestle actively solicits feedback from its customers through surveys and other channels. This helps Nestle to identify areas for improvement and make changes to its products and services based on customer needs and preferences.

Overall, Nestle's CRM strategy is focused on understanding its customers' needs and preferences, building long-term relationships, and leveraging technology and data to deliver personalized experiences to its customers.

This research helps the company, investors, and society by revealing the customer inflow and outflow that generates value for the customers and the company over the long term, customer expectations, customer needs, and customer availability in the firm, are actually 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 a competitive advantage over other competitors, company sales soar, company knowledge, excellent customer services, and the safeguarding measures taken by the firm for the customers.

CRM software is often used to automate many of the processes involved in managing customer interactions, including contact management, sales forecasting, and customer service. This allows businesses to streamline their operations and provide a more consistent and efficient customer experience.

### Objectives of Study

1. To research consumer tastes for Nestle India Limited's baby food products.
2. To examine consumer opinions of Nestle India Limited's baby food goods.
3. To evaluate the degree of consumer satisfaction with Nestle India Limited's baby food products.
4. To examine customer adherence to Nestle India Limited's baby food items
5. To research Nestle India Limited's customer profitability analysis of its infant food items.

### Literature Review

Bop Thomson (2004), The founder of CRM Guru.com believes that not enough attention has been paid to the fundamental drivers of CRM success, which include strategy, metrics, and organization. He asserts that implementing CRM initiatives can lead to a return on investment, but only if certain steps are followed, such as understanding the customer's needs and delivering value in a profitable and dynamic way. Adopting SMART CRM, which stands for Strategy, Metrics, Alignment, Design, and Technology, can help businesses become more profitable. It is also recommended that companies regularly check their Z-score, as a declining Z-score can indicate potential problems and provide a simpler conclusion than analyzing multiple ratios.

Rebecca (2007) In her 2007 publication, Rebecca argues that customer satisfaction plays a critical role in enhancing the performance of human capital, which in turn positively impacts the profitability of a firm. This means that when a company invests in improving the future performance of its employees, it can expect to see better financial outcomes. Specifically, when a company delivers high levels of customer satisfaction, it creates a positive reputation that attracts skilled and motivated employees who have the potential for long-term success. These employees are more likely to work in a positive environment, remain loyal to the company, and be more productive, ultimately leading to lower employee turnover. Overall, prioritizing customer satisfaction can have a significant impact on a company's human capital performance, which can ultimately drive profitability.

Micheal Barnett (2011)- In his 2011 research on mobile phones, Michael Barnett delved into how customer relationships are sustained through call centers and how important they are for businesses. He emphasized that these relationships can either make or break a brand. Barnett also discovered that brands use different methods to gauge customer experience, including conventional scoring models. However, he noted that there is no dedicated customer experience department within mobile banking, although the objective is to outperform rivals in the market.

Tiemo (2013)- suggests that the concept of customer relationship management (CRM) is still evolving, and there is no single widely accepted definition of what CRM encompasses. In other words, the idea of managing interactions with customers is not yet fully developed and has different interpretations depending on the context and industry. CRM is still in its early stages, and businesses and researchers are continuing to explore its potential and define its scope.

According to Eichron's (2004) perspective, successfully achieving Customer Relationship Management (CRM) objectives and implementing it requires a comprehensive approach. This approach should involve various aspects, such as internal leadership, strong executive and business unit support, strategic planning

with careful consideration, precise performance metrics, appropriate organizational culture and structure, business processes and information technology, and external customer touchpoints.

In other words, the implementation of CRM is not just limited to adopting new technology or software. Rather, it is a more intricate process that requires the collaboration of multiple factors within an organization. These factors include effective leadership, a clear and focused strategy, performance tracking, suitable organizational culture, and the integration of various business processes and technologies. Additionally, it's important to consider external touchpoints with customers, such as communication channels, to ensure effective customer engagement and satisfaction.

Rigby & Ledingham (2004) -According to Rigby & Ledingham's (2004) analysis, companies were not seeing the expected advantages from CRM (customer relationship management) systems, despite spending large amounts of money. This dissatisfaction prompted a shift in how firms viewed CRM investments, and they began to focus on achieving a greater impact with lower costs and risks. As a result, companies can now undertake CRM initiatives that are more effective, efficient, and profitable. This change in attitude towards CRM usage by firms has led to an increased emphasis on strategies that maximize customer satisfaction and loyalty while minimizing the costs associated with CRM implementation.

Jones (2009) In a case study published in 2009, Jones observed that customer preferences tend to fluctuate over time, often exhibiting highs and lows. The satisfaction and loyalty of customers are closely tied to the overall performance of a company, which in turn is heavily influenced by the strategic decisions made by its internal stakeholders. This internal decision-making process can be complex and challenging, as different departments and individuals may have competing priorities and goals. Nonetheless, it is critical for companies to carefully weigh the potential risks and benefits of different strategic options in order to maximize customer satisfaction, loyalty, and overall business success.

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. According to Eichron's (2004) perspective, successfully achieving Customer Relationship Management (CRM) objectives and implementing it requires a comprehensive approach. This approach should involve various aspects, such as internal leadership, strong executive and business unit support, strategic planning with careful consideration, precise performance metrics, appropriate organizational culture and structure, business processes and information technology, and external customer touchpoints.

The Korean financial crisis and the soft budget constraint (October 2008) *Journal of Economic Behavior & Organization*

Authors: Michael Alexeev, Sunghwan Kim- In this study, a group of Korean companies was selected to investigate the concept of soft budget constraint (SBC) in bank lending, both before and after the financial crisis that occurred between 1997-1998. SBC refers to the situation where a company can still receive loans from its bank even if it is facing financial difficulties, as measured by a low Altman's z-score. The researchers discovered that before 1997, companies experiencing financial distress were still able to secure loans from banks, but after the crisis, this ability reduced considerably. Furthermore, the study shows that the presence of SBC was a major contributing factor to the firms' tendency to default during the crisis.

## RESEARCH METHODOLOGY

This paper utilized two types of research methods: primary research and secondary research. Secondary research was conducted by gathering information from reputable sources such as published reports and research papers. These sources were used as references to support the findings of the study.

Primary research, on the other hand, involved the use of a Google Form questionnaire designed specifically for parents. The questionnaire aimed to gather information about their perspective on Nestle baby products and their relationship with the brand. This method allowed the researchers to collect first-hand data directly from the target audience. The responses from the questionnaire were then analyzed to provide insights into the parents' opinions and experiences with Nestle baby products.

## HYPOTHESIS

In order to improve cash management and lower cash needs, the business should have effective control over cash flows or payments.

1. It is possible to propose that the business attempt to maximize Net Revenue.
2. The business should make an effort to cut costs.
3. The business should make an effort to manage its assets more effectively by using working capital management and fixed asset management methods.
4. The business should correctly manage its tax obligations in order to increase overall profitability.
5. The business should use variable overhead methods to cut costs across the board, including variable and fixed costs.
6. The business should determine the best source of financing and the interest rate at which such funds can be mobilized.

## CONCLUSION

Nestle India Limited's CRM is electronic in database upkeep, targeting, and selection, but it struggles mightily to retain current clients because there aren't any other meal options for youngsters save Nestle Maggie. The relationship management is highly analyzed 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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