

# Understanding Adoption of Customer Relationship Management in Small Businesses

Sharmistha Bhattacharyya<sup>1\*</sup> , Mrinmoy Kumar Sarma<sup>2</sup> 

<sup>1</sup> Department of Business Administration, Tezpur University

\* Correspondence: [sharmisthabhattacharyya7@gmail.com](mailto:sharmisthabhattacharyya7@gmail.com)

Scopus Author ID 35323143900

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**Abstract:** The study assesses the adoption of customer relationship management techniques by the small business entities. Interviews are conducted with thirty small retailers on six variables namely, use of digital marketing tools, methods of customer information handling, incentive-based retention practices, feedback mechanism, personal relationship efforts and communication channels. It can be concluded from the analysis that the female participants use e-marketing and formal communication methods more than the males. It is also found that the newer firms use e-marketing tools for promotion. It is seen that participants have used discounts as the most preferred technique to retain profitable customers. The findings confirm that the participants of this study also believe that by offering services to the best of customer's expectations and taking care of the customer's welfare have helped the entities in the development of good social bonds.

**Keywords:** Small businesses; Retailers; Customer relationship management; Customer lifetime value

## 1. Introduction

The present competitive business environment has made it imperative for business firms to maintain long-term customer relationships for business sustainability and growth. Firms adopt Customer Relationship Management (CRM) strategies to increase customer satisfaction, loyalty and profitability [1]. The concept of CRM is especially important for the small businesses that play an influential role in many economies like India.

According to the World Bank [2], the contribution of small businesses to India's GDP is about 27%. Small businesses constitute the backbone of Indian economy, generate employment opportunities, help grow the local market. Despite their importance in the economy, these entities have limited access to technologies and effective marketing strategies, thereby, making the adoption of CRM practices both a challenge and a necessity [3].

The present study aims to explore the CRM practices that the small businesses in the unorganized sectors adopt to remain in touch with their customers. The study presents an enlightened understanding on how the unorganized small entities employ different CRM tactics to keep their customers engaged long into the business. By doing so, the research targets a largely unexplored area and provides insights into how these businesses have been successful in maintaining customer loyalty through effective customer relationships.

## 2. Literature Review

Customers are considered as the 'assets' of any business. Keeping and maintaining those assets through the development of cordial relationship makes any business achieve its desired level of success [4]. While customer relationship marketing is a strategy, Customer Relationship Management (CRM) is the action taken to maintain relationship. In present times, generating and keeping loyal customers have become the prime concern for firms [5]. In order to achieve these twin objectives, modern marketers take resort to relationship marketing. Building healthy relationships between the firm and its customers helps the former in enhancing customer loyalty and commitment [1].

The interactions between a business and its clients are governed by a few mediating factors. According to the industrial salespeople surveyed in a study conducted in Thailand [2], "trust" is the only characteristic that influences success in relationship marketing. But the authors report that the sales managers claim that "bonding," "empathy," "reciprocity," and "trust" are what makes relationship marketing successful in any kind of business. Nine dimensions are identified by the researchers [6] as necessary for a successful business-customer relationship management. These consist of: communication, internal relationship marketing, promise fulfillment, trust, commitment, social connection, empathy, positive experience and customer pleasure. [1] identified the following six components of Relationship Marketing Orientation (RMO) based on pertinent literature: connection, trust, empathy, reciprocity, shared values, bonding, and communication. All these components of relationship (trust, commitment) are encountered through the communication medium. Communication is explained as the formal and informal sharing of information between buyers and sellers. Timely communication with clients is very essential for fostering trust by solving disputes and aligning perceptions and expectations [1].

Companies use different channels to communicate with their customers. 'Channel' refers to the mode of communication chosen by a firm to be in touch with its customers. Often taken for granted, it is however, of vital importance for companies of all types to develop good communication for establishing business relationships. The effectiveness of CRM depends largely on the type of channel chosen by an organization [6]. The channels of communications used have transformed from the traditional ways to modern ways. Stebner [7] make a study to explore the experiences of garden centre stakeholders of USA that use social media as a marketing tool. The authors find that the new media marketing is unable to generate the requisite return with regard to the amount that is spent on it. Kampani [8] report that the owner of an olive firm at a rural area in Athens is able to maintain good customer relations by offering advance cash in hard times, selling oil on credit and likewise. The owner believes in offering "extended services" to meet customer needs and expectations. Based on his personal experiences, Rashid [9] identifies that restaurant service providers try hard to sustain their customers through different tactics like maintaining social bonds with customers, offering a free meal for delay in delivery or asking every staff member to develop good relations with customers. In present times, electronic-CRM (e-CRM) has risen to become one of the most used channels [8]. In another study by [7], it is found that the new media marketing has become an effective tool to maintain customer relations. The authors identify that e-newsletter is the most effective new media marketing tool. In present times, e-CRM is

widely used by all types of businesses [10]. E-CRM can be explained as a technique of keeping in touch with customers through the use of internet like emails, social media, etc. The preference towards the use of e-CRM has gained momentum as it is beneficial for customer loyalty and profitability [11]. Stebner [7] states that social media is a medium of exchange that allows two-way communication. Nowadays, many institutions like banks, tourism, airlines are shifting their attention towards the modern marketing technique of CRM [8]. However, Kumar [6] opine that the indirect online channels of CRM help in generating product awareness and increased coverage but fail to attract loyal customers with high future value. It can, thus, be concluded that companies can resort to different modes and dimensions to keep in touch with their customers. It is important, however, that companies find ways of communicating with customers timely to be able to foster their trust [1].

The small enterprises have gained substantial growth in this decade [11]. The growing competitions and the changing market conditions often make it important for the small businesses to engage themselves in marketing practices. Small businesses have a huge impact on the Indian economy. For the successful growth of these businesses, it is important that they adopt CRM techniques. The CRM techniques of the small businesses are comparatively different from that of the larger ones. They tend to rely mostly on informal relationship building practices like personal bonding, credit-based sales and customized services [3]. Owner involvement plays a key role in the CRM practices of the small firms [12]. The small businesses tend to offer customer-centric “extended services” like credit offers, emotional support, special treatment for retaining loyalty [13]. The literatures in the past have studied about the different ways in which marketers use CRM to be in touch with customers. However, understanding the pattern of adoption and the ways in which a strategy is implemented in small business is not much focused. While existing literatures on CRM mostly focus on the large, formal entities, there is limited research that focuses on how the small businesses built and maintained customer relationships [14]. The small businesses mostly rely on informal CRM practices like personal trust, emotional family-like bonds, informal communications, credit-based services to maintain customer relationships [15]. In such business settings, the business owner often plays a crucial role in enhancing customer loyalty through personalized communication and extended services [7]. Also studies on relationship marketing strategies in the small unorganized retailing sector are rare. The present study is made to understand how marketing strategies are adopted by the small businesses to increase their customer's value. It aims to assess the different CRM strategies that small businesses adopt to be in touch with their customers.

## 2. Materials and Methods

The scope of this study is limited to small unorganised retail entities. According to the Small Business Administration a small business is defined as an ‘independently owned and operated company that is limited in size and in revenue.’ The present study deals with the retail sector. Retailing is defined as those activities where goods and services are sold to the ultimate consumers for final consumption [16]. The retail sector can be put into two broad categories-Organised and unorganized retailing [17,18]. Our study includes the unorganized small retailing sector which can be defined as businesses that have a small scale of operation,

are highly unorganized, have less than 10 employees who are mostly unskilled and less qualified and offer relatively narrow range of products.

Since, the study aims to assess the different CRM strategies that small businesses adopt to maintain their relationships with customers, we felt that to better understand the phenomenon, the research design should be such that it brings us into direct interactions with participants. deMarrais [19] state that in-depth and semi-structured interviews are an effective method of gaining a deep understanding of a phenomenon. As it is suspected that the CRM practices adopted by the small businesses are usually informal, [3], adopting a research design that can uncover nuanced insights was important. The study focuses on understanding how small business manage customer interactions, build customer loyalty, track customer information and respond to the needs of the customers. Accordingly, for the study, we conducted interviews with either the owners or their representatives of the businesses.

Sample size guidelines suggest a range of 20-30 in-depth interviews to be adequate for qualitative studies [20]. While interviews can be very effective with as few as 4 or 5 [21], it however depends on the nature of the research. Samples sizes in prior qualitative research on relationship marketing have been 8 [22], 6 [7], 17 [23]. The present study spans over four different locations and covers different retailing categories. Considering the amount of time that in-depth analysis and administering qualitative data demands, a sample size of 30 in-depth interviews is considered large for a qualitative study [24,25].

Primary data with the help of a structured schedule are collected in four districts of Assam- Darrang, Marigaon, Jorhat and Kamrup Metro. The districts are selected to ensure geographic, economic and demographic variation in the study, thereby, projecting a more representative sample. Darrang and Marigaon districts constitute the rural locations, Jorhat constitute semi-urban settings while Kamrup Metro reflects urban location. The 30 sample is distributed among the four districts proportionately to the population. Accordingly, 8 in-depth interviews each were conducted in Jorhat and Kamrup Metro districts while 7 each have been conducted in Darrang and Marigaon districts. The respondents of this research are the owners of small businesses or their representative. The selection of respondents was done based on judgement sampling. To be a part of our interview, subjects had to satisfy the following criteria:

- a) The small businesses specifically deal in the retailing segment.
- b) Also those small businesses are taken who have been into business for some time (5 years and more). This assumption is grounded in past research [26] which suggests that CRM strategies are essential for the longevity of the small businesses. Those businesses that adopt CRM practices for sustaining in business are explored.
- c) An attempt is made to include businesses of different categories like grocery retails, bakeries, medical stores, departmental stores to arrive at better results.

The interviews were done from April, 2021 to February, 2023. The interviews lasted for about 30-45 minutes. All the interviews were conducted in local language to make it comfortable for everyone to communicate.

### 3. Results and Discussion

In this section, we present the results that are obtained from our research. To make it clear, we felt that explaining the results as per the selected variables shall be better than analyzing it with regard to each business. The study assesses the adoption of CRM strategies through six core dimensions, namely, use of digital marketing tools, methods of customer information handling, incentive-based retention practices, feedback mechanism, personal relationship efforts and communication channels. The variables are selected based on a synthesis of prior literature review [3,9,27,28,29].

To analyse the qualitative data, manual thematic analysis is used. After transcribing the interviews, the transcripts are read multiple times to get familiarized with the data. During this phase, repeated ideas are framed as initial codes. In the coding phase, open codes are generated directly from the participants' narratives but are also guided through prior CRM literature [9,27,28,29]. Next, the similar codes are grouped into categories that align with the CRM strategies identified through literatures. Table 1 provides an overview of the coding process.

**Table 1.** Thematic coding process

Tentative Themes	Codes	Explanation	Final Themes
<b>Digital Promotion Practices</b>	WhatsApp, Facebook, Instagram, reviews, tweets, no website, YouTube	Use of digital tools for marketing	E-marketing
<b>Customer Data Handling</b>	Manual book-keeping, customer personal information, purchase history	Keeping information about customer purchase transactions and personal information	Customer Information Maintenance
<b>Loyalty-Building Programs</b>	Home delivery, credit offers, free gifts, no advance, discounts	Retaining loyal customers through offering “extended services”	Customer Incentive Programs
<b>Understanding Customer Needs</b>	Customer feedback, customized products	Understanding customer preferences through feedback	Need analysis
<b>Relationship-Based Interaction</b>	Family-like bonds, sharing talks, personal talks	Developing and nurturing an emotional connection with customers	Social bonding
<b>Customer Communication Channels</b>	YouTube live, WhatsApp ad, verbal communication	Use of different channels for customer communication	Communication

#### 3.1. *E-marketing*

The owner of beauty parlour informs that she is used to carry advertisements in the local newspaper, television and radio channels since the inception of her store in 2003. Eventually, she has started to use WhatsApp to advertise about various offers available during festivities. Similarly, it is found that the grocery and departmental outlets also use WhatsApp to communicate about discounts and offers. The participants of pharmacy, stationery, sweets and confectionary stores and few participants from the grocery segment do not use any kind of e-marketing medium for advertisements. A few of these interviewees justify that since their business is situated within a rural setting, the people nearby and the owners themselves are not much acquainted with the use of modern strategies. From all the

interviews, it is however; found that none of them has a website of their store. However, the owner of a clothing retail seems quite interested to soon develop a website. It is also found that the use of e-mail marketing is nil amongst all the participants.

It is quite interesting to find that the owners of two clothing retails have a very active presence in social media. Both the participants are female in their late 30s or early 40s respectively. The participants informed us that they started using social media marketing for communicating with the customers when the shops were closed due to Covid-19. They further explained how digital marketing has helped them in reaching out to a wide mass of customers. They regularly come live on YouTube to promote their products. Links of their videos are also shared on their Facebook and Instagram pages. All of these have helped them in growing the business beyond the boundaries of their locality. Similarly, it is found that six more entities (three bakeries, one each from cafeteria, departmental store and clothing retail) are also involved in digital marketing through social media (Facebook and Instagram) to reach customers. To get a statistical significance of the observations, we do a hypothesis testing using Fisher's exact test considering the suitability of the test for qualitative data analysis for small samples [30]. Accordingly, the following hypotheses are framed:

H01: Gender of participant and use of e-marketing are not related

H02: Location of entity and the use of e-marketing are not related

H03: Entity's age and the use of e-marketing are not related

The test results in Table 2 reveal significant relationship for gender and use of e-marketing ( $p<0.05$ ), thereby, indicating that gender plays a role in adoption of e-marketing by the small retailers. Since, our study identifies more females who are using e-marketing, we can conclude that the female retailers use e-marketing more than the males. Again, we obtain significant results for entity's age with the use of e-marketing ( $p<0.05$ ) (Table 3). This suggests that the age of entity has a significant relationship in the use of e-marketing tools by the entities. Our study results reveal that the newer firms who have less than 15 years of existence in the market are using e-marketing tools more than older firms. However, the test results do not reveal significant results ( $p=.204$ ) for location of the entity and use of e-marketing. Thus, our study establishes that the location of the entity (urban/rural) has no role to play in the use of e-marketing tools for advertisements.

**Table 2.** Fisher's exact test results for gender and use of e-marketing

Gender and use of e-marketing	Value	df	Exact Significance (2-sided)	Point Probability
<b>Pearson Chi-square</b>	15.099	1	.000	
<b>Continuity Correction</b>	12.057	1	.001	
<b>Likelihood Ratio</b>	15.926	1	.000	
<b>Fisher's Exact Test</b>			.000	
<b>Linear by linear association</b>	14.596	1	.000	.000

**Table 3.** Fisher's exact test results for entity's age and use of e-marketing

Entity's age and use of e-marketing	Value	df	Exact Significance (2-sided)	Point Probability
<b>Pearson Chi-square</b>	6.429	1	0.30	
<b>Continuity Correction</b>	4.464	1		
<b>Likelihood Ratio</b>	6.283	1	0.30	
<b>Fisher's Exact Test</b>			0.30	
<b>Linear by linear association</b>	6.214	1	0.30	.017
<b>Total number of cases</b>	30			

### 3.2. Customer Information Maintenance

It is found that all the participants follow their own systems of record-keeping. Nine (30%) entities have their own computer set up that is primarily devoted to maintain the daily business transactions. The remaining 70% of the participants follow the traditional method of book-keeping to keep records of their daily transactions. However, only two businesses- a clothing retail and a departmental store keep such records against customer data. The owner of the clothing Store keeps the records of names and phone numbers of the customers. By doing so, one of the participants explains that, she gets to know the customers who have contributed the highest revenues for her business. It is not surprising that the participants who are found to be active in e-marketing are mostly the ones who use computer systems to record customer purchase transactions. These participants are also found to employ additional workforce for the proper maintenance of such records.

We also enquired if the businesses maintain personal records of their customers. It is seen that though they have the habit of asking about the whereabouts of their customers who spend some time at their stores, they do not keep any formal record of such information. One of the participants explains that maintaining such systems requires extra time and staff, both of which are limited at the store. Another participant operating a grocery store expresses apprehension that the customers might not like the idea of recording personal information. It is only the two businesses who record only the names and phone numbers of their customers in the computer system.

### 3.3. Customer Incentive Program

The interviewees were asked about measures that they take to keep their loyal customers satisfied. The interview results reveal that home delivery services is one practice mostly found to be used by the participants of grocery stores, departmental stores and pharmacies. These participants informed that they make home deliveries of orders at the request of their regular customers. Secondly, a few of our participants have said that they take customer orders over WhatsApp and also on phone so that the customers do not always have to visit the store. This practice is again mostly found to be prevalent among the grocery stores, departmental stores and pharmacies. We also find that the participants who are active in e-marketing also receive orders online (WhatsApp, Facebook, Instagram) so that the customers do not have to visit their store physically. Thirdly, it is found that receiving no advance payments is another customer incentive program followed by the participants. The

owner of a bakery outlet opined that she takes bulk orders without compelling the regular customers to make any payments in advance. She felt that the loyal customers should be trusted enough to establish a good bonding. In the fourth place, it is found that some businesses exert happiness on being able to offer scarcely available items to their daily customers. Four participants (cosmetics, hardware, pharmacy and grocery store) told that they try to get items for their loyal customers that might not be very easily available in the locality. For example, the owner of a pharmacy tells that he tries his best to keep not so easily available medicines at his store from distant locations, if the same is required by the regular customers. These respondents further explain that they bring such products mostly at the demand of their customers. However, many a times, they even bring such products with the hope that their loyal customers might like it. For instance, the participant from a grocery store explains that sometimes he gets local edible items (local fish, egg, rice) additionally at the store for the loyal customers. When such items are brought, the owner immediately informs these customers. Further, we find that a few of the entities give added benefit by offering goods on credit to their regular and loyal base of customers. The interviewees justify that it is the trust built with these customers that they can grow to their current position and, therefore, grant credit without much hesitation to such customers. This strategy is mostly found to be adopted by participants from the grocery outlets and pharmacies. It is interesting to note that this measure is practiced specifically by the male participants who are older in age (late 50s). However, the owner of a cafeteria also extends such offer. The participant is also a male within the age bracket of 30-40 years. Also, offering discounts is another adopted strategy which involves selling goods at a lesser price to the loyal customers. We find that almost all the participants use this measure to make their loyal customers feel benefitted for remaining attached to their store. Lastly, treating patrons with free gifts as a token of appreciation is another effective strategy that is identified with the interview responses. The owner of the beauty parlour shares that in her 17 long years of existence, she has many such loyal customers whom she keeps offering occasional free services or free guidance. Similarly, a few participants in the clothing retail and bakery business inform that they treat their loyal customers with special benefits like offering free gifts, customizing products as per the customer's specific request, and booking appointments as per customer's convenience. One bakery outlet further explains that she makes creative edible items along with the orders as a token of gift to her regular customers.

### *3.4. Need Analysis*

Few participants (beauty parlour, cosmetics, grocery stores) tell that customer opinion is taken when they decide to bring any new product into their stores. The owners explain that doing so has helped them in deciding if they should make more of such items available at their shops. Further, the owners of clothing retail and eatery outlets (bakery, sweets and confectionary) inform that they obtain the opinions of customers so that they can tailor-make the products as per the request of the customers. All respondents have said that they place emphasis on obtaining the opinions of their customers whenever the customers visit their store. One participant from grocery store informs that he can offer the demanded products at his store only upon informal customer survey. Again, the owner of a clothing retail tells that he feels it is his duty to fulfill the demands of customers and opines that in doing so,

obtaining information about their needs is very important. The interviewees from grocery stores, hardware, stationery, and pharmacy explain that it is only by obtaining the opinions of customers that they can satisfy them. The interviews, however, bring us into the conclusion that none of the businesses is having any formal structure of obtaining customer opinions. It is only when the customers visit their store that they verbally ask about the likes and preferences of their customers. Further, when the respondents were asked about the existence of two-way communication in their businesses, it is found that all of them place greater interest in seeking customers feedbacks. The owners of two clothing outlets, one departmental store and two bakeries told that they regularly request their customers to post their feedbacks and reviews in their social media pages. The owner of the clothing retails explain that they make it a point to create videos of few customers about their experience of purchasing at their shop. The same is shared by the owners in the Facebook pages of their shop. The customers claim their satisfaction over their purchases made from such stores. It is found that one of the participants has over 2.5 lakh subscribers on YouTube which ensures her a good response on all of her posts. The owner of the bakery store tells us that she had created a separate story highlighting customer review in her Instagram page. These respondents further explain that making reviews available to the public eye have helped them in better promotion also. The owners of eatery outlets (sweets and confectionary, cafeteria) have informed that they especially take care of customer feedback as it helps them in understanding the preferences of their customers. According to the owner of the cafeteria, she makes it a point to individually attend to each of her customers and seek their feedback on the dishes.

### *3.5. Social Bonding*

We find that most of the respondents feel that the establishment of a good bond depends largely on the type of service that is offered to the customers. The service providing outlets in our study like beauty parlour and eateries tell us that they focus on offering the best services to their customers. Another significant strategy identified from our interview results is to promptly respond back to customers. One participant owning a bakery outlet tells us that she tries to respond very promptly to all her customers' queries on her social media pages. She believes a prompt and sure response has enabled her in gaining the trust of customers, especially those who have viewed her page online and considered trustworthy enough to place orders. This is again similar with the responses of another two participants- one owning a grocery store and another running a sweets and confectionary outlet. They tell us that quick response to the needs of their customers has helped them in developing a cordial bonding. Some of our interviewees feel that asking customers about their general well-being proves to be an important factor in the development of cordial relations. The owners of grocery stores, pharmacies and bakeries have shared with us how they make it a point to individually care about the customer's well-being. They explain that irrespective of the invoice value they get engaged in small talks with the customers on well-being, family, work. Entities feel that by doing so, they are able to keep their customers happy. According to them this prompts the customers to visit their store again and eventually a good social bonding gets developed. Interestingly, this practice is seen to be more prevalent among the participants located in the rural and semi-urban settings.

Our interview results further indicate that a family like bonding between the seller and customer can develop when the seller moves an extra step in developing the relationship. This can result from any action by the seller like sharing kind words with their customers or offering a cup of tea when tired. This may further move on to the extent of even inviting customers to family gatherings. The beauty parlour owner informs that she is having a family like bond with few of her customers who even visit her shop just to share a word with her. We get similar responses from the owners of a clothing retail, grocery store and bakery who have focused on developing such bonds with their customers. Our participants have also acknowledged that building bonds like family and friends with customers has helped them in retaining these customers for a lifetime. Irrespective of any retailing category, all the participants confided that having customers who were made to be felt like family members has only helped them grow better. On deeper analysis, we find that old entities with more than 20 years of existence are more likely to establish such family bonding with customers. Also, apart from the beauty parlour outlet, all the male participants are mostly found to have taken keen interest in the development of family like bonds with customers.

### *3.6. Communication*

66.67% participants have said that they communicate with their customers over phone. We find that the customers who are kept in contact with are those who are regular to their business. Owing to the significance of WhatsApp in present times, we find it to be the most favoured mode of communicating with customers. Few of our participants who own beauty parlour, bakery and clothing retails respectively tell us that they are satisfactorily reaching out to their customers through WhatsApp. They further confirm that their customers also feel free to communicate with their customers. Further, as mentioned already few of our participants are active in social media. The owner of a clothing retail says that Facebook and Instagram are better options in communicating as these applications do not require saving contact numbers of customers. She also keeps coming live on YouTube sometimes to answer queries placed by some of her clients. She further highlights that she has employed additional workforce who are entrusted with the task of only responding back to customers on the social media pages and also on WhatsApp. The scenario is very similar to the responses obtained from another clothing retail situated in a rural area. We find the responses of two bakery outlets are also similar, telling us that they have been using social media (mostly Facebook) to keep communicating with their customers.

However, it is found that almost 30% of the respondents do not resort to the use of any formal tool for customer communications. It is only when customers visit their shops that they are verbally communicated about offers and other such related information. The respondent of a stationery store tells that he does not quite engage in keeping in touch with customers beyond the boundaries of his shop as he is not much comfortable with the modern tools of communication. However, he feels that it is important to use the modern tools of customer communications to be able to satisfy customers in the present competitive times.

Communication with customers using the formal modern tools is found to be followed by most of the retailers. However, the use of social media is found to be most prevalent amongst the clothing retails and bakery outlets. It is also interesting to find that most of our female participants are using social media judiciously to communicate well with customers.

The participants using the formal communication tools also fall within the age bracket of 30-45 years. These participants are mostly located in semi-urban or urban settings. We also identify that the businesses that do not use any formal communication tools are basically located in rural settings and deal mostly in grocery retail. As they are quite sure about the regularity of their customers, it maybe so that they do not feel the need to additionally put efforts for better customer contacts. Further, it is noticed that older businesses who have been in the market for a long time (more than 20 years) do not quite engage in using formal tools of customer communications. In Figure 6 below, we collectively highlight the responses received for communication. To obtain statistical evidence, we do further analysis using Fisher's exact test and frame the following hypotheses:

$H_{04}$ : Gender of the participant and adoption of formal communication techniques are not related.

$H_{05}$ : Location of the entity and adoption of formal communication techniques are not related.

$H_{06}$ : Entity's age and adoption of formal communication techniques are not related.

The test results reveal that gender of owner of the entity influences the adoption of formal communication techniques ( $p < 0.05$ ) (Table 4). Our study finds that female participants are using formal communication techniques more than the male participants. We do not get statistically significant results for location and age of the entity. We, therefore, cannot reject the associated null hypotheses ( $H_{05}$ ,  $H_{06}$ ).

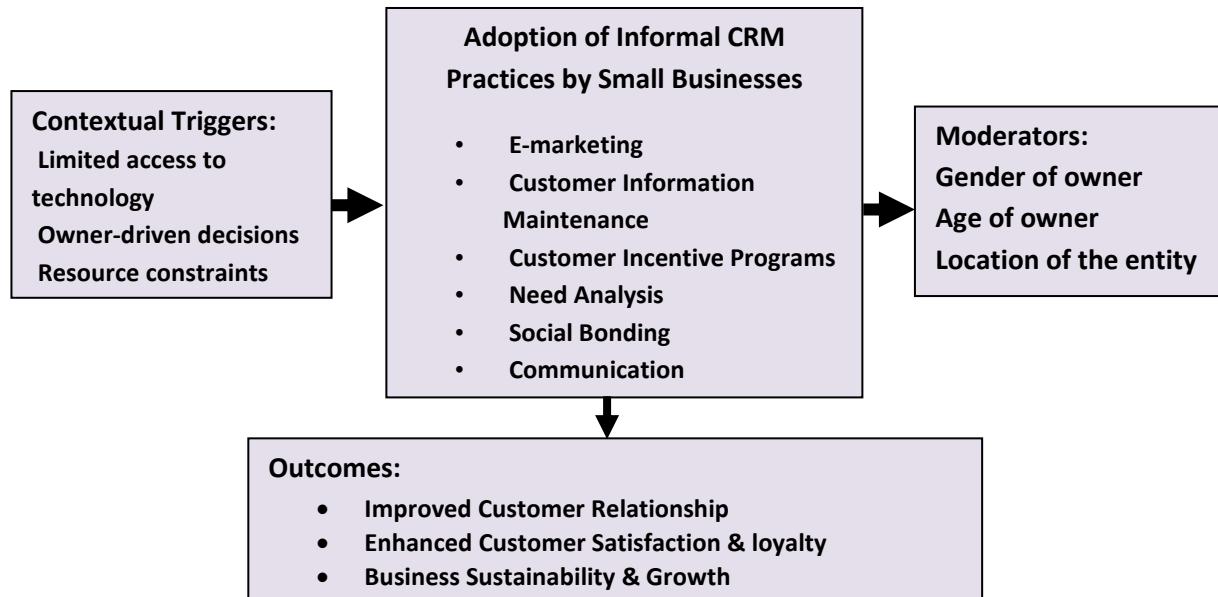
**Table 4.** Fisher's exact test results for gender and adoption of formal communication techniques

Gender and adoption of formal communication techniques	Value	df	Exact Significance (2-sided)	Point Probability
Pearson Chi-square	10.055	1	.002	
Continuity Correction	7.717	1		
Likelihood Ratio	13.566	1	.002	
Fisher's Exact Test			.002	
Linear by linear association	9.720	1	.002	.001

The findings analyzed above directly addresses our research question: *how do small businesses adopt CRM strategies to maintain effective customer relationships?* The data reveal that small businesses use both digital methods and informal techniques to remain in touch with their customers. For example, the use of e-marketing tools and different channels of communications by these entities show how the small businesses adopt digital CRM practices. At the same time, the adoption of personal family-like bonds, tailoring to customer needs by making their demands available in time show how these smaller entities involve in informal relationship-building strategies. The study was based on a foundational assumption that small businesses often engage into informal relational strategies that reflect CRM principles. This has been supported in past literatures [5], which suggests that small firms prioritize repetitive customer interactions, building personal bonds and trusts which are key tenets of CRM practices. Our qualitative findings further affirm that small entities can develop long-term customer relationships and loyalty through informal and experience-based interactions instead on investing hugely upon the formal CRM tactics. In Figure 1 below, a

conceptual model of CRM practices applied by small businesses is graphically presented. The interactive model highlights how context-specific factors influence low-cost CRM strategies which work collectively in improving customer contacts, thereby, enhancing the loyalty and satisfaction of customers.

## INTERACTIVE MODEL OF CRM PRACTICES IN SMALL BUSINESSES



**Figure 1.** Conceptual Model of CRM Practices in Small Retail Businesses developed by authors

## 4. Conclusions

The study was aimed at identifying and understanding the adoption of CRM techniques by small retailers. We collected information on six variables to measure the adoption of CRM in small businesses. The interview results indicate that irrespective of the retailing category, all the entities are using CRM techniques at varied levels, and mostly in an informal way to enhance the value of their customers. There are many works in the marketing literature that have studied the measures adopted by small businesses to keep in touch with their customers. However, works analyzing the pattern of adoption of such strategies by the small retailers are not found in abundance. Our study contributes to the academic literatures by offering empirical insights into how the small businesses apply CRM strategies in real-world constrained settings. Specifically, it examines the informal approaches that small businesses adopt to maintain customer relationships for long.

The results reveal that social media platforms like Facebook and YouTube and WhatsApp are mostly used by the participants as digital marketing tools. We also find that entities with female owners, and the newer entities are more readily using digital marketing for communication and promotion. Further, the study identifies the informal ways in which the participants keep the records of customer information. It is also found that unlike the big business houses, the small entities are yet to understand the importance of keeping personal records of customers. Again, our results reveal that the participants recognize their loyal and regular customers and incentivize them in different ways. It is found that the most used technique to incentivize customers is granting discounts. We again find that the participants

have informal ways of analyzing the needs and preferences of customers and in seeking feedback from them. Further, it is interesting to note how the small businesses can develop good social bonding with their customers. Some bonding has moved on even to the extent of claiming to have treated customers like family and friends by the business entities. For communicating with customers, our study finds the usage of both formal and informal ways.

#### *4.1. Theoretical and Managerial Contribution*

The study has contributed theoretically by proposing an overview of how the smaller entities informally adopt different CRM strategies for retaining their customers. The study extends the understanding of CRM from a systematic, formal, technology-driven system into an informal persona-based approach, which is suitable within the context of small businesses. This adds to the existing body of knowledge [1, 3] by proposing a conceptual framework of how small business economies adopt different informal CRM strategies.

In managerial terms, the study provides an insight to the small business owners on how low-cost CRM strategies can be adopted for retaining their loyal customers. First, the study shows that CRM is not necessarily an expensive, technology-driven structure. Instead, it involves low-cost informal strategies like offering credit, developing social bonds, communicating through WhatsApp and other almost-free social media, which prove to be effective for the small businesses. Secondly, the study can encourage the small businesses to strategically systematize the informal strategies like keeping records of customer preferences, formal feedback system. This will make these businesses able to compete even with the larger entities.

#### *4.2. Limitations and Future Scope of Studies*

The present study covers only small businesses in the retailing segment. Future research can be directed towards the inclusion of other segments as well. Also, future studies can be made using quantitative methods of data analysis for better statistical evidence.

### **Multidisciplinary Domains**

This research covers the domains: (a) Relationship Marketing and (b) Small Business Development.

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### **Conflicts of Interest**

The authors declare no conflict of interest.

## Declaration on AI Usage

Artificial Intelligence (AI) tools were used in the preparation of this manuscript as follows: Grammarly, developed by Max Lytvyn, Alex Shevchenko, Dmyto Lider was utilized for checking the language and grammar of the manuscript with all outputs reviewed and edited by the authors. The authors remain responsible for the content's integrity and originality.

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